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JOGTA
Journal of Governance, Taxation and Auditing

P-ISSN - 2830-6392 (PRINT)
E-ISSN - 2962-2522 (ONLINE)

JOURNAL OF GOVERNANCE, TAXATION AND AUDITING

PUBLISHING KSI

Indexed By :
GARUDA Google doi Crossref
INDEX COPERNICUS ROAD ISJD
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THE ROLE OF ESG DISCLOSURE IN MODERATION OF THE INFLUENCE OF CAPITAL STRUCTURE, PROFITABILITY, AND LIQUIDITY ON THE VALUE OF COMPANIES LISTED IN THE ESGL INDEX IN 2020-2024

Volume: 5
Number: 1
Page: 1368 - 1378

Article History:
Received: 2026-06-21
Revised: 2026-07-09
Accepted: 2026-08-05

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Abstract:
This study aims to analyze the effect of capital structure, profitability, and liquidity on firm value, as well as to examine the role of ESG Disclosure as a moderating variable in companies listed in the ESG Leaders Index (IDXESGL) during the 2020–2024 period. The study employs an explanatory research approach with a quantitative method to obtain information that can be used to address the research problems. The population of this study consists of all companies listed in the IDX ESG Leaders Index (IDXESGL) issued by the Indonesia Stock Exchange (IDX). From the total population, 33 companies met the predetermined sampling criteria and characteristics. This study employed Statistical Product and Service Solutions (SPSS) as the analytical tool to examine the relationships among the research variables. The results indicate that the Debt to Equity Ratio (DER) has a significant effect on Price to Book Value (PBV). These findings suggest that optimally managed debt utilization is capable of increasing firm value through enhanced financing capacity, operational activities, and business growth opportunities. Therefore, a higher DER within an optimal threshold tends to increase firm value. This study also reveals that ESG Disclosure is able to moderate the effect of Debt to Equity Ratio (DER) on Price to Book Value (PBV) by weakening the relationship. This finding indicates that investors not only consider the company’s level of debt utilization but also pay attention to sustainability factors and corporate risks through ESG disclosure practices.

Keywords: ESG Disclosure, Debt to Equity Ratio, Return on Assets, Current Ratio, Price to Book Value, Firm Value.

INTRODUCTION

The public's view of investment has evolved significantly in recent years, driven by advances in information technology, open access to capital markets, and increased financial literacy. In evaluating investment returns for shareholders, company value has become a key indicator. Company value is generally reflected in the stock price, where an increase in the stock price indicates growing investor confidence in the company's prospects and performance.

Conceptually, company value is defined as the market's perception of a company's overall performance and prospects, as reflected in the stock price and the economic value the company is able to create for shareholders and other stakeholders (Putri & Raharja, 2022; Sari & Andayani, 2023). More recent literature examines company value as investor perception of a company's prospects and performance, as reflected in the stock price (Novitasari & Kusumowati, 2021). Therefore, the stock price is a relevant indicator in assessing how the market values a company's performance and growth potential.

However, in recent years, global and domestic economic dynamics have put pressure on capital market stability. The COVID-19 pandemic, global economic uncertainty, rising interest rates,

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and geopolitical turmoil have impacted the performance of various issuers on the Indonesia Stock Exchange. These conditions have caused significant stock price fluctuations and resulted in a decline in company values across several sectors (IDX, 2022; Financial Services Authority, 2023). Several companies have even experienced liquidity pressures and financial restructuring as a result of the economic slowdown during this period.

Stock prices and company value have both declined. Investors' impressions of a company, which often correlate with its stock price, are known as its enterprise value. Because investor supply and demand determine stock prices, both can be used as benchmarks for determining company value (Romadhani et al., 2020). According to Saputri and Supramono (2021), positive signals are considered a sign of a company's financial health, which is anticipated to attract investor interest and increase market confidence in the business. Research shows that businesses that frequently send positive signals are generally more highly valued by investors.

