

# The Effect of ESG Disclosure and Financial Performance on Company Value with Company Size as a Control Variable on Companies Listed on the ESG Leaders Index

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## ABSTRACT

This study aims to evaluate the effect of ESG Disclosure and Financial Performance aspects on Company Value with Company Size as a control variable. Using secondary data from companies included in the ESG Leaders index during the period 2021-2023, this study applies multiple linear regression analysis to test the formulated hypotheses. The results of the study reveal that Environmental Social Governance (ESG) Disclosure, Profitability, Liquidity and Company Size as control variables have a positive and significant effect on company value. While Leverage has a negative and insignificant effect on company value. This finding emphasizes the importance of integrating ESG principles into corporate strategy not only to mitigate risk but also to increase the company's attractiveness in the eyes of investors. This study provides a relevant empirical contribution, especially in the context of developing countries and can be used as a reference for other companies in optimizing company value through the implementation of effective sustainability practices.

*Keywords: ESG Disclosure, Financial Performance, Company Value, Company Size*

## 1. INTRODUCTION

In recent years, attention to the environmental, social and governance (ESG) performance of companies has increased among regulators, managers, academics and the public. According to Artiach et al. (2010) ESG reflects the extent to which companies simultaneously incorporate issues related to economic growth, environmental protection, social responsibility and corporate governance into their business activities Ly et al. (2024). ESG is not new in the management of corporate non-financial information because this concept has evolved from corporate governance (CG), environmental management and corporate social responsibility (CSR). Therefore, ESG can be a guideline and driver for companies in achieving sustainable development goals Suttipun (2015).

Competition in the business world can affect the activities of companies that only focus on profits without considering the negative impacts of their operations. As a form of responsibility for these impacts, companies need to disclose their activities through a report called *Environmental, Social and Governance* (ESG) Disclosure which includes how the company operates and is responsible for its impacts. This ESG report is one way to assess Company Value Luqyana (2020). Company Value itself reflects various aspects related to the financial health and growth potential of the company. Nasution et al. (2024).

Company Value is an important indicator for a company, because an increase in Company Value shows that the company is able to run its business activities optimally which ultimately increases investor confidence in the quality of the company Hery (2023). According to Ananda (2017) Company Value reflects investors' perceptions of the company's success which is often associated with stock prices. The higher the stock price of a company indicates that the Company Value also increases.

**Table 1**  
**ESG Average Score and Price to Book Value (PBV)**

No.	Company Code	Environmental	Social	Governance	PBV
1	ADRO	23.66	12.22	6.85	0.74
2	ANTM	21.82	11.4	8.83	1.34
3	breast milk	14.66	10.39	10.55	1.15
4	ACES	6.18	7.91	5.56	2.01

Based on the data obtained, it can be seen that the average *Environmental*, *Social* and *Governance* (ESG) disclosure at PT. Adaro Energy Indonesia. Tbk (ADRO) has increased but the PBV value shows a decrease. Likewise, at PT. Astra International. Tbk (ASII) the average Environmental disclosure has increased but the PBV value has decreased. This is contrary to the statement Melinda & Wardhani (2020a) that good ESG performance of a company should have a positive impact on increasing the company's value.

Research conducted by Cendani Firly Sari (2021) on companies listed on *the Jakarta Islamic Index* (JII) Indonesia shows that ESG disclosure affects company value. However, this result is not in line with research Irine (2020) stating that ESG disclosure has no effect on company value in Indonesia. Meanwhile, the study found that Christy (2023) *Environmental* and *Social* aspects do not affect company value but *Governance aspects* have a significant impact. On the contrary, Hariyanto & Ghozali (2024) it shows that *Environmental* and *Social* affect company values while *Governance aspects* have no effect.

Indonesian Finance Minister, revealed that the government is committed to strengthening support and expanding connectivity to encourage the implementation of ESG (Environmental, Social and Governance) principles in infrastructure development as a step for economic recovery Winarto & Oktaria (2022). However, the implementation of ESG in Indonesia has not been running optimally. This is because many companies have not been able to implement sustainability principles or disclose related information openly to the public. Currently, the implementation of ESG in Indonesia is still in the development stage and cannot be implemented comprehensively by all companies.

