

Analysis of the Influence of Profitability, Leverage and ESG Disclosure on the Value of Sharia Stock Companies Registered on the ESG Index

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<p>Article Information:</p>	<p><i>Abstract</i></p>
<p>Keywords: Value of Firms Financial Ratio Corporate Finance Stock Market Data</p>	<p><i>This research aims to analyze the significance of the influence of profitability, leverage, and ESG Disclosure on company value. Return On Assets is an indicator of profitability, Debt to Equity Ratio is an indicator of leverage, ESG Score by Sustainalytics is an indicator of ESG Disclosure and Price to Book Value is an indicator of company value. The method used in the research is descriptive and quantitative. This research sample used a purposive sampling technique with 17 Sharia stock companies listed on the ESG index. The data analysis used in this research is panel data regression. The statistical test results show that profitability has a significant influence on company value. The leverage variable shows a significant effect on company value. Meanwhile, the ESG Disclosure variable has no influence on company value. This is related to company value. Companies listed on the ESG index are expected to be consistent in improving their performance in order to increase profitability and leverage and remain consistent in implementing the concept of governance and social sustainability towards company value. The higher the profitability and leverage, the higher the company value. The higher the ESG score the company has, the better the company implements the concept of sustainability.</i></p>
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INTRODUCTION

Issues regarding social, environmental, and corporate governance or Environment, Social Governance (ESG) are now a special consideration for stock investors. Investors consider that there is added value if there are ESG issues in the company. The Indonesian Stock Exchange as the main organizer of the stock exchange launched various ESG indices to support this. Some of these indices are ESGQ (Quality) and ESGL (Liquidity). ESG is used by companies to strengthen and convince the public of the quality and image of their company. ESG also influences investors to make sustainable investments. According to Fulton et al., (2012), Sustainable investing is a term used to refer to investment by looking at ESG factors as the main method of investing. The ESG index is a reference and the main method for investors to find out which companies are classified as having sustainable values. The function and use of this index is to serve as a reference for investors who want to assess companies that have ESG scores. So, investors no longer need to assess companies one by one but rather they are classified into one component called an index.

Many investors in Indonesia are interested in long-term investments and are only familiar with investing in ordinary blue-chip shares without being familiar with investing in other financial instruments. They have limitations in studying stock investment and financial investment in general. They are not familiar with the ESG concept. Targeting the middle-income level will speed up the process as they have more room to invest. Throughout 2020, the Indonesian market experienced rapid investor growth. Based on PT Kustodian Sentral Efek Indonesia (KSEI), as of November 30 2020, there were 3.615 million retail investors.

Research conducted by Abdi et al., (2022) with the title “exploring the impact of sustainability (ESG) disclosure on firm value and financial performance (FP) in industry: the moderating role of size and age Environmental, Social, Governance” ESG has a positive influence on company value (study). This research is in line with research conducted by Littahayu & Sulistiyoningsih (2023) with the title “The influence of environmental, social and governance (ESG) on company performance in Indonesia Environment, Social, Governance” The results of this research show that Environment, Social, Governance has an influence on company performance which influences the company's financial performance. Company value is closely related not only to external factors such as ESG. But also, internal factors which include the fundamentals of the company itself. We can find company fundamentals in the company's financial reports which are released every quarter. There we can see that the company can be said to be sick or healthy.

There are financial ratios to make it easier for us to read the company's financial reports. The first ratio is profitability. This ratio is used to see how much a company can maximize profits with available capital. By using several approaches such as Return on Assets or Return on Equity. The ratio used in this research is Return on Assets. Where the approach looks at the assets that the company can maximize to gain large profits. The second ratio to calculate company performance is the solvency or leverage ratio. The leverage ratio is used to calculate how much a company can pay its obligations using the debt ratio approach. The approach used is Debt to Equity Ratio. where we can see whether the company's liabilities are large or small. The smaller the number produced by the debt-to-equity ratio, the better the financial report. The third ratio that is used to view financial reports easily is the Company Value itself. The three variables above mentioned are factors that influence company value. The approach used to see company value is price to book value or PBV. This ratio is calculated based on today's share prices. So, it can be more up to date and adjustments can be made to assess how much the company is worth.