Several factors influence company value, one of which is capital structure. Capital structure is the mix or proportion of a company's long-term permanent funding represented by debt, preferred stock, and common stock equity (Nurhasanah et al., 2022). To achieve an optimal capital structure, companies must consider the tax benefits of using debt against the costs associated with bankruptcy risk to avoid harming the company's value. Capital structure can be interpreted as the ratio of funding to a company's debt. It is evidenced by several studies (Nathanael & Panggabean, 2021; Nopianti & Suparno, 2021), which state that capital structure has a positive effect on company value. However, this study disagrees with researchers (Irawan & Kusuma, 2019), who explain that capital structure does not affect company value. Research findings by Nurhaliza & Azizah (2023) indicate that, in trade-off theory, the target point of a suboptimal capital structure is assumed to increase company value when the debt-to-capital structure ratio is increased. Companies will increase debt up to a certain level, where agency costs will diminish a company's credibility. This decline in corporate credibility occurs due to tax deductions from the additional debt costs or financial distress costs. Funding through debt has both advantages and disadvantages. The disadvantage of using debt as a funding source lies in the emergence of agency costs and bankruptcy costs, while the advantage of using debt as a funding source is the tax deduction obtained from debt interest payments (Megawati et al., 2021). Contrary to research findings (Sari, Permata et al., 2021), capital structure does not affect firm value. (Kurniawan et al., 2019) found that capital structure is insignificant on firm value.

The second factor that can influence firm value is profitability. Profitability is a company's ability to generate profits from its operational activities, which is generally measured through financial ratios such as Return on Assets (ROA), Return on Equity (ROE), or Net Profit Margin (NPM) (Susanto & Salim, 2020). A high level of profitability reflects the effectiveness of management in managing company resources, thus being a positive signal for investors.

Companies with high profitability tend to have a greater ability to finance operational activities and internal business expansion, increasing their attractiveness to investors. It leads to increased demand for shares, which ultimately drives up share prices and company value (Ernawati & Santoso, 2022). Furthermore, high profitability demonstrates a company's ability to provide optimal returns on investment, thereby reducing uncertainty and increasing investor confidence in the company's performance (Atiningsih & Wahyuni, 2020).

Several empirical studies have shown that profitability significantly impacts firm value (Bita et al., 2021; Hidayat & Khotimah, 2022; Lukman Suryadi, 2020). However, other studies have found that profitability does not significantly impact firm value (Irawan & Kusuma, 2019; Octaviany et al., 2019; Sholekah & Lintang, 2021; Ferdila et al., 2023).

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The third factor that can influence company value is liquidity. Liquidity is a company's ability to pay or fulfill its short-term obligations (Choirul Iman et al., 2021). The higher a company's ability to pay its short-term obligations, the better investors' perceptions will be, as the company gains the trust of short-term lenders to meet its obligations, thus impacting company value. Research results (Herawan & Dewi, 2021; Jihadi et al., 2021) indicate a positive effect of liquidity on company value. Conversely, Nuswandari et al. (2019) reported a negative effect of liquidity on company value. (Willyanto & Setyawan, 2022) found no effect on company value. (Ernestine et al., 2024) found a negative and insignificant effect on company value.

In addition to evaluating a company's financial performance, investors also assess the risks involved. In any company or organization, it will inevitably face various events, both internal and external. A risk can occur unexpectedly, and uncertainty surrounds what will happen in the future. To address these uncertainties, companies need risk management. Through risk management, companies can achieve their targets and prevent risks that could hinder their goals.

Although capital structure, profitability, and liquidity are theoretically the primary determinants of firm value, as explained in Firm Value Maximization Theory, various empirical studies show that the influence of these three variables on firm value is not always consistent. From this theoretical perspective, a company's primary goal is to maximize its value, as reflected in its share price. Therefore, every financial decision—whether financing, investment, or liquidity management—should positively impact shareholder welfare. However, inconsistent empirical findings indicate that market mechanisms do not solely assess financial performance quantitatively but also consider other contextual factors.

This phenomenon suggests the existence of contingent factors that can strengthen or weaken the relationship between financial performance and firm value. In the context of modern capital markets, which are increasingly sensitive to sustainability issues, Environmental, Social, and Governance (ESG) disclosure is seen as a relevant factor in explaining this variation. ESG disclosure is a crucial element in bridging how financial performance is translated into investor perceptions of value.