Limitations in the implementation of ESG in Indonesia are influenced by various factors. One of them is the challenges that arise in the implementation process while not all companies are ready to face them. According to *the International Association for Public Participation Indonesia* (2022), there are several main obstacles that slow down the implementation of ESG, including the low level of company understanding of the ESG concept, limited resources and high costs that must be incurred for consultation on ESG management aspects Kartika et al. (2023).

The relevant authorities have issued ESG disclosures and regulations as a step to increase public understanding of sustainable investment which is expected to continue to grow. In recent years, public awareness of investments that prioritize ESG principles has increased. According to Noviantanti (2020) ESG, it is one of the benchmarks for companies in carrying out long-term investments that integrate and implement policies related to environmental, social and governance aspects.

Research by Melinda & Wardhani (2020b) shows that ESG has a positive and significant impact on company value. The results of this study reveal that ESG scores, ESG composite scores and scores in environmental, social and governance aspects are all positively and significantly related to company value. This finding is in line with research by Aboud & Diab (2018), Fatemi et al. (2018) and Yoon et al. (2018).

The reason for choosing the research object of companies listed in the ESG Leaders index is because companies included in the ESG Leaders Index have met certain criteria related to ESG, making them ideal examples for analyzing the influence of ESG on financial performance and company value. This index consists of companies that are considered superior in terms of sustainability so that the research results can reflect the optimal impact of ESG implementation on company value. By making the ESG Leaders Index the focus, this study provides specific insights into how companies that have met sustainability standards can affect company value. The findings of this study can be a guide for other companies to increase company value through effective ESG implementation.

This study has a main contribution, this study aims to provide contributions and empirical evidence on the influence of overall and partial ESG performance on firm value. Most studies related to ESG and firm value focus on developing countries which is a strong reason to conduct this study in developing countries considering the differences in characteristics between the two. Therefore, this study aims to test the relationship between ESG and firm value. Based on the explanation above, this study will discuss the influence of Environmental, Social, and Governance (ESG) and Financial Performance on Firm Value with Firm Size as a Control variable. The sample used in this study are companies listed on the ESG Leaders index in the 2021-2023 period and that report ESG information to the public.

## 2. LITERATURE REVIEW AND DEVELOPMENT HYPOTHESIS

### 2.1. *Signaling Theory*

According to Darmarani et al. (2022) *The signaling theory* which was first introduced by Spence (1973) explains that managers as information owners provide signals in the form of data that reflects the condition of the company. This information is very useful for investors to assess the company. In relation to financial performance, *Signaling Theory* shows that the more extensive the information disclosed by the company, the more positive the signal received by interested parties. With the increasing amount of information provided, investors get a clearer picture of the condition of the company, thereby increasing their confidence in investing. This high level of trust encourages positive reactions from investors, which is reflected in the increase in the company's stock price Lestari et al. (2024).

### 2.2. *Stakeholder Theory*

*Stakeholder Theory* states that companies do not only carry out operational activities for their own interests but also have a responsibility to contribute to stakeholders. These stakeholders include shareholders, creditors, consumers, suppliers, government, society, analysts and other parties Chariri&Ghozali (2007). Therefore, companies need to ensure support from each stakeholder group.

According to Gray et al. (1995) the quoted by Chariri&Ghozali (2007) the sustainability of the company is very dependent on the support given by stakeholders. This support needs to be obtained through activities carried out by the company. The greater the influence of stakeholders on the company, the greater the company's efforts to adapt. In this case, social disclosure is one way for companies to interact with all stakeholders involved Syafrullah&Muharam (2017).

### 2.3. Hypothesis Development

#### 1. The Impact of ESG Disclosure on Company Value

Environmental Social Governance (ESG) factors significantly have a positive impact on increasing company value. Social and governance components tend to be faster and more cost-effective to achieve while environmental components take longer and cost more, so the effects are more pronounced in the long term. This shows that companies with better ESG performance tend to have higher company values than companies with low ESG performance. The implementation of ESG principles is also one of the factors that influences investors' decisions in investing. Investors believe that the implementation of ESG can reduce risk while reflecting attention to sustainability. This condition makes companies with good ESG practices more attractive to investors to invest their capital Arofah (2023). Research conducted by Bashatweh et al. (2021), Abdi et al. (2022), Melinda & Wardhani (2020c), Qureshi et al. (2020), Handayati et al. (2022), Fuadah et al. (2022) and Yip & Lee (2018) revealed a significant positive relationship between ESG disclosure and company value. Based on the explanation above, the following hypothesis can be formulated:

**H1: ESG Disclosure has a positive effect on Company Value**

#### 2. The Influence of Profitability on Company Value

Profitability is an indicator used to evaluate a company's operational ability to generate profits while reflecting the efficiency of its management Kasmir (2018). This aspect is one of the main considerations for investors because businesses with high levels of profitability are considered more capable of providing greater profits to shareholders. Therefore, a higher profitability ratio is usually associated with an increase in company value Cahyania et al. (2024). Kusumaningrum et al. (2022) in his research stated that profitability has a positive and significant effect on company value. An increase in profitability indicates good prospects for the company, thus attracting the attention of investors. This has an impact on increasing demand for shares which ultimately increases the value of the company. Research conducted by Arum et al. (2024), Anggita & Andayani (2022) and Fatimah & Idayati (2024) shows that there is a significant positive relationship between profitability and company value. Based on the explanation above, the following hypothesis can be formulated:

**H2: Profitability has a positive effect on Company Value**

#### 3. The Influence of Liquidity on Company Value

Liquidity describes the company's ability to meet short-term obligations that are due within one year. Liquidity is measured through a ratio that shows the extent to which the company can pay off its obligations on time. As an important element in financial analysis, the liquidity ratio helps investors, creditors and management in assessing the company's financial condition and its ability to meet those obligations Abdillah & Ali (2024).

Liquidity also affects the value of the company where good liquidity will increase the positive perception of the company's value and vice versa. A high level of liquidity provides investors with confidence that the company is able

to meet its short-term obligations in a timely manner. Therefore, liquidity is one of the main factors considered by investors in assessing the value of the company. Companies that have a high level of liquidity are usually seen as more valuable and have brighter prospects in the future. This is supported by research conducted by Ardiana & Chabachib (2018), Wijaya & Fitriati (2022), William & Tanusdjaja (2023) and Abdillah & Ali (2024) revealed a significant positive relationship between liquidity and company value. Based on the explanation above, the following hypothesis can be formulated:

**H3: Liquidity has a positive effect on Company Value**

#### 4. The Effect of Leverage on Company Value

Companies need to manage *leverage* wisely because the use of debt in an optimal amount can increase the value of the company by reducing the tax burden. *Leverage* is often used as a source of funding to achieve greater profits. Investors view the use of debt as an indicator of the company's ability to meet its obligations in the future so that this can create a positive response from the market.

According to Nyoman Agus Suwardika & I. Ketut Mustanda (2017) Companies that can increase dividend distribution or make reinvestments tend to receive a positive response from the market, which ultimately increases market valuation. This condition also encouraged increased demand for shares in the capital market. Therefore, the use of debt can serve as a positive signal for investors and contribute to increasing the value of the company in their eyes. Research conducted by Aziz & Widati (2023), Widyadnyani et al. (2020), Vitriani et al. (2024), Parida et al. (2022) and Sugiharto & Amanah (2020). revealed a significant positive relationship between *leverage* and company value. Based on the explanation above, the following hypothesis can be formulated:

**H4: Leverage has a positive effect on Company Value**

#### 5. The Influence of Company Size on Company Value

In this study, company size acts as a control variable, company size reflects the size of the company scale as seen from the total value of assets owned. The larger the size of a company, the greater the attention given by investors. This is due to the tendency of large companies that have more stable financial conditions, thus attracting investors to buy their shares. This stability can encourage an increase in stock prices in the capital market because investors have high expectations of the value of large companies including the potential dividends that can be received. The increase in investor interest in large company shares causes high demand which ultimately contributes to an increase in stock prices in the capital market. With a larger company size, investors are more willing to pay a higher price for the shares because they believe they will get greater profits. This increase in stock prices also increases the value of the company Dewi et al. (2024).

Previous studies such as those conducted by Dewantari et al. (2019), Hanief Nur Fajriyati (2019), Widiastari & Yasa (2018), Ni Luh Putu Suryani Ulan Dewi & I. Gede Mertha Sudiartha (2019) and Iswajuni et al. (2018), show that company size has a positive influence on company value. Based on the explanation above, the following hypothesis can be formulated:

**H5: Company size has a positive effect on company value.**

### 3. METHODOLOGY

The population that is the object of this study includes all companies included in the ESG Leaders index on the Indonesia Stock Exchange. The sampling technique in this study uses the *purposive sampling method* with the aim of obtaining samples that are relevant to the focus of the study. The sample criteria set are as follows: companies included in the ESG Leaders index on the Indonesia Stock Exchange in the period 2021 to 2023, companies that have complete financial reports during the period 2021-2023, companies that have complete sustainability reports during the period 2021 -2023, and companies that do not experience losses in their financial reports during 2021-2023.

