Financial Performance: Evidence on Environmental Disclosure, IT Adoption, and Corporate Governance

Ida Nur Aeni[1*], Anna Kania Widiatmi[1], Ahmad Nurkhin[1], Alfiyani Nur Hidayanti[2] and Septia Amanda[1]

[1] Department of Accounting Education, Universitas Negeri Semarang, Semarang, Indonesia
[2] Department of Accounting, Universitas Muria Kudus, Kudus, Indonesia

*E-mail: idanuraeni@mail.unnes.ac.id

Abstract. Global warming and climate change have been the most challenging environmental problem the world is facing. This problem will affect the future of this planet which can be seen from different stances. The public concern over the problems caused by climate change has led to the emergence of new environmental regulations. Motivated by the opportunity environmental accounting could achieve the sustainable growth and development, the present study aims to investigate the existences of the environmental disclosure, IT adoption, good governance, and financial performance from 2018-2022. A sample of 31 State-Owned Enterprises companies listed on the IDX enlisted in Indonesian's capital market was considered for relevant data collection. Secondary data sources were used for data accumulation and the data analysis method is multiple regression analysis. The results revealed that corporate governance positively affects financial performance. However there is no evidence to suggest that environmental disclosure affects financial performance. Meanwhile, IT adoption decreases the financial performance. According to the results, practical implications were discussed and future research directions were noted.

Keywords: Corporate Governance, Environmental Disclosure, Financial Performace, IT Adoption

1 Introduction

Globalization has led to fierce competition in the business world. This triggers the company to compete for the maximum possible profit. In practice, companies will do everything possible to be able to achieve their main goal, which is to maximize profits [1]. From this, the financial performance of a company can be assessed. Financial performance is something that a company obtains in the form of company achievements as seen from its financial condition through financial statements for a certain period [2].

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Financial performance is considered to have an important role for various parties in the company. Referring to financial statements, financial performance reflects the company's success in achieving goals [3] In other words, the company's financial condition can be a benchmark for the company's financial performance [4]. Therefore, company management plays an important role as an effort to achieve company goals [5]. [6] stated that there are two aspects in measuring the performance of a company, namely: financial and non-financial aspects. Considering that the main goal of a company is to seek the maximum possible profit, almost all companies use the financial aspect to measure their performance [7]. The success of a company's performance and growth is one of the important catalysts for economic growth [8].

Not all companies annually produce good financial performance, judging from the average financial report data. Quite a lot of companies are experiencing fluctuations, such as state-owned companies. According to Law No. 19 of 2003, a State-Owned Enterprise (SOE) is a body whose funding is either wholly or mostly owned by the state through direct or indirect capital participation from state wealth which is separated for the welfare of the community. The net profit of SOEs in each company fluctuated from 2018-2022 as shown in the figure that has been presented below:

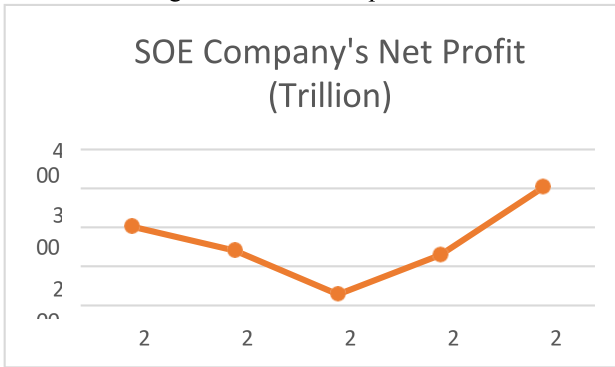

Figure 1. Chart of Average Net Profit of SOEs in 2018-2022

Based on figure 1, it shows that the average value of net profit in SOEs has fluctuated from 2018-2022. These fluctuations occur due to various factors. From 2018 to 2020 there was a significant decrease. In 2018, the total profit was higher than the next two years, in fact, it was not much because based on data from the Ministry of Finance of the Republic of Indonesia, there were still 12 SOEs that suffered losses. The causes of these losses are: cancellation of contracts and orders that do not reach the target, increased financial burden, administrative/general expenses, and inefficiency. PT Asuransi Jiwasraya was the largest contributor to losses in 2018. Losses come from buying and selling shares that are not in accordance with fair prices [9]. Corruption and manipulation of financial statements are also the cause [10].