The first ratio used is profitability with the Return on Asset (ROA) approach. The results of research conducted by Sulfati et al (2022) show that profitability represented by ROA has no significant effect on corporate governance represented by public share ownership. This is due to changes in investment objectives made by some Islamic investors from long-term investment goals in the hope of obtaining dividend income, switching to short-term investment goals in the hope of obtaining income from capital gains. Meanwhile, profitability has a positive and significant effect on Islamic Corporate Social Reporting ICSR. Companies with high profitability tend to implement more ICSR because they have sufficient funds to finance ICSR activities.

The second ratio used is to measure leverage with Debt Equity Ratio (DER) approach. Research conducted by Aminah et al (2023) shows that leverage has a negative impact on financial performance. This shows that the more leverage increases, the financial performance of the company being examined decreases. This report highlights the importance of managing leverage levels to maintain or improve financial performance. Meanwhile, according to Nadhilah et al (2022) leverage has a positive effect on the disclosure of Islamic Social Reporting, and if using moderating variables, leverage has a negative effect on the disclosure of Islamic Social Reporting.

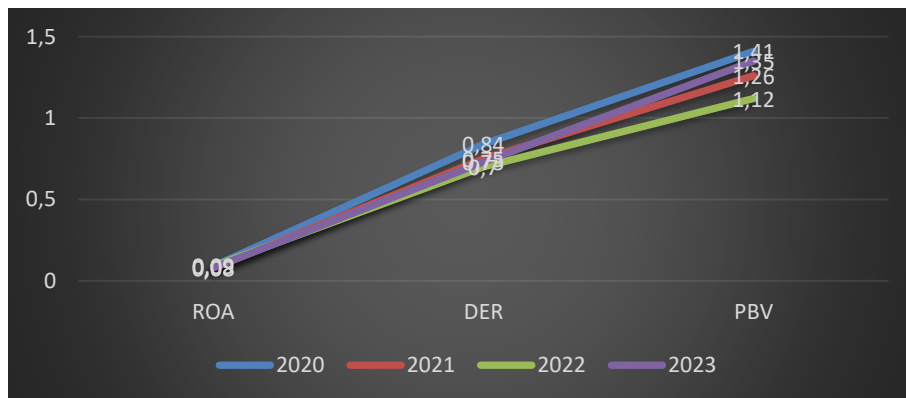
The last ratio is company value. To measure how expensive or cheap the company's value is based on fundamental financial statements. Based on research conducted by Priandhana (2022) ESG has no effect on company performance. And it can be concluded that ESG has a significant effect on the company's financial performance. ESG is used by companies to strengthen and convince the public of the quality and image of the company. Meanwhile,

according to research conducted by Buallay & AIDhaen (2018) as well as research conducted by Safriani & Utomo (2020) where their research all supports ESG has a positive effect on firm value.

According to Purwitasari et al (2023) when investing in a company, financial reports are an important factor for investors. Every company must maintain and improve its financial performance to remain attractive to investors. Based on the results of research that has been conducted, partially, environmental and social have a significant positive effect on financial performance in companies listed on the Indonesia Stock Exchange The results showed that ESG disclosure had no impact on financial performance.

Based on the graph below, we can see that all sharia companies listed on the ESG index experienced gradual increases from 2020 until 2023. We can see this from the three variables above. A higher company's ROA indicates that the company has growing profits. An increasing DER also indicates that the company is getting better at managing the equity over the debt they have. And the last ratio, namely PBV, which is one of investors' assessments for investing, is also increasing from year to year. These three ratios indicate that companies whose shares are listed as sharia shares have good growth and have healthy financial reports

Graph 1 Average of ROA, DER, PBV Of Sharia Companies Listed on The ESG Index



Source: Financial Statement 2020 - 2023

There are inconsistencies in previous research results related to the effect of profitability, leverage and ESG Disclosure on firm value. Based on these problems, the objectives contained in this research is to know whether the profitability, leverage and ESG disclosure affect the value of Islamic stock companies listed on the ESG index.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Company value is the performance of a company, consisting of capital market demand and supply, and is reflected in share prices, which reflect society's assessment of a company's performance (Klaudia et al., 2022). The value of a company is reflected in its share price. If the value of a company is high in the eyes of investors, then the share price will be high, conversely if the value of the company is low in the eyes of investors, then the reflected share price will usually be low. Because investors invest in companies that perform well, company value has a significant influence on the decisions of investors and potential investors.

