
THE INFLUENCE OF ESG DISCLOSURE, PROFITABILITY, AND COMPANY SIZE ON THE VALUE OF FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

Company value is an important indicator for investors in making investment decisions, particularly in the food and beverage sector, which plays a strategic role in the Indonesian economy. The purpose of this research is to examine the influence of ESG disclosure, profitability, and company size on the value of food and beverage companies listed on the Indonesia Stock Exchange (IDX). This study used a purposive sampling method, with a total sample of 23 companies. Secondary data from financial statements and company sustainability reports were used as sources of information. Multiple linear regression analysis was applied in the research using SPSS. The results show that ESG disclosure has a negative and significant effect on company value, while profitability has a positive and significant effect on company value. Meanwhile, company size has a negative and significant effect on company value.

Keywords : ESG Disclosure; Profitability; Company Size; Company Value

INTRODUCTION

The business world continues to advance annually, in line with increasing market demand for products, both goods and services. Increasing competition drives companies to become more profit-oriented, often without considering the negative impacts of their operational activities. One impact of primary concern is environmental pollution and the potential risks to public safety resulting from irresponsible industrial practices.

In the modern era, a company's success is no longer measured solely by its financial performance, but also by its ability to manage environmental, social, and governance (ESG) impacts. Good ESG practices are considered to create sustainable long-term value, making ESG a critical component considered by many investors when evaluating

companies (Leony et al., 2024). Sound ESG implementation is believed to create sustainable long-term value, enhance a company's reputation, and strengthen relationships with stakeholders.

ESG sets the standard for corporate investment practices by integrating and implementing policies focused on environmental, social, and governance aspects. To increase company value, companies need to optimize performance and management across these three aspects (Mokhtar et al., 2024).

Profitability is also a crucial component determining company value (Noviera et al., 2024). Profitability is a key measure of a company's ability to generate profits from its operational activities. A company with a high profitability ratio indicates its ability to

generate high profits. The greater investor interest in a company, the higher its stock price, which ultimately increases the company's value (Saputri & Giovanni, 2022). Furthermore, company profitability is crucial for investors because it demonstrates the company's ability to generate profits from its operations. Companies with high profitability tend to be more able to invest in innovation and sustainable practices, which can increase company value.

Meanwhile, company size also plays a significant role in determining company value (Widiyati, 2020). Company size can be an attractive signal to investors and impact company value (Amaliyah et al., 2020). Company size also plays a significant role in this context. Larger companies typically have greater resources to effectively implement and disclose ESG practices, as well as greater access to capital markets. However, large companies also face higher public expectations regarding their social and environmental responsibilities.

A company's value reflects its monetary value and its significance to the overall economy. This valuation is an estimate that takes into account various factors, such as assets, liabilities, profits, growth prospects, brand value, and market position (Ardianto, 2023).

This study uses the food and beverage subsector because it is one of the industries facing significant pressure to implement ESG and disclose sustainability-related information. ESG disclosure has become a new trend in investment decision-making in recent years (Wangi et al., 2023). Therefore, transparency in ESG implementation is considered an important strategy that

can enhance a company's competitiveness and sustainability.

In addition to focusing on ESG disclosure, this study also explores the influence of internal company factors such as profitability and size. Increasing profits will demonstrate to investors that a business is profitable and is expected to provide shareholder welfare through high share acquisition (Riduwan, 2017). Meanwhile, company size is considered to influence company value because the larger the company, the easier it is for the company to obtain internal and external funding (Riduwan, 2017).

This study draws on research by Mokhtar et al., 2024, but there are significant differences in the variables, proxy indicators, period, and research object. In the previous study, the variables used were firm value, ESG disclosure, profitability, and capital structure. Meanwhile, the current study also uses firm value, ESG disclosure, and profitability, but replaces capital structure with firm size. For proxy indicators, the previous study used price-to-book value (PBV) as a proxy for firm value, while ESG is measured through.

The Impact of ESG Disclosure on Company Value

ESG encompasses a comprehensive assessment of a company's sustainability information. The ESG score comprises three aspects: environmental, social, and governance, which are combined into one overall score. Each aspect has specific indicators used to assess a company's sustainability (Durlista & Wahyudi, 2023).

H1: ESG disclosure has a positive effect on the value of food and beverage companies listed on the IDX.

The Effect of Profitability on Company Value

Profitability refers to a company's ability to generate profits within a specific period based on sales, assets, and share capital. A company's profitability can be assessed in various ways, depending on how profits and assets or capital are compared. A high level of profitability generally reflects positive prospects for the company (Dewi et al., 2022).