In the current literature, research and discussion refer to the existence or absence of a relationship between socially responsible and sustainable business behavior and its long-term financial performance [11]. This is due to the increasing demand of stakeholders for social commitment and transparency of business, social, environmental, and

economic actions with sustainability criteria applied [12]–[14]. The company's performance may be influenced by the company's general practice of disclosing information related to the integration practice between economic, social, and environmental activities. In addition, the modern business environment is dynamic and complex. Shareholders are in danger of profit manipulation due to the lack of complete information regarding the company's operations, as seen in recent years with an increasing number of scandals, frauds, suspensions, and even delistings. As a consequence of major business failures in recent years, the topic of corporate governance has begun to take on an increasingly important role in the public arena, and the trend of corporate governance practices is expected to become more and more widely entrenched. The focus has shifted from the traditional "shareholder-only" approach to corporate governance to a broader corporate governance model that identifies stakeholder issues and priorities. Poor corporate governance can have a negative impact on a company's financial performance. The study considers environmental disclosure, IT adoption, and good governance in the financial performance equation.

[15] stated that in an effort to realize good financial performance and sustainability, the Government encourages the participation of companies to create Sustainable Development Goals (SDGs). As a form of company, state-owned companies, namely SOEs, are also obliged to achieve the SDGs. Especially for state-owned companies listed on the IDX which have been included in the go public company. The development of environmental disclosure of public companies such as SOEs that go public through sustainability reports is increasingly needed [16]. Law Number 40 of 2007 concerning Limited Liability Companies states that companies that have gone public are required to make a sustainability report.

In reality, the environmental disclosure contained in the annual annual report is still fairly simple so that it is easy for managers to divert stakeholder focus from the company's economic disclosure [17]. [18] in their research revealed that the disclosure of sustainability reports has an effect on the increase in company profits which is an aspect of calculating financial performance. Based on the study, environmental disclosure also partially has a positive effect on financial performance. A different view is stated by [19] that the disclosure of sustainability reports has no effect on the financial performance. Another study from [20] stated that environmental disclosure has no effect on profitability, namely a proxy for financial performance in Indonesia. The influence of environmental disclosure on company performance has a strong positive influence on ROE tested empirically [18]. The same results were obtained by [17] that environmental disclosure has a positive relationship with financial performance. In contrast, [21] revealed that environmental disclosure has no significant influence on a company's value. A different opinion was also expressed by [15] that environmental disclosure with the Enviromental Performance Disclosure proxy has a negative influence on financial performance.

Furthermore, another factor that can affect financial performance is good corporate governance. The importance of good corporate governance (CG, hereinafter) in determining how well a company carries out its responsibilities and makes the most of its assets is generally recognized in every region of the world [22] and tracks how well the company performs[23], [24]. The successful achievement of business objectives and

the improvement of its performance effectiveness can be assisted by corporate governance, which provides useful information to the organization. GG is a procedure that can be described as the supervision and management of a business by using several legal criteria and other criteria. GG contains a collection of concepts and methods related to the interaction between management and stakeholders by providing corporate services such as transparency in business transactions, legal compliance, protection of shareholders' interests, and organizational ethical ideals. There are many different methods used to assess corporate governance in each company. Some of these mechanisms include the size of the board of directors, the composition of the board of directors, the audit committee, and the position of the CEO [25].

In addition, this research also involves the role of IT adoption in influencing financial performance. The adoption of information technology has a significant impact on the financial performance of companies. By implementing the right information technology, companies can improve their operational efficiency, reduce production costs, and increase employee productivity. Additionally, information technology allows companies to improve the quality of their products or services, expand market share, and increase customer satisfaction. All of this directly contributes to the company's revenue growth and profitability. Thus, the adoption of information technology can be one of the key factors that affect a company's financial performance in a positive way.