ESG is a standard company investment practice that integrates and implements its policies in accordance with environmental, social and governance concept (Henry Siswana & Ratmono, 2024). Apart from being able to see the company through the financial aspects that are the focus of investors, ESG has the potential and long-term impact that can be achieved when investing,

not only impacting shareholders but also stakeholders (Qodary & Tambun, 2021). Apart from the financial aspects that investors focus on, ESG also offers long-term potential and impact. This not only impacts shareholders but also stakeholders when investing (Chen & Xie, 2022).

Leverage is a ratio used to measure how well a company can pay its debt by dividing its total debt by its total equity. This is influenced by how much capital the company has to pay existing debt. Leverage is also used to measure how much debt a company has and how well the company can pay that debt. Leverage is also known as the solvency ratio.

Profitability is an analytical ratio that measures how much profit a company generates. The approach used is Return On Assets or ROA which measures the profitability of a company. Evaluated by dividing net profit or net income by total assets. The ROA ratio can also be used to analyze how well a company makes maximum use of its assets. The ROA ratio can also be used to analyze the size of a company. A company's success in increasing profits through proactive sustainability reporting depends on the marginal costs of CSR activities, which can actually reduce a company's profitability (Azma & Novi Mubyarto, 2022).

This research had gap by research conducted by Kartika et al. (2020) which states that environmental, social, governance (ESG) disclosures in increasing company value. Environmental, Social, Governance and Company Value environmental, social, and governance ESG do not have a strong effect on the value of companies listed on the Indonesia Stock Exchange. Research conducted by Hidayat & Nuhung (2020) entitled research on the influence of liquidity, company size and profitability on company value. Profitability and company value. The results of research on profitability variables have a positive effect on company value. Price book value in companies listed on the Indonesia Stock Exchange. This research aims to prove that profitability, leverage and ESG Disclosure simultaneously influence company value.

The following is the hypothesis used for this research:

H1 = Profitability influences company value

H2 = Leverage influences company value

H3 = Environment, Social, Governance Disclosure influence company value

H4 = Profitability and leverage and ESG influence company value.

RESEARCH METHOD

This research method uses descriptive and quantitative research methods. Data collection is carried out using financial reports published annually by companies on the Indonesia Stock Exchange, including sharia shares listed on the IDXESGL index. The data obtained was processed with a statistical model using the Eviews program. This research uses four variables. According to Sugiyono & Lestari (2021), a research variable is an attribute, characteristic, or value of a person, object, or activity that has certain variations determined by the researcher and from which conclusions are drawn. The appropriate unit of analysis in this research is as follows:

- a) Companies listed on the IDXESGL index are in the sharia category during the research period 2020 – 2023. Data is processed based on quarterly reports.
- b) Companies listed on the IDXESGL index in the sharia category have complete financial reports every year during the research period 2020 – 2023. Data is processed based on quarterly reports.

Table 1 Operational Variable

No.	Variable	Variable Definition	Formula Size	Scale
1.	Profitability	Profitability is an indicator that assesses the efficiency of a company's performance. Profitability ratios show the relationship between liquidity, asset management, and the impact of debt on business performance. This ratio is calculated using the equation between net profit and total assets (Kasmir, 2018).	$ROA = \frac{Net\ Income}{Total\ Asset} \times 100\%$	Ratio
2.	Leverage	Leverage is a ratio that estimates the funds presented by creditors using the equation between total liabilities and total equity (Kasmir, 2018).	$DER = \frac{Total\ Liabilities}{Total\ Equity} \times 100\%$	Ratio
3.	Environment, Social, Governance Disclosure	ESG Disclosure is a sustainability concept that assesses governance, social environment and government where the ESG concept can be owned by companies that have been listed on the IDX or not (Wiyana Putri et al., 2023)	$ESG\ TF_i = \{ 1 + z_i, \}$ if $z_i \geq 0$ $1 - z_i$, if $z_i < 0$	Ratio
4.	Company Value	Company value is the investor's recognition of the company's level of success in relation to the stock price. Company value can be measured using the stock price and book value equation (Kasmir, 2018).	$PBV = \frac{Stock\ Price}{Book\ Per\ Value}$	Ratio