Based on Stakeholder Theory, companies are responsible not only to shareholders but also to all stakeholders, including employees, consumers, the government, and the wider community. Therefore, ESG disclosure serves as an accountability and transparency mechanism that can reduce information asymmetry between management and stakeholders. When companies disclose comprehensive ESG information, investor confidence increases because the company is perceived as having good governance and a commitment to long-term sustainability.

Furthermore, from the perspective of Legitimacy Theory, companies strive to gain and maintain social legitimacy through practices and disclosures that align with societal values and norms. ESG disclosure serves as a strategic means to demonstrate that a company's activities are not solely profit-oriented but also consider environmental and social aspects. Thus, the legitimacy gained from the public and the market will strengthen positive perceptions of the company, ultimately increasing its value.

Within this framework, ESG disclosure not only acts as an independent variable but is more appropriately positioned as a moderating variable that determines the extent to which internal financial factors can translate into increased company value. An optimal capital structure, high profitability, and healthy liquidity will be more appreciated by the market when supported by transparent and comprehensive ESG disclosure. Conversely, companies with strong financial performance but low levels of ESG disclosure potentially face higher perceived risk and suboptimal market appreciation.

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The integration of financial performance and ESG disclosure reflects a more holistic approach to maximizing company value. In this context, ESG disclosure acts as a strengthening mechanism that reduces perceived risk, enhances company credibility, and strengthens the relationship between financial fundamentals and company value, as explained in Firm Value Maximization Theory.

ESG implementation in Indonesian companies is still inadequate, as measured by standards not managed by the Indonesian government. Third-party ESG assessments, such as Sustainalytics, are increasingly being adopted by Indonesian companies. It was done after the IDX launched the ESG Leaders index, which was formed based on measurements of ESG implementation by listed companies, as reported in the IDX No. Peng-00363/BEI.POP/12 in 2020. It demonstrates that the Indonesian government is also demanding that companies consistently address ESG or sustainability aspects in their business processes.

Research on ESG in Indonesia has been conducted, including by Lubis & Rokhim (2021), who found that ESG implementation based on GRI standards in Indonesian public companies remains very low, indicating a lack of governance by the government and financial authorities. Research by Jeanice and Kim (2023) found that the average ESG implementation among Indonesian companies, based on the Bumi Global Karbon (BGK) Foundation index, was 24.7%. Research by Nisa et al. (2023) found that the average implementation of ESG based on GRI standards among Indonesian companies remains low. Specifically, environmental disclosure covers corporate responsibility for the environment, such as climate change, carbon emissions, toxic waste, and other issues. Social disclosure relates to corporate responsibility towards the surrounding community, including stakeholders.

The novelty of this research lies in the integration of Environmental, Social, and Governance (ESG) disclosure as a moderating variable in the relationship between capital structure, profitability, and liquidity on firm value. Unlike most previous research, which tends to focus on examining the direct influence of these fundamental variables on firm value, this study offers a more comprehensive perspective by incorporating sustainability as a key element in the analysis. This approach builds on the growing literature showing that ESG information plays an increasingly important role in influencing investor perceptions, reducing information risk, and strengthening the credibility of corporate governance.

By using ESG disclosure as a moderating variable, this study fills a theoretical and empirical gap in previous studies, which generally have not considered how sustainability disclosure can strengthen, weaken, or change the direction of the relationship between internal financial variables and firm value. The use of ESG as a moderating variable also emphasizes that firm value is no longer determined solely by financial indicators, but also by the extent to which a company demonstrates a commitment to responsible environmental, social, and governance practices. Therefore, this study not only broadens the analytical scope but also provides new contributions to the finance and sustainability literature, particularly in the context of the Indonesian capital market, which is starting to adopt ESG reporting practices more widely.