The novelty of this research lies in the following aspects: first, taking into account the existing literature, many studies have been started with a focus on the financial performance of manufacturing sector companies, financial institutions in various countries; however, the empirical assessment of the financial performance of the SOE sector in Indonesia is still not investigated extensively. This research has started an empirical assessment to bridge the existing literature with fresh insights. Second, in the comprehensive assessment, this study applies an empirical model with aggregate and investigative aspects that focus on the industry. The motivation for implementing an empirical model with industry-specific assessments is to get a comparative picture. Third, this study expands the empirical assessment by using the measurement of technology adoption using two dimensions, namely IT concepts and practices applied by SOEs as a determinant of SOEs' financial performance in Indonesia.

2 Literature Review

The following are the theories used in this study as the basis for the relationship between financial performance and other variables studied:

2.1 Legitimacy Theory

[26], the originator of the theory of legitimacy, explained that the theory emphasizes the connection between business and the surrounding environment. Judging from the company's strategy in managing activities that will have an impact on the company to get legal status by the public. Corporate social and environmental responsibility tends to minimize the risk of regulatory actions and boycotts from stakeholders and

strengthen corporate licenses to do business [18]. The theory of legitimacy states that businesses operate under a social contract that aims to obtain and maintain social acceptance [27]. [18] show that the theory of legitimacy emphasizes that organizations strive to ensure that they are trusted to conduct business activities within the boundaries and norms of the surrounding community, which means they seek to ensure that outsiders believe their activities are considered legitimate.

An institution is required to pass the legitimacy test and relevance test by showing that the community certainly needs the services of a certain company or group and then benefits through the awards it receives which really get the approval of the community [28]. The theory of legitimacy will be obtained when a company not only meets the expectations of society but also reveals what it has done to meet those expectations. The understanding of this theory of legitimacy is that companies are expected to continue to try to carry out their operational activities based on the social limits and norms that exist in society [19]. This is in line with the understanding of the importance of sustainability report reporting and business sustainability on the company's financial performance [29].

This theory helps in understanding the requirements for entities to generate sustainability reporting that tries to justify the legality of their company's activities [27]. The same research confirms that the legitimacy approach addresses why sustainability reporting has evolved into a "moral" necessity. Legitimacy theory is part of the action to create corporate value to increase through avoiding unwanted things. [30] stated that environmental disclosure information is a way for management to minimize the negative consequences that can arise from the company's operational activities. This then becomes a benchmark for companies to carry out environmental disclosure in their reports [30].

Environmental disclosure can also increase a company's legitimacy as the community benefits from its presence in its environment [31]. Research by [16] said that in the theory of legitimacy, companies can demonstrate their commitment to environmental and social responsibility through the publication of corporate environmental and social responsibility initiative reports, as described in the sustainability report. Ownership structures can be used to study corporate behavior in gaining legitimacy through environmental disclosure [31]. This description is the subject of study in the assessment of a company from the perspective of environmental and social responsibility, which ensures that the community or environment in which the company operates accepts the existence of the company. Therefore, the theory of legitimacy represents the variable of environmental disclosure in this study.

2.2 Stakeholder Theory

The stakeholder theory was initiated by [32] who explained that companies do not only focus on carrying out operational activities, but provide mutual relationships and benefits for stakeholders, the company's role as a policymaker and can influence the position of stakeholders or vice versa [33]. This theory arises because of certain legal conditions that prioritize the interests of shareholders or vice versa, overriding the interests of employees, consumer suppliers, and the surrounding community [33]. All

parties who contribute to the survival of the company must be prioritized [34]. Research by [30]shows that according to stakeholder theory, a company's obligation is not only to act to satisfy personal interests (shareholders), but also to be responsible to stakeholders as stakeholders for business operations.