RESULTS AND DISCUSSION

Results

Descriptive tests are applied to complete data analysis related to variables determined from research, namely profitability focused on Return On Assets, leverage focused on Debt to Equity Ratio, ESG Disclosure focused on ESG Score, and company value focused on Price to Book Value. The assessments applied in this research include mean, minimum value, maximum value, and standard deviation. A summary of descriptive statistical output can be observed in the following table:

Table 2 Descriptive Statistic

Indicator	Profitability	Leverage	ESG Disclosure	Company Value
Mean	5.951029	0.736140	0.216949	5.566287
Median	3.950000	0.550000	0.230000	1.735000
Maximum	34.88000	4.060000	0.300000	53.50000
Minimum	-3.63000	0.00001	3.104799	10.61757
Std. Dev.	6.489014	0.719559	0.050822	9.467264
Observation	272	272	272	272

Source: Output Eviews 12

Chow Test

Chow test decisions are represented through the common effect model and fixed effect model by looking at the Chi-Square cross section according to the significance level of 0.05 in the panel data output. The chow test output resume can be observed as follows:

Table 3 Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-Section F	46.627631	(16,252)	0.0000
Cross-Section Chi-Square	374.371652	16	0.0000

Source: Output Eviews 12

Based on the results of table 3, the Chi-Square value is 0.0000, which is smaller than the significant alpha of 0.05. Thus the decisions that can be taken are:

H₀: common effect model is rejected

H₁: fixed effect model is accepted

Hausman Test

The Hausman test decision can be determined through the representation of the common effect model and fixed effect model by proving that the value of both in the panel data regression model corresponds to a significance level of 0.05. A resume of the Hausmant test output can be observed in the following table:

Table 4 Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	40.636919	3	0.0000

Source: Output Eviews 12

Based on table 4, it produces a probability value of 0.0000, where this value is below or smaller than the significance value of 0.05. This shows that the decisions taken from the appropriate model are:

H₀: fixed effect model is accepted
 H₁: random effect model is rejected

Statistic Regression Test

In assessing the relationship between the significance of the dependent variable and the independent variable, you can use a predetermined model, namely the fixed effect model with the following regression analysis:

Table 5 Statistic Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.492625	1.076815	3.243477	0.0013
X ₁	0.182428	0.041034	4.445823	0.0000
X ₂	1.781853	0.687888	2.590323	0.0101
X ₃	-1.491897	4.294452	-0.347401	0.7286

Source: Output Eviews 12

Based on table 5 the interpretation of regression analysis is as follows:

$$\text{Company Value} = 3.492625 + 0.182428 \text{ Profitability} + 1.781853 \text{ Leverage} + -1.491897 \text{ ESG Score} + e$$

The coefficient results for each variable are:

1. The regression coefficient holds a positive value of 0.182428 indicating that there is an influence on the Profitability variable. This value shows an increase of 1% in the Profitability variable which will increase the return on Company Value by 0.214335% when other variables are ceterisparibus so that the hypothesis is accepted with H₀₁ rejected and H_{a1} accepted. Thus, a profitability value of 0.0000 < 0.05 means that profitability has a significant influence on company value.
2. The regression coefficient holds a positive value of 1.781853, indicating that there is an influence on the Leverage variable. This value shows a 1% increase in the Leverage variable which will reduce the return on Company Value by 1.781853%. When the values of other variables are ceterisparibus, the hypothesis is accepted, H₀₂ is rejected and H_{a2} is accepted. Thus, a Leverage value of 0.0101 < 0.05 means that leverage has a significant influence on company value.
3. The regression coefficient holds a negative value of -1.491897, indicating that there is no influence on the ESG Score variable. This value shows a 1% increase in the Leverage variable which will reduce the return on Company Value by -1.491897%. When the values of other variables are ceterisparibus, the hypothesis is accepted with H₀₃ accepted and H_{a3} rejected. Thus, the ESG Score value of 0.7286.0101 > 0.05 means that leverage has no influence on company value.