The Influence of Capital Structure on Firm Value. In the development of modern companies, particularly in the service and technology sectors, non-physical assets such as information systems, internal procedures, organizational culture, documented knowledge, and standardized business processes—known as structural capital—are increasingly viewed as sources of competitive advantage and value creation. Structural capital reflects an organization's ability to systematically manage knowledge to support operational efficiency, innovation, and sustainability.

Based on Stakeholder Theory, companies are responsible not only to shareholders but also to all stakeholders involved in their activities, including employees, customers, creditors, and the

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community. From this perspective, structural capital is a crucial instrument because strong internal systems, well-documented procedures, and an organizational culture that supports collective learning will improve service quality, product consistency, and operational transparency. It ultimately increases stakeholder trust in the company.

Several empirical studies in the intellectual capital literature indicate a positive correlation between capital structure and firm performance, including firm value. Research by Nathanael & Panggabean (2021) and Nopianti & Suparno (2021) found that intellectual capital structure positively influences firm value. These findings indicate that companies with better internal systems and knowledge management tend to have higher profitability and market share ratios. However, several other studies have shown heterogeneous results depending on the industry sector and measurement method used, so this relationship is not yet fully conclusive. Based on the above description, the following hypothesis is proposed:
H1: Capital Structure Affects Firm Value.

The Effect of Profitability on Firm Value. Profitability is a fundamental indicator of a company's financial performance, reflecting its ability to generate profits from all its resources. Within the framework of Firm Value Maximization Theory, a company's primary objective is to maximize its value, which is reflected in its share price. Profitability is a key determinant because the resulting profit reflects the company's capacity to generate sustainable future cash flows. The higher the level of profitability, the greater the company's ability to improve shareholder welfare by increasing its market value.

From this perspective, profit is viewed not only as a result of operational performance but also as an indicator of management effectiveness in managing investments, cost structures, and funding sources. Companies that are able to maintain high and stable levels of profitability are perceived as having good growth prospects, lower risk, and greater dividend distribution capacity. This condition drives increased demand for shares in the capital market, which ultimately impacts company value. Based on this study, the hypothesis in this study is:
H2: Profitability Affects Firm Value.

The Effect of Liquidity on Firm Value. Liquidity reflects a company's ability to meet short-term obligations without experiencing significant operational disruptions. In the context of capital markets, the level of liquidity is an important indicator considered by investors, particularly during periods of economic uncertainty. Companies with adequate liquidity have a better capacity to maintain operational stability, avoid financial stress, and maintain long-term business sustainability.

From the perspective of Firm Value Maximization Theory, liquidity management is part of a financial policy aimed at maximizing firm value. Effective management of current assets and short-term liabilities allows companies to minimize the risk of financial distress while maintaining flexibility in exploiting investment opportunities. Optimal liquidity contributes to cash flow stability and a reduced risk of bankruptcy, ultimately increasing expectations of future cash flows, which serve as the primary basis for investors' assessment of a company's value. Based on this description, the hypothesis in this study is:
H3: Liquidity Affects Firm Value.

The Role of ESG Disclosure in Moderating the Effect of Capital Structure on Firm Value. Environmental, Social, and Governance (ESG) disclosure is an increasingly important transparency instrument in the context of modern capital markets. Companies with strong internal structures (capital structures) will benefit optimally if these capabilities are openly communicated through ESG disclosure. This transparency enables the market to understand how internal systems, organizational procedures, and corporate governance are implemented to support sustainability

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practices, thereby increasing investor confidence in the quality of management and the company's long-term prospects.

From a Stakeholder Theory perspective, ESG disclosure plays a role in reducing information uncertainty between companies and their stakeholders. Investors, creditors, employees, and the public assess not only the strength of a company's internal structure but also how it is used responsibly and sustainably. Thus, ESG disclosure strengthens the perception that capital structures are effectively managed to create long-term value that not only benefits shareholders but also other stakeholders. Based on this description, the hypothesis in this study is:

H4: ESG Disclosure Moderates the Effect Between Capital Structure and Firm Value.