According to [35], stakeholder theory is to explain the relationship between the ability of stakeholders and the amount of financial resources used by the company. The support of stakeholders is needed so that the business that is pioneered is able to grow, develop, and crawl into a large business. In line with the theory of stakeholders, companies do not solely focus on carrying out operational activities but provide mutual relationships and benefits to stakeholders, the role of the company as a policymaker and can influence the position of stakeholders and vice versa [33]. Research by [36] states that in stakeholder theory , which explains that if a company does not operate for its own interests but also stakeholders, the continuity of a company itself is greatly influenced by stakeholders. Stakeholder theory states that companies disclose information about environmental, social, and intellectual conditions, so that the company can meet the expectations of stakeholders [16]. Based on the purpose of decision-making, stakeholders need various information related to the company's activities. Therefore, this theory represents the variables of IT adoption and corporate governance.

3 Hypothesis Development

3.1 Environmental Disclosure and Financial Performance

Legitimacy will be obtained when the company not only meets the expectations of the community but also discloses what has been done to meet those expectations [31]. Companies can provide more comprehensive and adequate information regarding their operations and the consequences for environmental conditions, through the disclosure of sustainability reports [35]. The environmental and social responsibility activity report disclosed in the sustainability report can be used by the company to prove that the company has carried out its responsibilities [37]. The disclosure of environmental information can be a tool of legitimacy rather than a means to provide transparent accountability regarding the company's performance that is able to create trust among the public and stakeholders in the company's activities [17].

[18] in their research stated that environmental disclosure on corporate performance has a strong positive influence on Return on Equity tested empirically. [38] in their research also stated that companies that are open and transparent disclose important information in sustainability reports, namely environmental disclosure can increase profitability with the Return on Equity proxy which means that environmental disclosure has a positive effect on financial performance with the Return on Equity proxy. Research by [28] states that there is a positive relationship between environmental disclosure and proxied financial performance with Return on Equity (ROE).

Research by [15] reveals that environmental disclosure in sustainability reports can increase revenue through increased operational efficiency and environmental reputation, as well as reduce environmental risks through preventive efforts against environ-

mental disasters. According to [17] with environmental disclosure according to the actual situation of the company, stakeholders believe that after being equipped with better technology in solving environmental problems with small actual costs, the company's costs will decrease, which directly increases the company's profits and other financial indexes. Disclosure of information other than finance such as environmental disclosure in the sustainability report will give the impression of corporate responsibility to the community [28]. In accordance with the theory of legitimacy which encourages companies to ensure that their performance and operational activities are accepted by the public, so that the company will gain legitimacy from the community and financial performance will also improve.

H1: Environmental disclosure has a positive effect on financial performance

3.2 IT Adoption and Financial Performance

In today's digital era, the adoption of information technology has become a must for state-owned enterprises (SOEs) to remain competitive and relevant in an ever-evolving market. SOEs are increasingly aware of the importance of using information technology as a tool to improve operational efficiency, optimize services to customers, and increase transparency and accountability in resource management. Through the right investment and implementation of information technology, SOEs can improve their business processes, from supply chain management to customer service, which in turn can improve their operational and financial performance. Awareness of the importance of information technology adoption is also reflected in the long-term planning strategy of SOEs, where investment in technology infrastructure is one of the top priorities. Thus, the adoption of information technology is not only considered as an option, but as a strategic need for SOEs to remain competitive and sustainable in a constantly changing business environment [39].

The adoption of information technology allows SOEs to improve efficiency in various aspects of operations, including supply chain management, production, and distribution. With more efficient processes, companies can reduce their operational costs, increase profit margins, and optimize resource use. Information technology also allows for the automation of routine tasks, fast data processing, and easier access to information. This increases employee productivity, allowing them to focus on value-added tasks. Thus, increased productivity can result in greater output at lower costs, improving overall financial performance. In addition, the adoption of information technology allows SOEs to provide better services to their customers. From digital platforms for customer service to integrated inventory management systems, technology helps improve the customer experience. Improved service quality can increase customer loyalty, increase market share, and in turn increase a company's revenue.