Partial Test

According to Henry Siswana & Ratmono (2024) the T test explains whether the regression model has balance in interpreting the influence of the independent variable partially or the dependent variable. The following is the T test output table in this research:

Table 6 Partial Test

Variable	t-Statistic	Prob.
C	3.324653	0.1864
X ₁	12.31650	0.0000
X ₂	12.99704	0.0000
X ₃	-3.717049	0.0002

Source: Output Eviews 12

Table 6 above explains the T test regarding the profitability variable which shows that ROA is significant for the Company Value which is shown by PBV, obtained by a t value of 4.445823 > t table of 2.060. Therefore, it can be assumed that the Profitability variable is partially significant for Company Value followed by a probability of 0.0000 < 0.05. It also shows that the DER is significant for the Company Value as shown by the PBV, obtained by a calculated t value of 2.590323 > t table of 2.060. Therefore, it can be assumed that the Leverage variable is partially significant for Company Value followed by leverage of 0.0101 < 0.05. And the T test regarding the ESG Disclosure variable which is shown by the ESG Score to be not significant for the Company Value which is indicated by the PBV. Therefore, it can be assumed that the Leverage variable is not partially significant to Company Value followed by leverage of 0.7286 > 0.05.

Simultaneous Test

According to Hartono (2020:90), the F test explains whether the regression model has balance in interpreting the influence of independent variables simultaneously on the dependent variable. The following table 7 is the output result of the F test in this research:

Table 1 Simultaneous Test

F-Statistic	F-tabel (n-k)	Prob (F-Statistic)
125.2661	3.39	0.000000

Source: Output Eviews 12

The F test results table explains that there is significance obtained by the number 0.000000, meaning it is less than the alpha significance of 0.05, then the hypothesis is accepted (H_0 is rejected). This situation proves that the independent variables in this research, namely Profitability, shown by Return On Assets (ROA), Leverage, shown by Debt to Equity Ratio (DER), and ESG Disclosure, shown by ESG Score, have a simultaneous influence on the dependent variable, namely Company Value, shown by Price to Book Value. (PBV)

Coefficient Of Determination Test

Testing the coefficient of determination according to Ghozali (2018), indicated by R-squares, was carried out in order to estimate how much competency the regression model has on the independent variable which contributes to explaining changes in the dependent variable.

The R-squares for the coefficient of determination are between 0 and 1. The following output results of the coefficient of determination test can be observed from the following table:

Table 8 Coefficient Of Determination Test

Indikator	Nilai
Adj. R-Square	0.897039

Source: Output Eviews 12

Based on the output results of table 8, it shows that the Adjusted R-squared is 0.897039, meaning that the independent variables described by Profitability, Leverage and ESG Disclosure have an influence so they can explain 89.70% of the Company Value of the entities listed in the ESG Index for the period 2020 to 2024. Then the remaining 10.3% is due to the influence of other factors not observed in this study.

Classic assumption test

Statistical analysis uses the most common method for estimating panel data linear regression model parameters through Ordinary Least Square (OLS) determination to complete the Best Linear Unbiased Estimation (BLUE) qualification. In fulfilling these requirements, this research test only uses two tests taken from all classical assumption tests, including the multicollinearity test and the heteroscedasticity test.

Multicollinearity Test

The multicollinearity test is carried out by assessing the existence of a relationship between the independent variables in the regression model (Henry Siswana & Ratmono, 2024). The following output results of the multicollinearity test can be observed from the following table:

Table 9 Multicollinearity Test

Variable	Coefficient Variable	Uncentered VIF	Centered VIF
X ₁	1	0.19679512	-0.2031152
X ₂	0.19679512	1	0.08903111
X ₃	-0.2031152	0.08903111	1

Source: Output Eviews 12

It can be seen from table 9 that there is a correlation between profitability, described as ROA and leverage, described as DER, which shows that the VIF value is 1.238142, which means that this value is below 10. Thus, in terms of profitability, leverage and ESG Disclosure is free from multicollinearity.

Heteroscedasticity Test

According to Sukma (2020) the heretoscedasticity test is used to assess if there is dissimilarity in the variance of the residuals for all observations of the linear regression model. To find out indications of heteroscedasticity, this is done through the Glejser test. Based on the heteroscedasticity test from table 10, the test results via the Glajser test show Obs*R-squared of 0.1287, which means this value is greater than the significance level of 0.05. This then results in the assumption that the regression model is free from heteroscedasticity.