The Role of ESG Disclosure in Moderating the Effect of Profitability on Firm Value. Companies with high profitability tend to receive greater attention from stakeholders, analysts, and investors because their ability to generate profits reflects the effectiveness of resource management and the prospects for business sustainability. In this context, when companies with high profitability also actively disclose Environmental, Social, and Governance (ESG) information credibly and transparently, the market tends to give them a higher valuation. The combination of profit performance and ESG transparency strengthens stakeholder confidence in long-term risk management and the sustainability of the company's value.

Based on Stakeholder Theory, companies with high profitability face greater expectations to make social and environmental contributions in line with their financial performance. High profits are seen as a company's capacity to meet the interests of various parties, not only shareholders but also employees, the community, and the environment. Therefore, ESG disclosure serves as an accountability mechanism that demonstrates that profits are not solely oriented towards short-term profits but also consider sustainability and social responsibility. Based on this description, the hypothesis in this study is:

H5: ESG Disclosure Moderates the Effect of Profitability on Firm Value

The Role of ESG Disclosure in Moderating the Effect of Liquidity on Firm Value. In a capital market that increasingly considers sustainability factors, a company's liquidity is no longer assessed solely on its short-term financial capabilities, but also on how it manages non-financial risks. Companies with healthy liquidity levels supported by sound ESG disclosure tend to garner higher investor confidence. The combination of the ability to meet short-term obligations and a commitment to sustainability practices can reduce perceived risk and increase market valuation.

Within the framework of Firm Value Maximization Theory, liquidity policy is part of a financial strategy aimed at maintaining cash flow stability and minimizing bankruptcy risk in order to maximize company value. However, the effectiveness of liquidity in increasing company value depends heavily on how the market perceives the quality of the company's risk management. It is where ESG disclosure plays a crucial role as a factor that clarifies the context of liquidity management. Based on this description, the hypothesis in this study is:

H6: The Role of ESG Disclosure in Moderating the Effect of Liquidity on Firm Value

METHODS

This study uses a quantitative approach, utilizing secondary data obtained from the financial reports of companies listed in the IDX ESG Leaders (IDXESGL) index published by the Indonesia Stock Exchange (IDX) for the 2020–2024 period. The research data includes variables such as profitability, ESG risk, leverage, and company age, sourced from the Indonesia Stock Exchange (IDX), the Indonesian Capital Market Directory (ICMD), and Morningstar Sustainalytics. The study population consists of all companies listed in the IDX ESG Leaders index, an index comprising 30

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companies with the best ESG ratings and not involved in significant controversies, as assessed by Sustainalytics. In the selection process, the IDX implemented exclusionary screening, excluding companies from certain sectors such as coal, oil and gas, alcohol, and tobacco, including companies with high levels of controversy and high or severe ESG risk scores.

The sampling technique used was purposive sampling, with the criteria being companies listed in the IDX ESG Leaders index during the 2020–2024 period, listed in the index for at least one period, and having complete data as required by the study. Based on these criteria, 33 companies met the requirements for the research sample. Data collection was conducted through a literature review to obtain references and previous research, as well as secondary data documentation in the form of reports published by the Indonesia Stock Exchange and other relevant sources.

RESULTS AND DISCUSSION

The Effect of Capital Structure on Firm Value. The first hypothesis in this study states that the Debt to Equity Ratio (DER) influences Price to Book Value (PBV). The results indicate that the Debt to Equity Ratio (DER) significantly influences Price to Book Value (PBV). It is evidenced by a regression coefficient of 0.054, a calculated t-value of 4.386, and a significance level of 0.000, which is less than the 0.05 level. The positive regression coefficient indicates that each one-unit increase in DER will increase PBV by 0.054 units, assuming other variables are held constant. Therefore, the first hypothesis in this study is accepted. These findings indicate that increasing the proportion of debt in a company's capital structure can drive increased firm value.

Therefore, the results of this study reinforce the view that optimally managed debt use can increase firm value. An appropriate capital structure can be a company's strategy to increase funding capacity, improve operational performance, and create better growth prospects in the future. This condition will increase investor confidence in the company, thus impacting on increasing Price to Book Value (PBV) as an indicator of the company's value.