This study utilizes secondary quantitative data from 2021 to 2023. Data sources are obtained from financial reports and sustainability reports accessed through the official website of the Indonesia Stock Exchange (<https://www.idx.co.id/id>) and the official pages of related companies. Information on historical stock prices is obtained from the sites (<https://www.investing.com/> and <https://www.idnfinancials.com/>).

The analysis tool used in testing the hypothesis in this study is SPSS version 25. The data analysis process begins with descriptive statistical analysis followed by classical assumption tests including normality, multicollinearity, heteroscedasticity and autocorrelation tests as prerequisites for implementing multiple linear regression analysis. The final stage includes multiple linear regression testing and hypothesis testing including determination coefficient test ( $R^2$ ), t statistical test and F statistical test. The regression equation used in this study has the form of multiple linear functions, namely:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \varepsilon$$

Information :

Y	= Company Value
$\alpha$	= Constant
$b_1, b_2, b_3, b_4, b_5$	= Regression coefficient
$X_1$	= ESG Disclosure
$X_2$	= Profitability
$X_3$	= Liquidity
$X_4$	= Leverage
$X_5$	= Company Size
$\varepsilon$	= Error

#### 4. RESULT AND DISCUSSION

**Table 2**  
**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
	Statistics	Statistics	Statistics	Statistics	Statistics
ESG Disclosure	90	0.47	0.80	0.5754	0.12751
Profitability	90	0.62	9.81	3,7898	2.47433
Liquidity	90	0.01	8.59	2,4842	2.04307
Leverage	90	1.15	9.91	3,1032	2.50396
Company Size	90	12.53	31.93	20,9873	4.98527
Valid N (listwise)	90				

**Source: SPSS version 25 output**

Based on descriptive statistical analysis, the average ESG Disclosure value is 0.5754 with a standard deviation of 0.12751. The ESG Leaders stock index has the highest ESG Disclosure value of 0.80, while the lowest ESG Disclosure value is 0.47.

Based on the descriptive statistical analysis, the average Profitability value is 3.7898 with a standard deviation of 2.47433. The ESG Leaders stock index has the highest Profitability value of 9.81, while the lowest Profitability value is 0.62.

Based on descriptive statistical analysis, the average Liquidity value is 2.4842 with a standard deviation of 2.04307. The ESG Leaders stock index has the highest Liquidity value of 8.59, while the lowest Liquidity value is 0.01.

Based on descriptive statistical analysis, the average Leverage value is 3.1032 with a standard deviation of 2.50396. The ESG Leaders stock index has the highest Leverage value of 9.91, while the lowest Leverage value is 1.15.

Based on the descriptive statistical analysis, the average value of Company Size is 20.9873 with a standard deviation of 4.98527. The ESG Leaders stock index has the highest Company Size value of 31.93, while the lowest Company Size value is 12.53.

**Table 3**  
**Classical Assumption Test Results**

No	Test	Indicator	Results	Information
1	Normality Test	(One-Sample Kolmogorov-Smirnov Test) Asymp. Sig. (2-tailed)	0.200 <sup>c</sup>	Normally Distributed Data
2	Multicollinearity Test	Tolerance / VIF	1. ESG Disclosure = 0.915/1.093 2. Profitability = 0.893/1.120 3. Liquidity = 0.654/1.530 4. Leverage = 0.663/1.509 5. Company Size = 0.882/1.133	No Multicollinearity Symptoms Occur
3	Heteroscedasticity Test	Glacier Test	1. ESG Disclosure = 0.572 2. Profitability =	No Heteroscedasticity Symptoms Occur

			0.254	
			3. Liquidity =	
			0.148	
			4. Leverage =	
			0.117	
			5. Company Size	
			= 0.241	
4	Autocorrelation Test	Run Test	0.077	No Autocorrelation Occurs

**Source: SPSS version 25 output**

Based on the results of the normality test above, the *Asymp.Sig (2-tailed) value* obtained is 0.200 (>0.05) so it can be concluded that the data is normally distributed because the value is greater than 0.05 (>0.05).