H2: Profitability has a positive effect on the value of food and beverage companies listed on the IDX.

The Effect of Company Size on Company Value

Company size is an assessment of the size of a company, determined by its total assets. This is an important consideration for potential investors when deciding whether to invest in a company. Therefore, company size can serve as a signal to attract investors and influence company value.

Before investing, investors need to understand and select stocks that can provide optimal returns on their invested funds (Amaliyah et al., 2020). In this study, company size is measured based on total assets, so the larger the company's total assets, the larger the company's size.

H3: Company size has a positive effect on the value of food and beverage companies listed on the Indonesia Stock Exchange (IDX).

RESEARCH METHODS

This quantitative study aims to analyze the influence of ESG disclosure, profitability, and company size on firm value. Research data was collected from secondary sources via the official IDX website, www.idx.co.id. The sampling method used in this study was purposive sampling, with the criteria being food and beverage companies listed on the IDX consecutively for the period 2020-2024, and companies that consistently published financial reports and sustainability reports during 2020-2024. Of the 84 companies in the population, 23 met the requirements.

The independent variables used to measure ESG disclosure, profitability, and firm size were ESGDI, Return on Assets (ROA), and Ln (total assets), while Price to Book Value (PBV) was used as the independent variable to determine firm value. The data analysis technique involved several steps. First, descriptive statistical tests were conducted to describe the characteristics of the data used. Second, classical assumption tests were applied, including normality, multicollinearity, heteroscedasticity, and autocorrelation to ensure the data was suitable for regression analysis. Third, a multiple linear regression analysis was conducted to assess the direct influence of ESG disclosure, profitability, and company size on firm value. Data were analyzed using SPSS.

RESULTS AND DISCUSSION

Descriptive Statistics Test

Table 1. Results of Descriptive Statistics Test

Variable	N	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic
ESG Disclosure	115	.00	.86	.4244	.22974
Profitability	115	.00	22.18	8.1638	4.95037

Company Size	115	26.30	33.48	29.5702	1.58362
Company Value	115	.00	6.33	2.0215	1.68810
Valid N (listwise)	115				

Source: SPSS Output Data (2025)

The results of the descriptive statistical analysis on the ESG Disclosure variable (X1) reflect the extent to which a company successfully implements environmental, social, and corporate governance aspects in its operations, with the lowest value of .00 indicating negligible ESG disclosure. Meanwhile, the maximum value of .86 is considered to have severe ESG disclosure. The average ESG Disclosure score for the 2020-2024 period from 23 companies was .4244. According to the measurement method used, a higher ESG score indicates better ESG disclosure on environmental, social, and governance aspects, while a lower ESG Disclosure score indicates lower ESG disclosure. Thus, the average value indicates that the sample companies generally have moderate to low levels of ESG disclosure. Furthermore, there are significant differences in the level of ESG disclosure between companies during the observation period, as

indicated by the standard deviation of the ESG Disclosure score of .22974. The results of the descriptive statistical analysis on the Profitability variable (X2) indicate that the minimum ROA of PT. Eagle High Plantations Tbk. in 2022 was 0.10%, while the maximum ROA of PT. Akasha Wira International Tbk. in 2022 was 59.90%. The average ROA of 23 companies for the 2020-2024 period was 8.16%, with a standard deviation of 4.95%.

The results of the descriptive statistical analysis on the Company Size variable (X3) indicate that the minimum ROA of PT. Wahana Interfood Nusantara Tbk. in 2020 was 26.30%, while the maximum ROA of PT. Japfa Comfeed Indonesia Tbk. was 33.48%. In 2024, the average value of Company Size for the 2020-2024 period of total assets of 23 companies was 29.57%, and the standard deviation of the Company Size data was 1.58%.

Classical Assumption Test

Table 2: One-Sample Kolmogorov-Smirnov Normality Test

			Unstandardized Residual
N			115
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		1.64007450
Most Extreme Differences	Absolute		.165
	Positive		.165
	Negative		-.098
Test Statistic			.165
Asymp. Sig. (2-tailed)			.000 ^c

Source: SPSS Output Data (2025)

The table above shows that the asymp. Sig. (2-tailed) value is 0.000. This indicates that the data in this study is far from the criteria for normally

distributed data. Data can be considered normally distributed if the significance or probability value (asymp. Sig. (2-tailed)) is greater than 0.05. Therefore,

data transformation was performed using the SQRT (square root) model. The purpose of data transformation is to

obtain normally distributed data by changing the original measurement scale (Isnaini et al., 2023).