The Effect of Profitability on Firm Value. The second hypothesis in this study states that Return on Assets (ROA) influences Price to Book Value (PBV). The results show that Return on Assets (ROA) has a significant effect on Price to Book Value (PBV). It is evidenced by a regression coefficient of 4.074, a calculated t-value of 7.737, and a significance level of 0.000, which is less than 0.05. The positive regression coefficient indicates that each one-unit increase in ROA will increase PBV by 4.074 units, assuming all other variables are held constant. Therefore, the second hypothesis in this study is accepted. This finding indicates that the greater a company's ability to generate profits through the utilization of its assets, the higher the company's value.

A high level of profitability reflects management's effectiveness in efficiently managing all company resources to generate optimal profits. This condition is an important indicator considered by investors in assessing a company's prospects and performance. A company's ability to generate high profits provides investors with confidence that the company has good growth prospects and is capable of providing an optimal return on investment. The higher a company's profitability, the greater its opportunity to boost investor confidence and attract market interest in its shares, thus increasing its value.

Thus, the results of this study reinforce the view that profitability is a key factor in increasing company value. A company's ability to generate profits through effective asset utilization will increase investor confidence, strengthen its image, and create better prospects for future growth. It ultimately leads to an increase in Price to Book Value (PBV), an indicator of company value.

The Effect of Liquidity on Firm Value. The third hypothesis in this study states that the Current Ratio (CR) influences Price to Book Value (PBV). The results indicate that the Current Ratio

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(CR) has a significant effect on Price to Book Value (PBV). It is evidenced by a regression coefficient of -0.026, a calculated t-value of -2.321, and a significance value of 0.022, which is less than 0.05. The negative regression coefficient indicates that each one-unit increase in CR will decrease PBV by 0.026 units, assuming other variables are held constant. Therefore, the third hypothesis in this study is accepted. This finding indicates that the higher a company's liquidity level, the lower its value tends to be.

Essentially, a high level of liquidity indicates a company's ability to meet its short-term obligations. However, if a company maintains excessively large amounts of current assets, such as cash, receivables, or inventory, this can lead to inefficient use of the company's assets. Investors tend to perceive the company as less able to allocate resources productively to generate greater profits. A high level of idle current assets can create the perception that a company is not optimally utilizing its resources to support growth and increase profitability.

Therefore, the results of this study reinforce the view that excessively high liquidity levels can negatively impact company value if not balanced by effective asset utilization and increased profitability. Companies need to manage current assets optimally to prevent the accumulation of unproductive funds. Efficient liquidity management will help companies improve operational performance, create added value, and increase investor confidence, thus increasing Price to Book Value (PBV), an indicator of company value.

The Role of ESG Disclosure in Moderating Capital Structure on Firm Value. The fourth hypothesis in this study states that ESG Disclosure moderates the effect of Debt to Equity Ratio (DER) on Price to Book Value (PBV). The results indicate that this moderating variable moderates the effect of Debt to Equity Ratio (DER) on Price to Book Value (PBV). It is demonstrated by the interaction variable, which has a regression coefficient of -0.205, a calculated t-value of -3.481, and a significance level of 0.001, which is less than 0.05. The negative regression coefficient indicates that ESG Disclosure weakens the positive effect of DER on PBV. Therefore, the higher the level of ESG Disclosure in a company, the lesser the effect of DER on increasing firm value. Therefore, the fourth hypothesis in this study is accepted.

These findings indicate that high debt usage does not always have a strong positive impact on firm value when influenced by the company's level of ESG disclosure. Although the use of debt can increase a company's financing capacity, the presence of ESG disclosures makes investors more cautious in assessing the effectiveness of a company's debt use. Investors tend to consider whether the debt is truly being used to support business sustainability, environmental management, social responsibility, and good corporate governance. If increased debt is not accompanied by optimal ESG management, investors may perceive the company's risks as higher, weakening the positive effect of leverage on company value.