Based on the results of the Multicollinearity test that has been carried out, it was obtained that the Independent Variable showed a Tolerance Value of more than (>0.100) and VIF less than (<10.00). Thus, it can be concluded that the Multicollinearity Assumption has been met and there are no symptoms of Multicollinearity.

Based on the results of the Heteroscedasticity test conducted with the Glejser Test, it was found that the ESG Disclosure Variable has a significant value of 0.572 (>0.05), the Profitability Variable has a significant value of 0.254 (>0.05), the Liquidity Variable has a significance value of 0.148 (>0.05), the Leverage Variable has a significance value of 0.117 (>0.05) and finally the Company Size Variable has a significant value of 0.241 (>0.05). Because the significance value for all Independent Variables used in this study is greater than 0.05, it can be concluded that there is no Heteroscedasticity symptom or the Heteroscedasticity test has been met.

Based on the results of the Autocorrelation test above using *the Run Test*, it is known that the *Asymp.Sig value (2-tailed)* is 0.077 > 0.05, so it can be concluded that there are no symptoms of autocorrelation or it is free from autocorrelation.

**Table 4  
t-Test Results**

	Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	1,336	,524			-2,553	,012
	ESG Disclosure	,223	,626	,035		2,356	,023
	Profitability	,360	,033	-,180		2,832	,011
	Liquidity	,470	,046	-,174		3,515	,003
	Leverage	-,173	,037	,031		,268	,789
	Company Size	,390	,016	,545		5,513	,000

a. Dependent Variable: Company Value

**Source: SPSS version 25 output**

Based on the results of the multiple linear regression analysis above, the following regression model equation is obtained:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \epsilon$$

$$Y = 1.336 + 0.223X_1 + 0.360X_2 + 0.470X_3 - 0.173X_4 + 0.390X_5$$

The results of multiple linear regression analysis can be explained as follows:

1. The ESG Disclosure variable (X1) has a significance value of 0.023 which is smaller than the significance level of  $\alpha$  0.05 (<0.05). Thus, it can be concluded that the Environmental Social Governance Variable (X1) has a significant effect on the Dependent Variable of Company Value (Y) so that the hypothesis **(H1) is accepted**.
2. The Profitability Variable (X2) has a significance value of 0.011 which is smaller than the significance level of  $\alpha$  0.05 (<0.05). Thus, it can be concluded that the Profitability Variable (X2) has a significant effect on the Dependent Variable of Company Value (Y) so that the hypothesis **(H2) is accepted**.
3. The Liquidity Variable (X3) has a significance value of 0.003 which is smaller than the significance level of  $\alpha$  0.05 (<0.05). Thus, it can be concluded that the Liquidity Variable (X3) has a significant effect on the Dependent Variable of Company Value (Y) so that the hypothesis **(H3) is accepted**.
4. Leverage variable (X4) has a significance value of 0.789 which is greater than the significance level of  $\alpha$  0.05 (>0.05). Thus it can be concluded that Leverage variable (X4) does not have a significant effect on the Dependent Variable of Company Value (Y) so that the hypothesis **(H4) is rejected**.
5. The Company Size variable (X5) has a significance value of 0.000 which is smaller than the significance level of  $\alpha$  0.05 (<0.05). Thus, it can be concluded that the Company Size Variable (X5) has a significant effect on the Dependent Variable of Company Value (Y) so that the hypothesis **(H5) is accepted**.

**Table 5  
F Test Results**

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	16,699	5	3,340	6,427	,000 <sup>b</sup>
	Residual	43,650	84	,520		
	Total	60,349	89			

a. Dependent Variable: Company Value

b. Predictors: (Constant), Company Size, ESG Disclosure, Profitability, Leverage, Liquidity

**Source: SPSS version 25 output**

Based on the results of the F Test (Simultaneous Test) explained previously, a significance value of 0.000 was obtained which is smaller than 0.05 (<0.05). Therefore, it can be concluded that the Independent Variables of Environmental Social Governance (X1), Profitability (X2), Liquidity (X3), Leverage (X4) and Company Size (X5) together have a significant influence on the Dependent Variable of Company Value.