Table 3 One-Sample Kolmogorov-Smirnov Test After Transformation

			Unstandardized Residual
N			115
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		.62984171
Most Extreme Differences	Absolute		.072
	Positive		.072
	Negative		-.064
Test Statistic			.072
Asymp. Sig. (2-tailed)			.200 ^{c, d}

Source: SPSS Output Data (2025)

After data transformation, the asymp. Sig. (2-tailed) value, which was previously 0.000, changed to 0.200. According to the Kolmogorov-Smirnov normality test criteria, data are considered normally distributed if the significance or probability value

(asymp. Sig. (2-tailed)) is greater than 0.05. Therefore, the data after transformation is considered normally distributed. This indicates that the data transformation was performed correctly. Therefore, the company's data is suitable for use in this study.

Table 4 Multicollinearity Test

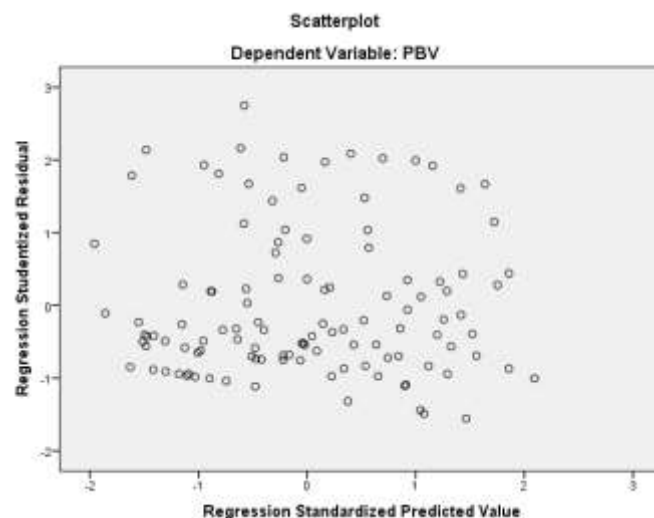
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ESG Disclosure	.967	1.035
	Profitability	.968	1.033
	Company Size	.941	1.063

Source: SPSS Output Data (2025)

Based on the test results table, each variable has a tolerance value greater than 0.10 and a VIF value less than 10,

indicating no multicollinearity in the regression data.

Table 5 Heteroscedasticity Test



Source: SPSS Output Data (2025)

The heteroscedasticity test results show that the points are fairly evenly distributed above and below the 0 (zero) mark on the Y-axis. Therefore, it can be

concluded that the data used in this study does not exhibit heteroscedasticity.

Table 6: Autocorrelation Test (Durbin-Watson)
Model Summary^b

Model	R	R Square	Adjuster R Square	Std. Error Of the Esrtimate	Durbin-Watson
1	.237*	.056	.031	1.66209	.877
a. Predictors: (Constant), Company Size, ESG Disclosure, Profitability					
b. Dependent Variable: Company Values					

Source: SPSS Output Data (2025)

Based on the test results table, the Durbin-Watson value is 0.877 with a dU of 1.7496, dL of 1.6427, and 4-dU of 2.2504, indicating that $0.877 < 2.2504$ indicates autocorrelation. Therefore, a Cochrane-Orcutt test was conducted to address this autocorrelation. The

Cochrane-Orcutt method is used to address the autocorrelation problem by calculating the autocorrelation coefficient using the error values in the regression. After conducting the Cochrane-Orcutt test, the following results were obtained:

Table 7: Autocorrelation Test (Cochrane-Orcutt)
Model Summary^b

Model	R	R Square	Adjuster R Square	Std. Error Of the Esrtimate	Durbin-Watson
1	.112*	.013	-.014	1.435816	1.941
a. Predictors: (Constant), LAG_X3, LAG_X2, LAG_X1					
b. Dependent Variable: LAG_Y					

Source: SPSS Output Data (2025)

Based on the results of the table above, the autocorrelation test using the Cochrane-Orcutt method shows that the

d value is 1.941. This value is greater than dU, which is 1.7496, and also lower than 4-dU, which is 2.2504. This is

illustrated as follows: $dU < d < 4-dU = 1.7496 < 1.941 < 2.2504$. Therefore, we

can conclude that there is no autocorrelation.