Information technology allows SOEs to develop innovative new products and services. With advanced data analysis and a better understanding of market needs, companies can respond quickly to market changes and create added value for customers. This innovation can help SOEs expand market share and increase revenue. Information technology plays an important role in increasing transparency and accountability in the

financial and operational management of SOEs. With integrated systems and information available in real-time, management can make more timely and accurate decisions. This reduces the risk of errors and abuse, as well as increases stakeholder confidence, including investors and regulators. By implementing information technology wisely and effectively, SOEs can improve their overall financial performance, by optimizing the use of resources, increasing productivity, and expanding market share.

H2: IT adoption has a positive effect on financial performance

3.3 Corporate Governance on Financial Performance

Regulators, shareholders, investors, and the public have been forced to realize the importance of effective corporate governance, the only solution to the economic catastrophe of the 19th century caused by a series of financial scandals and the collapse of large corporations. This understanding has led scholars around the world to focus their efforts on this techniques that companies may consider to develop an effective corporate governance system and determine the impact of these mechanisms on the company's financial performance. The role of corporate governance in effective decision-making and organizational strategic success has been widely assessed in the literature. Given the relationship between corporate governance and corporate performance, the existing literature suggests three lines of thought. First, many researchers postulated that there is a positive and statistically significant relationship between CG and company performance [40]–[42]

Existing literature records state that good governance practices ensure the availability of quality information and transparency in managerial decision-making processes and allow employees to access management information, thereby enabling long-term performance improvements [43]–[45]. Corporate governance is a rapidly growing subject area and requires the restoration of investor confidence in the capital market. It refers to the rules, procedures, and processes that govern and manage an organization. The literature argues that good governance is very important for the success of companies [46], [47]. [48] assert that companies with good corporate governance rules can obtain financial resources for investment at lower costs, thereby increasing the value of the company, especially because investors prefer to do business with companies that adhere to good governance standards. In addition, good governance practices also act as incentives for potential investors and encourage future investments, which ultimately supports the sustainability of performance [23].

A study found that a significant reduction in the likelihood of fraud in financial statements occurred when a large number of independent directors served on the board of directors. Based on Chang (2023), it is important to have independent directors rather than executive directors. Furthermore, this study reveals that independent directors have greater access than executive directors to resources and information provided by third parties. Better corporate governance, overall, contributes to improved financial performance by lowering the risks faced by investors and, as a result, helps recruit more investors [45], [48]. The business world can take advantage of the available resources and estimate that they will also have outstanding financial performance because they have a good corporate governance system.

H3: Corporate Governance has a positive effect on Financial Performance

4 Method

The motivation of this study is to measure the impact of environmental disclosure (ED), good governance (CG), and IT adoption (IT) on financial performance in SOEs in Indonesia. This study has considered return on equity (ROE) as proxie that are widely used in the literature in measuring a company's financial performance. ROE measures profitability based on shareholders which calculates the amount of profit the company receives in each unit of currency invested by shareholders [50]. This ratio is a measure of a company's performance. The higher the value obtained, the better the financial performance.

Measurement of environmental disclosures based on the 2021 Global Reporting Initiate (GRI) standard. The calculation is by giving a score of one (1) if the item is disclosed then a score of zero (0) if the item is not disclosed. After giving the score, then the score will be added up to get the total score for each company. In this study, environmental disclosure is measured through the Environmental Disclosure Index.

Corporate governance: The term CG is a set of rules and methods that govern the relationship between management and stakeholders. This is achieved by providing corporate functions such as transaction transparency, legal compliance, shareholder protection, and business ethics. We use corporate governance index using a corporate governance checklist [51] (Table 1). IT: IT Adoption variable is quantified using the following steps: (1) Collect and sort out the annual reports of all sample firms; (2) Identify keywords related to independent variables are selected from two dimensions: 'Underlying IT and IT Practice'. The 'Underlying IT' refers to specific basic IT such as AI, blockchain, cloud computing, big data, and IOT, etc. While 'IT Practice' focus on business scenarios by adopting IT, such as industrial internet, digital marketing, smart medical treatment, etc. (3) Calculate keywords frequency. Then we sum the word frequency as the proxy index of IT. The logarithm of the sum of word frequency plus 1 is taken as the final index.