**Table 6**  
**Results of the Determination Coefficient (R<sup>2</sup>)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,526 <sup>a</sup>	,677	,634	1,72087

a. Predictors: (Constant), Company Size, ESG Disclosure, Profitability, Leverage, Liquidity

**Source: SPSS version 25 output**

The test shows that the *Adjusted R Square value* is 0.634. This means that the Environmental Social Governance (X1), Profitability (X2), Liquidity (X3), Leverage (X4) and Company Size (X5) variables together contribute an influence of 63.4% to the Company Value Variable, while the remaining 36.6% is influenced by other factors not included in this study.

**Table 7**  
**The Influence of ESG Disclosure on Company Value**

Independent Variables	t <sub>count</sub>	t <sub>table</sub>	Sig t	α	Results
ESG Disclosure	2,356	1.988	0.023	0.05	Influential

Based on the results of testing the relationship between ESG Disclosure variables and Company Value, the t<sub>countvalue</sub> is 2.356. At a significance level of 0.05 with degrees of freedom (df) calculated as n - k = 90 - 6 = 84, the t<sub>tablevalue</sub> is 1.98861. Because the t<sub>count</sub> is greater than the t<sub>table</sub> (2.356 > 1.988) and the significance level is smaller than α 0.05 (0.023 < 0.05), then H<sub>0</sub> is rejected and H<sub>a</sub> is accepted. Thus, it can be concluded that partially the ESG Disclosure variable has a positive and significant effect on Company Value.

Environmental Social Governance has been proven to have a positive impact on increasing company value. This result is in line with research conducted by El-Deeb et al. (2023) and Gerged et al. (2021). The high level of environmental disclosure indicates that companies consistently and transparently convey environmental information that contributes to increasing company value through building competitive advantages.

Overall, this study confirms that ESG (Environmental, Social and Governance) information disclosure plays an important role in determining the value of companies in Indonesia. Although the impact of environmental, social, and governance aspects varies between companies, companies that convey ESG information transparently and comprehensively tend to have higher market value. This finding is in line with previous studies showing that good ESG disclosure can improve a company's reputation, attract investors' attention, and have a positive impact on the company's market performance. Manulang & Soeratin (2024). This factor is a major attraction for investors who focus on sustainability which ultimately improves the company's financial performance Farihadhy & Anis (2024) and Caesaria & Yuliandhari (2022).

However, this influence is also influenced by other factors such as company size which requires deeper analysis. Therefore, companies in Indonesia need to improve the quality of their ESG disclosure to remain competitive in a market that is increasingly concerned with sustainability issues. Transparent ESG disclosure will not only strengthen the company's reputation but also attract investors who care about sustainability and strengthen the company's position in the growing market.

**Table 8**  
**The Influence of Profitability on Company Value**

Independent Variables	t <sub>count</sub>	t <sub>table</sub>	Sig t	α	Results
Profitability	2,832	1.988	0.011	0.05	Influential

Based on the results of testing the relationship between the variables of Profitability and Company Value, the t<sub>countvalue</sub> is 2.832. At a significance level of 0.05 with degrees of freedom (df) calculated as n - k = 90 - 6 = 84, the t<sub>tablevalue</sub> is 1.98861. Because the t<sub>count</sub> is greater than the t<sub>table</sub> (2.832 > 1.988) and the level of significance is smaller than α

0.05 ( $0.011 < 0.05$ ), then  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that partially the Profitability variable has a positive and significant influence on Company Value.

The results of this study support *the Signaling Theory* (signal theory) where the profitability ratio is used by companies to send positive signals (good news) or negative (bad news) to the market or external parties. This signal aims to show the company's ability to generate profits through its total assets so that it is expected to influence market perception of the company.

This finding is consistent with research conducted by Nur (2019), Handoko & Idayati (2021), Indah (2023) and Ariyani et al. (2024). The higher the company's success in creating profits, the greater the investor's confidence in investing their capital in the form of shares. High profitability will also increase the amount of return received by investors.

**Table 9**  
**The Influence of Liquidity on Company Value**

Independent Variables	$t_{count}$	$t_{table}$	Sig t	$\alpha$	Results
Liquidity	3,515	1.988	0.003	0.05	Influential

Based on the results of testing the relationship between the Liquidity and Firm Value variables, the  $t_{count}$  value is 3.515. At a significance level of 0.05 with degrees of freedom (df) calculated as  $n - k = 90 - 6 = 84$ , the  $t_{table}$  value is 1.98861. Because the  $t_{count}$  is greater than the  $t_{table}$  ( $3.515 > 1.988$ ) and the significance level is smaller than  $\alpha$  0.05 ( $0.003 < 0.05$ ), then  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that partially the Liquidity variable has a positive and significant effect on Firm Value.