Hypothesis Testing

Table 7: Results of Multiple Linear Regression Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.334	.364		3.667	.000
	LAG_X1	-.789	.3137	-.474	-5.738	.000
	LAG_X2	.016	.007	.193	2.375	.019
	LAG_X3	-.026	.028	-.078	-.942	.348

a. Dependent Variabel: LAG_Y

Source: SPSS Output Data (2025)

The table above shows that the results of the multiple linear regression analysis were obtained from the constant value (α value) of 1.334, the ESG Disclosure score value (LAG_X1) (β value) of -.789, the Profitability score value (LAG_X2) (β value) of .016 and the Company Size score value (LAG_X3) (β value) of -.026, so that the multiple linear regression equation model is obtained as follows:

$$Y = 1.334 + (-.789) + .016 + (-.026)$$

DISCUSSION

The Effect of ESG Disclosure (X1) on Firm Value (Y)

The results of this study indicate that ESG disclosure has a negative effect on firm value, as evidenced by a regression coefficient of -0.789 and a significance value of 0.000 (<0.05). Therefore, it can be concluded that H1 in this study, which states that "ESG disclosure has a positive effect on firm value," is rejected. This means that ESG disclosure tends to decrease firm value, assuming other variables remain constant. Descriptive statistical analysis shows that the average ESG disclosure

score for the 2020-2024 period for 23 companies was 0.4244, indicating that these companies are still relatively low. This indicates that the market has not fully responded to ESG information as a primary factor in shaping firm value.

These results align with those of Rafi et al. (2024) who found that extensive governance disclosure requires significant costs for data collection, analysis, and reporting, which can lead to increased net income. The majority of companies in Indonesia still face various obstacles in comprehensively implementing sustainability principles and transparently disclosing ESG information to the public. This situation indicates that the level of ESG disclosure has not yet significantly impacted company value. This is because most issuers in the Indonesian capital market are still in the early stages of ESG implementation and have not yet fully integrated ESG into their operational activities and corporate reporting.

Therefore, information related to ESG disclosure has not yet become a

primary factor considered by investors when making investment decisions.

The Effect of Profitability (X2) on Firm Value (Y)

The results of this study indicate that profitability has a positive and significant effect on firm value, as evidenced by a significance value of 0.019, which is less than 0.05, and a regression coefficient of 0.016. Therefore, it can be concluded that H2 in this study, which states that "Profitability has a positive effect on Firm Value," is accepted.

These results indicate that profitability influences a company's survival. The higher a company's profitability, the better its performance. The greater a company's ability to generate profits and returns, the more likely investors are to receive the expected returns.

These results align with research by Mia Novianti et al., 2023, which states that profitability is a ratio that indicates a company's financial performance. Increasing profitability translates into more money being received by investors. The higher a company's profitability, the higher the dividend payout to shareholders, which can trigger increased demand for its shares.

The Effect of Company Size (X3) on Company Value (Y)

The results of this study indicate that company size has a negative effect on company value, as evidenced by a significant value of 0.348 (>0.05) and a negative regression coefficient of -0.026. Therefore, it can be concluded that H3 in this study, which states that "Company Size has a positive effect on Company Value," is rejected because the results show a negative and insignificant effect.

The negative coefficient indicates that larger company size tends to be accompanied by a decrease in company value, although this effect is not significant. This may be due to higher operational and administrative costs in large companies, reducing efficiency and attractiveness to investors.

Research conducted by (Priyatama & Pratini, 2021) explains that investors who perceive companies with large total assets tend to allocate higher retained earnings compared to dividends distributed to shareholders. Companies do not always distribute dividends to shareholders but allocate retained earnings to be used as capital reinvestment, a factor related to the company's dividend policy.

Therefore, in the investment decision-making process, investors do not solely evaluate companies based on the size of their assets. Instead, they pay more attention to financial performance indicators listed in published financial reports. Therefore, company size is no longer the primary factor determining investors' investment decisions.

Therefore, the research findings showing that company size has no effect on company value can be explained by the fact that modern investors are more oriented towards the quality of financial performance and growth prospects than simply looking at the size of a company's assets.

CONCLUSION

This study was conducted to examine the relationship between ESG Disclosure, Profitability, and Company Size on Company Value. Based on the analysis, the following conclusions can be drawn:

1. ESG Disclosure has a negative and significant effect on

Company Value. This is evidenced by a significance value of 0.000 (<0.05) and a negative regression coefficient of -0.789. This means that each increase in the ESG score tends to decrease company value, assuming other variables remain constant.

2. Profitability has a positive and significant effect on Company Value. This is evidenced by a significance value of 0.019 (<0.05) and a regression coefficient of

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