Table 1. Measure of Corporate Governance

Corporate Governance	**Notion**	**Description of the Mechanism**	**Measurement**
Number of board meetings held	NBM	The total number of council meetings held.	Give a value of 1 if the board meeting held in the company i in year t is greater than the median value of the sample in fiscal year t, otherwise 0 mark

Female director	FD	If the board has women representation or not	Give a value of 1 if company I in fiscal year t has a female director on the board, otherwise, a value of 0
Institutional ownership	IO	Measured as ownership held by institutions within a company	Give a value of 1 if the institutional ownership owned by company i in year t is greater than the median value of the sample in a particular industry, if not, give a value of 0
Number of committees established	NCE	The total number of committees a company has	Give a grade of 1 if the committee formed in company i in year t is greater than the median value of the sample in a particular industry, otherwise mark it as 0
Dividend payment	DP	Measured by dividend per share	Give a value of 1 if the dividend paid in company i in year t is greater than the median value of the sample in a given industry, otherwise 0 value

This study involves company size as a control variable that can affect company performance; Measured by the natural logarithm of total assets.

Table 2. Proxies of research variables.

Code	**Variable name**	**Operationalization**
Dependent variable: financial performance		
ROE	Return on Equity	Net Profit/Total Equity
Independent variables		
ED	Environmental disclosure	Number of items disclosed/ Total number of

		environmental disclosure items
IT	Adoption of information technology	IT adoption index
CG	Corporate governance	Corporate governance index
Control variables		
Company size	The total size of the company's assets	Ln (total assets)
Financial leverage	Debt to finance operating activities	Debt to equity ratio

Linear regression analysis is used for the technique of analyzing research data. The linear regression equations in this analysis, namely:

ROE = $\alpha + \beta1(ED) + \beta2(IT) + \beta3(CG) + \beta4(SIZE) + \beta5(LEV) + e$

5 Result and Analysis

5.1 Result

Table 3 shows the descriptive statistics of the research variables. Referring to the measure of financial performance, the mean ROE value is -2.299748 percent with a standard deviation of 66.75231. The mean value of environmental disclosure is 0.312521 with a standard deviation of 0.2135781. The average value of IT adoption is 2.123558 with a standard deviation of 0.1882145. The average value of the corporate governance index was 0.5098039 and the standard deviation was 0.3139072.

To explore the possibility of multicollinearity between the research variables, this study applied paired correlations, and the results are presented in the following form:Table 4. Based on the correlation coefficient, it shows that there is no multicollinearity problem. The value of the coefficient is less than the threshold of 0.80.

Table 3. The descriptive statistics of the research variables

Variable	Obs	Mean	Std. dev.	Min	Max
ROE	119	-2.299748	66.75231	-496.23	43.46
ED	119	.312521	.2135781	0	1
IT	119	2.123558	.1882145	1.60206	2.431364
CG	119	.5098039	.3139072	0	1
SIZE	119	31.07126	2.31858	16.06126	35.22819
Leverage	119	187.0797	356.3178	-1082.61	1676.51

Table 4. The correlation coefficient

	ROE	ED	IT	CG	SIZE	Leverage
ROE	1.0000					
ED	0.0327	1.0000				
IT	-0.1038	-0.2356	1.0000			
CG	0.2168	0.1378	0.2121	1.0000		
SIZE	0.1465	-0.0540	0.0668	0.4799	1.0000	
Leverage	0.0061	0.0766	0.1583	0.3489	0.1335	1.0000

The results of the linier regression are reported in Table 5. Referring to the output, the impact of corporate governance established a positive and statistically significant connection to financial performance, IT adoption established a negative and statistically significant connection to financial performance, and environmental disclosure have insignificant effect on financial performance.