This study is in line with the findings Mahanani & Kartika (2022), Amanatur et al. (2024) and Oktaviarni et al. (2019) states that liquidity has a significant influence on company value. High liquidity provides assurance that the company is able to meet its short-term obligations on time, thus attracting investor interest by showing good financial performance and improving the company's reputation.

In addition, companies with high liquidity levels also reflect their ability to meet future obligations which in turn can reduce investor uncertainty about the company's ability to provide returns on the capital they have invested. High liquidity can encourage increased demand for shares in the market which contributes to an increase in the company's share price and increases the company's market value.

**Table 10**  
**The Effect of Leverage on Company Value**

Independent Variables	$t_{count}$	$t_{table}$	Sig t	$\alpha$	Results
Leverage	0.268	1.988	0.789	0.05	No effect

Based on the results of testing the relationship between the Leverage and Firm Value variables, the  $t_{count}$  value is 0.268. At a significance level of 0.05 with degrees of freedom (df) calculated as  $n - k = 90 - 6 = 84$ , the  $t_{table}$  value is 1.98861. Because the  $t_{count}$  is smaller than the  $t_{table}$  ( $0.268 < 1.988$ ) and the significance level is greater than  $\alpha$  0.05 ( $0.789 > 0.05$ ), then  $H_0$  is accepted and  $H_a$  is rejected. Thus, it can be concluded that partially the Leverage variable has a negative and insignificant effect on Firm Value.

The results of this study are in line with the findings Suparlan (2019) and Eni & Rakhmanita (2024) conclude that leverage does not have a significant effect on company value. Leverage describes the company's ability to pay off its debts. The higher the leverage, the more the company uses funds from creditors to make a profit, although this does not directly affect the company's value. Leverage represents the company's ability to pay debts using its own capital so that its existence does not have a significant impact on the company's value. Conversely, high leverage can lower stock prices due to reduced profits received by shareholders. However, if the leverage value is low and accompanied by an increase in the company's value, this can increase investor confidence and encourage greater investment.

**Table 11**  
**The Influence of Company Size on Company Value**

Independent Variables	$t_{count}$	$t_{table}$	Sig t	$\alpha$	Results
Company Size	5,513	1.988	0,000	0.05	Influential

Based on the results of testing the relationship between the variables of Company Size and Company Value, the  $t_{count}$  value is 5.513. At a significance level of 0.05 with degrees of freedom (df) calculated as  $n - k = 90 - 6 = 84$ , the  $t_{table}$  value is 1.98861. Because the  $t_{count}$  is greater than the  $t_{table}$  ( $5.513 > 1.988$ ) and the significance level is smaller than  $\alpha$  0.05



( $0.000 < 0.05$ ), then  $H_0$  is rejected and  $H_a$  is accepted. Thus, it can be concluded that partially the variable of Company Size has a positive and significant influence on Company Value.

In this study, the company size variable acts as a control variable and the results of this study are consistent with the findings Irawan & Kusuma (2019), Nursariyanti & Adi (2021) and Ulya & Sunarto (2024) which state that company size has a positive effect on company value. Companies with large total assets provide management with more flexibility in using the assets they own, although company owners may be concerned about managing these assets.

However, large assets also have the potential to reduce the value of the company from the perspective of the owner. This shows that the success of the company's value is not solely determined by the size of the company. Even some large companies may be reluctant to make new investments or expansions before their obligations are met.

## 5. CONCLUSION

This study presents a new perspective on the impact of ESG Disclosure covering environmental, social and governance aspects on company value measured using *Price Book Value* (PBV). Based on the results of the analysis conducted, the following conclusions can be formulated:

1. ESG Disclosure variables have a positive and significant effect on Company Value.
2. Profitability variables have a positive and significant effect on company value.
3. Liquidity variables have a positive and significant effect on company value.
4. Leverage variables have a negative and insignificant effect on company value.
5. Company Size variables have a positive and significant effect on company value.

## DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

## CONSENT

A written informed consent was obtained from the participants. A copy of the written consent is available for review by the Editorial office/Chief Editor/Editorial Board members of this journal.

## Competing interests

Authors have declared that no competing interests exist.

## COMPETING INTERESTS DISCLAIMER:

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

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