Table 10 Heteroscedasticity Test

F-Statistic	1.903202	Prob. F(2.24)	0.1296
Obs*R-Squared	5.671432	Prob. Chi-Square(2)	0.1287
Scaled explained SS	6.861302	Prob. Chi-Square(2)	0.0765

Source: Output Eviews 12

Discussion

Effect of Profitability on Company Value

Based on the results of the T test, the Profitability variable indicated that Return On Assets has a significant relationship with Price to Book Value which is an indication of Company Value. The influence of profitability on company value can be seen through the tcount value $3.324653 > t_{table} 2.060$ and reinforced by the probability value $0.0000 < 0.05$. The results of this research are in accordance with research conducted by Adhi & Cahyonowati (2023) which explains that profitability has a positive effect on company value. Meanwhile, according to Tirta Wangi & Aziz (2024), profitability has a positive and significant effect on company value. Furthermore, research from Simanjuntak et al (2021) states that there is a significant positive influence of profitability on company value.

From the formulation of the first hypothesis, it shows that profitability is a factor for investors in making investment decisions. This indicates that the size of profitability will affect company value. A good company can be identified by paying attention to the development of the profitability ratio. If the profitability ratio is high, this indicates that the company is worthy of capital investment. In this research, Return On Assets (ROA) is described as a profitability ratio index. Return On Assets shows the rate of return on assets used by the company. If the company's ROA value is high, the share price will also be high. With an increase in share price, it reflects a good company value so that shareholder value also increases. As it should be, when a company has large profits, there will also be many people interested in the shares or company. The results of this research suggest that profitability has a significant influence on company value. Thus, increasing profitability will have an effect on increasing company value, meaning that investors consider the news as a positive signal.

Based on the research results, it can be concluded that profitability has a significant relationship with company value. This is caused by the company's effective performance in expanding the use of debt so that profits received can be distributed to shareholders. In this way, the company is able to provide a return on the assets used so that shareholders continue to invest in the shares they own and have an impact on increasing the value of the company. As Allah SWT says regarding profitability in QS. Fatir verse 29 is as follows:

الَّذِينَ يَتْلُونَ كِتَابَ اللَّهِ وَأَقَامُوا الصَّلَاةَ وَأَنْفَقُوا مِمَّا رَزَقْنَاهُمْ سِرًّا وَعَلَانِيَةً يَرْجُونَ تِجَارَةً لَّنْ تَبُورَ

Meaning:

“Indeed, those who always read the Book of Allah and perform prayers and spend part of the sustenance that We have bestowed upon them secretly and openly, they hope for business that will not suffer losses.”

The Effect of Leverage on Company Value

Based on the research results, the leverage variable shows significant impact on company value. The influence of leverage on company value can be seen through the tcount value of $2.590323 > t_{table}$ of 2.060 and is reinforced by the leverage value of $0.0101 < 0.05$. The results

of this research are in line with research conducted by Hendranastiti (2022) explaining that leverage has a positive effect on company value. Meanwhile, according to Onasis & Robin, (2016), leverage has a positive and significant effect on company value. Furthermore, research from Syamsudin et al. (2021) is in line with research by Pasaribu et al., (2019), stating that there is a significant positive effect of leverage profitability on company value. From the formulation of the second hypothesis, it shows that leverage in this research utilizes the Debt to Equity Ratio, which indicates that there is an influence of leverage on company value. Having a good perspective on the company's prospects means that the manager has a credible signal that needs to be communicated to external parties in order to increase share prices. This is because companies are able to utilize debt rather than own capital such as retained earnings and share capital to finance company equity. The use of debt (leverage) is caused by the extent to which company assets can be financed by debt (Syamsuddin, 2020).

Increased leverage results in higher investment risks provided to shareholders. Therefore, using leverage in the right proportions can reduce risk so that investors can consider investments and assess the company's performance for all obligations that must be fulfilled so that it does not impact the level of return on investors or shareholders. For this reason, the size of the increase in leverage can affect company value. Thus, it can be concluded that leverage is a benchmark for investors in assessing their investments related to company value. As the word of Allah SWT discusses leverage as stated in QS. Al-Anfal verse 27 as follows:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَخُونُوا اللَّهَ وَالرَّسُولَ وَتَخُونُوا أَمْنَتِكُمْ وَأَنْتُمْ تَعْلَمُونَ

Meaning

"O you who believe! Do not betray Allah and the Messenger and (also) do not betray the trust entrusted to you, while you know."