Therefore, the results of this study reinforce the view that ESG disclosure plays a significant role in influencing the relationship between capital structure and company value. High levels of ESG disclosures encourage investors to consider not only the use of debt as a source of corporate funding but also aspects of sustainability, governance, and corporate risk management. Therefore, companies need to optimally manage their capital structure and improve the quality of ESG disclosures to create sustainable corporate value and increase investor confidence.

The Role of ESG Disclosure in Moderating Profitability on Firm Value. The fifth hypothesis in this study states that ESG Disclosure moderates the effect of Return on Assets (ROA) on Price to Book Value (PBV). The results indicate that the moderating variable is unable to moderate the effect of Return on Assets (ROA) on Price to Book Value (PBV). It is evidenced by the interaction variable, which has a regression coefficient of -0.031, a calculated t-value of -0.016, and a significance level of

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0.988, which is greater than 0.05. These results indicate that the presence of ESG Disclosure does not change the relationship between ROA and PBV. Therefore, the fifth hypothesis in this study is rejected.

Therefore, the results of this study reinforce the view that profitability is the primary factor influencing firm value, while ESG Disclosure is unable to moderate this relationship significantly. Investors still prioritize a company's ability to generate profits over the level of ESG disclosure. Therefore, companies need to not only improve ESG implementation, but also ensure that ESG implementation is able to support increased profitability and create added value for the company so that it can have a stronger influence on company value.

The Role of ESG Disclosure in Moderating Liquidity on Firm Value. The sixth hypothesis in this study states that ESG Disclosure moderates the effect of the Current Ratio (CR) on Price to Book Value (PBV). The results indicate that this moderating variable moderates the effect of the Current Ratio (CR) on Price to Book Value (PBV). It is demonstrated by the interaction variable (X3M), which has a regression coefficient of 0.095, a calculated t-value of 2.829, and a significance level of 0.006, which is less than 0.05. The positive regression coefficient indicates that ESG Disclosure strengthens the effect of the Current Ratio (CR) on Price to Book Value (PBV). Therefore, the sixth hypothesis in this study is accepted.

These findings indicate that the presence of ESG Disclosure strengthens the relationship between a company's liquidity level and its value. Under certain conditions, a company's liquidity level can send a positive signal to investors if supported by sound ESG disclosure. Investors tend to perceive companies with high liquidity and strong ESG implementation as having a greater ability to maintain business continuity, manage corporate risks, and maintain operational stability in the long term. Therefore, ESG disclosure can strengthen investor perceptions of the importance of a company's ability to maintain short-term financial stability.

Therefore, this study's findings reinforce the view that ESG disclosure plays a crucial role in strengthening the relationship between liquidity and company value. Companies with strong liquidity and optimal ESG disclosure will command greater trust from investors and stakeholders. Therefore, companies need to maintain financial stability while improving the quality of ESG implementation and disclosure to create sustainable corporate value and increase Price to Book Value (PBV).

CONCLUSION

Based on the research results, it can be concluded that the company's financial factors, consisting of Debt to Equity Ratio (DER), Return on Assets (ROA), and Current Ratio (CR), have a significant influence on company value as proxied by Price to Book Value (PBV). DER shows a positive influence on PBV, which indicates that optimal use of debt can increase the company's funding capacity and growth opportunities, thereby impacting the increase in company value. ROA also has a positive influence on PBV, which means that the higher the company's ability to generate profits through asset utilization, the higher the level of investor confidence in the company's prospects. Meanwhile, CR has a significant influence on PBV, where too high a level of liquidity can reflect less than optimal utilization of current assets, thus affecting company efficiency and company value.

This study also found that ESG disclosure moderated the relationship between DER and PBV, weakening it. It suggests that investors consider not only the level of debt usage but also the sustainability and risk aspects of the company. Furthermore, ESG disclosure was shown to strengthen the effect of CR on PBV, thus increasing investor confidence in the company's financial

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stability. However, ESG disclosure failed to moderate the effect of ROA on PBV; thus, profitability remained the primary factor influencing company value, regardless of the level of ESG disclosure. Overall, this study demonstrates that the combination of financial performance and ESG disclosure plays a significant role in shaping company value and investor perceptions of corporate sustainability.

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