Table 5. The Results of Regression Analysis

ROA	Coefficient	Std. err.	t	P>|t|
ED	3.269901	3.472374	0.94	0.348
IT	-7.809731	3.97357	-1.97	0.052
CG	9.584912	2.7853	3.44	0.001
SIZE	-.4733129	.3472614	-1.36	0.176
Leverage	-.0012503	.0021004	-0.60	0.553
_cons	27.69918	13.89826	1.99	0.049

Based on Tabel 5 we can formulates regression model as folow:

$$ROE = 27.69918 + 3.269901ED - 7.809731IT + 9.584912CG - 0.4733129SIZE - 0.0012503LEV + e$$

5.2 Environmental Disclosure on Financial Performance.

Based on the results of the hypothesis test that has been carried out, it is proven that the coefficient value in the environmental disclosure variable shows a positive direction with a probability value of > 0.05 which means that the environmental disclosure variable has no effect on ROE so H1 is rejected. Therefore, it can be concluded that environmental disclosures made by companies cannot have a significant impact on ROE. The results of this study show that corporate responsibility related to environmental disclosure does not affect stakeholders, especially investors in investing their shares. The existence of environmental disclosure is less of a concern for investors in deciding to invest their capital in the company. They only focus on the economic aspect rather than the environmental aspect of the company. In addition, the average environmental

disclosure value of less than 50% shows that the disclosure of environmental information by companies is not fully optimal so that it cannot affect ROE.

According to [52], the many responsibilities disclosed by companies related to the environment will increase costs, such as environmental operational costs, research costs, waste treatment costs, and environmental development. These costs can reduce the capital owned by the company and can result in a decrease in the company's profit. This cannot increase investors' interest in investing their shares if the profits they get are reduced because the company has to use its funds for environmental disclosure costs. The results of this study are consistent with the research of [53] which found that environmental disclosure has no effect on ROE.

5.3 IT Adoption of Financial Performance

Based on the influence of IT adoption on financial performance, this study found a negative relationship between IT adoption and ROE (coefficient – 7.80973), which shows that investment in IT can not improves company performance. The literature supports our research findings on the negative effect between IT adoption and corporate performance [39]. Decision-makers may be influenced to seek investment opportunities by factors other than logical economic considerations, such as intuition and imitation [54]. When viewed as a whole, these factors increase the risk that managers sometimes over- or under-invest in IT projects, or that IT investment decisions are not in line with the organization's strategy, thus causing the value of the invested organization to decline [55], [56].

5.4 Corporate Governance on Financial Performance

The impact of corporate governance on ROE shows a positive and statistically significant relationship. Based on the coefficient, an improvement in corporate governance practices of 1% can improve ROE 9.58%. The findings of the study are supported by research on [42], [48], [57]. Corporate governance includes all components that affect organizational decision-making. This not only considers the controlling rights of shareholders but also the control rights and bankruptcy powers of those who hold the loans. In addition, it also considers commitments to labor, suppliers, and consumers as well as legal and regulatory requirements. The extent of the level of competition in the economic sector in which the company operates has a considerable influence on the decisions taken by the company.

6 Conclusion

The motivation of this study is to assess the role of environmental disclosure, IT adoption and corporate governance on the company's financial performance as measured by ROE. The study involved 28 state-owned enterprises in Indonesia. The relevant data is taken from the annual public report and stock data from the Indonesia

Stock Exchange for 2018–2022. Based on empirical assessments, a study documents the positive and significant relationship of the role of corporate governance to corporate performance . However, environmental disclosure has no effect on the company's performance. Meanwhile, IT adoption actually decreases the company's performance.

The following suggestions are presented in future development as a concluding note suggested by this study, namely that investor confidence may be stable with good governance. Therefore, there is an assumption that the management of companies in Indonesia should approach with positive intentions , and the role of the government in the right composition for management operations, in the long run, can support the sustainability of companies with persistent performance and investor confidence.

This study has the following limitations, which can be overcome in future research. First, this study uses writing measurement as an IT adoption index so that future studies can consider other measurements such as IT investment costs. Second, future studies can begin by incorporating diversified measures of financial performance such as market value and earnings per share (EPS).

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