The Effect of ESG Disclosure on Company Value

Based on the research results, the ESG Disclosure variable shows that it has no influence on Company Value. The lack of influence of ESG Disclosure on company value can be seen from the calculated t value of $-0.347401 < t$ table of 2.060 and is strengthened by ESG Disclosure of $0.7286 > 0.05$. The results of this research are in line with the research studied (Xaviera & Rahman, 2023) explaining that ESG Disclosure has a negative and significant influence on company value. Meanwhile, according to Jeanice & Kim (2023), ESG Disclosure has a negative effect and does not have a significant relationship to company value. Furthermore, research from (Kartika et al., 2020) states that ESG does not have a strong influence on the value of companies listed on the Indonesian Stock Exchange.

From the formulation of the third hypothesis, it shows that ESG Disclosure in this research utilizes the ESG Score, which indicates that there is no influence of ESG Disclosure on company value. Because the concept of sustainability is still very minimal in Indonesia and can even be used as a separate assessment for investors. Even though it is an added value for companies that have ESG values, it is not a reference as an influence on company value. Thus, it can be concluded that ESG Disclosure is not the main benchmark for investors in assessing their investments in relation to company value. As the word of Allah Subhanahu Wata'ala which discusses leverage is stated in QS. Al A'raf verse 56 as follows:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَخُونُوا اللَّهَ وَالرَّسُولَ وَتَخُونُوا أَمْنَتِكُمْ وَأَنْتُمْ تَعْلَمُونَ وَلَا تَفْسِدُوا فِي الْأَرْضِ بَعْدَ إِصْلَاحِهَا وَادْعُوهُ خَوْفًا وَطَمَعًا إِنَّ رَحْمَتَ اللَّهِ قَرِيبٌ مِّنَ الْمُحْسِنِينَ

Meaning:

“Do not cause damage to the earth after it has been properly regulated. Pray to Him with fear and hope. Indeed, Allah's mercy is very close to those who do good.”

Effect of Profitability, Leverage, ESG Disclosure on Company Value

Based on the results of the F test table research, the variables profitability, leverage and ESG Disclosure show simultaneous significance to Company Value. Proven by the results of the simultaneous F test probability, namely the probability (F-Statistic) is 0.000000. where this coefficient is below 0.05. This is influenced by 3 simultaneous variables. The influence of profitability, leverage and ESG Disclosure on company value can be seen through the tcount value of 125.2661 > ttable of 3.39. The results of this research are in line with research conducted by Abdi et al. (2022) where the results of his research explain that ESG Disclosure positive effect on company value. Meanwhile, according to Adhi & Cahyonowati (2023), profitability and leverage have a positive and significant effect on company value. Furthermore, research from Onasis & Robin (2016) states that there is a significant positive effect of leverage profitability on company value.

From the formulation of the fourth hypothesis, it shows that profitability, leverage, and ESG Disclosure in this research utilize Return to Asset, Debt to Equity Ratio, ESG Score, which indicates that there is an influence of profitability, leverage, ESG Score on company value. There is a close relationship between profitability and leverage where returns on assets are operated through funding sources originating from investors. If the use of debt is smaller than own capital, the source of funds coming from debt will be more effective in generating profits and the investment risk accepted by shareholders will be low. This condition can increase the profits of large companies and represent efficient company performance so that it can encourage positive investor sentiment towards the company which causes share prices to relatively increase, followed by an increase in company value. Also, company value is related to the influence of sustainable concepts such as ESG itself. Where the value of the company is getting better and has its own added value for investors who want to invest. The higher the ESG Score achieved by the company, the better the company implements its sustainability concept.

CONCLUSION

Research analysis has been carried out through several tests so that the interpretation of the research conclusions is, Profitability has a significant influence on Company Value. Leverage has a significant influence on Company Value. ESG Disclosure has no influence on Company Value. Profitability, Leverage and ESG Disclosure simultaneously influence Company Value. The suggestions for further research are first, for Sharia Share Issuers, expected to always increase profitability and increase equity and reduce liabilities. So that shareholders get higher returns, thereby increasing the value of the company. Second, for further research, to expand the research object. In this case, objects that can be researched and expanded include IDX ESGQ and IDXESG SRI-KEHATI. Next, variables for calculating ESG Disclosure based on data from sustainability which is not often found in scientific journals. Therefore, future research is recommended to take ESG data based on Bloomberg. Apart from that, it is hoped that the latest year will be used to be consistently up to date.

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