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The Influence of Environmental, Social, and Governance on Firm Value with Corporate Sustainability as a Moderating Variable in Manufacturing Companies Listed on the Indonesia Stock Exchange

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A B S T R A C T

The study employs a quantitative descriptive approach using secondary data in the form of financial statements, annual reports, and sustainability reports from manufacturing companies. The sample selection was conducted using purposive sampling, resulting in 35 manufacturing companies as the sample for the study. Data was analyzed using the SmartPLS application. The results indicate that environmental, social, and governance aspects have a significant positive impact on company value. However, the moderation test results indicate that corporate sustainability is not able to significantly strengthen the relationship between environmental, social, and governance and company value. This suggests that the higher the quality of disclosure and implementation of ESG principles by companies, the higher the increase in company value.

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INTRODUCTION

The rapid advancement of technology has driven significant changes across various fields, including the economic sector and capital markets. Increased access to information has fueled public interest in investing, reflected in the growing number of investors in Indonesia each year (Pandita, 2024). This indicates a rising awareness of investment opportunities and capital markets. Company value is a key indicator that investors consider when making investment decisions. It reflects a company's success in managing resources to achieve long-term business goals (Melinda & Wardhani, 2020). A strong company value also reflects stock price stability and the company's success in generating profits for shareholders (Kumala & Hwihanus, 2025). As stock prices increase, so does the company's value, making it a more attractive investment option. Therefore, maintaining company value is crucial, especially for companies listed on the Indonesia Stock Exchange (IDX).

In investment decision-making, company value is closely linked to investor expectations regarding profitability and the sustainability of company performance. Company value is often measured through indicators such as Earnings per Share (EPS) and Price to Book Value (PBV). EPS reflects the net profit generated by the company per share, serving as a direct indicator of the company's profitability (Suryaman & Hindriari, 2021). Meanwhile, PBV illustrates how the market values the company compared to its book value, reflecting market expectations of the company's ability to generate future profits (Kumala & Hwihanus, 2025). These indicators not only reflect profitability but also the sustainability of company performance, as investors tend to be more interested in companies that can maintain stable and consistent earnings growth over time.

The manufacturing sector plays a vital role as the backbone of the national economy but faces significant challenges in maintaining business growth and operational sustainability. Despite this, company value in the manufacturing sector still exhibits significant fluctuations (Christy & Sofie, 2023). Reports from the Indonesia Stock Exchange (IDX) indicate that the company value in the manufacturing sector experiences fluctuations in the average company value measured by EPS and PBV, indicating challenges in maintaining profitability and company sustainability. The trend data shows a decrease in value in 2022, indicating pressure on profitability, while the recovery in 2023 reflects the company's efforts to improve operational performance (Situngkir, 2024).

Amidst these dynamics, investor attention is not only focused on financial aspects but also on non-financial issues, such as corporate sustainability. This aligns with management accounting theory, which explains that non-financial information, such as Environmental, Social, and Governance (ESG) disclosures, is an important part of the managerial decision-making process (Putri & Widoretno, 2024). Management accounting theory views ESG disclosure as a strategic tool for companies to create added value, enhance investor appeal, and support the achievement of long-term corporate goals (Zhang & Li, 2025). Environmental, Social, and Governance (ESG) is a management framework that encompasses three main aspects. The Environmental aspect focuses on managing environmental impacts, such as reducing carbon emissions, managing waste, and energy efficiency. The Social aspect includes the company's social responsibility towards employees, communities, and stakeholders, such as creating a safe, fair, and supportive work environment and community development. Meanwhile, the Governance aspect emphasizes the implementation of good corporate governance.

The ESG framework has been widely used by companies as a form of transparency to stakeholders, especially with the existence of reporting standards such as the Global Reporting Initiative (GRI). The Global Reporting Initiative (GRI) is an international standard that provides guidelines for corporate sustainability reporting, enabling companies to disclose the economic, environmental, and social impacts of their activities transparently, accountably, and comparably over time and across entities (GRI, 2024). ESG is seen as a benchmark for non-financial corporate performance that demonstrates a long-term commitment to creating sustainable value (Arofah & Khomsiyah, 2023). Good ESG implementation is expected to strengthen the company's fundamentals, increase investor confidence, and support sustainable profitability. Thus, ESG is not just a social responsibility but also part of the company's strategy to maintain performance sustainability and increase company value in the long term.

Previous research has shown a significant influence of ESG on company value, both directly and through strengthening profitability and corporate image (Febriyanti et al., 2024; Hariyanto & Ghozali, 2024). However, in Indonesia, ESG implementation still faces various challenges. Many companies have not fully integrated ESG principles into their business strategies (Bayu & Novita, 2022). In addition to internal factors, government regulations are also an important driver in ESG implementation. POJK No. 51/POJK.03/2017 requires companies to disclose sustainability information in their annual reports, covering performance in the environmental, social, and governance fields (POJK, 2017).

Corporate sustainability, as regulated in POJK No. 51/POJK.03/2017, is not just a reporting formality but a reflection of the company's commitment to maintaining long-term performance (Febriyanti et al., 2024). Through consistent ESG implementation and compliance with sustainability regulations, companies are expected to meet investor expectations, maintain profitability, and sustain company value amidst global challenges and increasing business competition. This research is important to examine how ESG performance affects company value with sustainability as a moderating variable, particularly in the manufacturing sector, which plays a vital role in the Indonesian economy.

LITERATURE REVIEW

Management Accounting

Management accounting is the process of providing relevant financial and non-financial information to assist management in decision-making, planning, and controlling organizational activities (Syaharman, 2020). It focuses on delivering timely and detailed data for internal purposes, including sustainability information that assesses the impact of company activities on the environment, society, and economy (Putri & Widoretno, 2024). This approach helps managers balance profit achievement with social-environmental value, ultimately supporting long-term organizational success.

Sustainability Accounting

Sustainability accounting extends traditional accounting by incorporating environmental, social, and governance issues, reflecting corporate responsibility in providing comprehensive information to stakeholders (Awanda & Bayangkara, 2025). This approach aligns with the triple bottom line concept, emphasizing that company performance should be measured not only by profit but also by social and environmental impacts. Sustainability accounting aims to support both external reporting and internal decision-making regarding sustainability performance, including environmental risks and social responsibility. A key output is the sustainability report, which adheres to international standards like the Global Reporting Initiative (GRI), enhancing transparency and accountability while fostering stakeholder trust (Dumay, 2019).

Environmental, Social, Governance (ESG)

Environmental, Social, and Governance (ESG) is a strategic framework that integrates sustainability factors into business operations and decision-making. It reflects corporate responsibility in creating long-term value for shareholders and stakeholders. ESG serves as a measurement tool for assessing companies' sustainability practices, which are relevant to market value and reputation (Gerged et al., 2021). Effective ESG practices reduce non-financial risks and enhance attractiveness to sustainability-focused investors (Zhang & Li, 2025). Companies that disclose high-quality ESG information tend to achieve stable profitability and lower business risks, positively impacting company value. This study utilizes indicators from the Global Reporting Initiative (GRI) to evaluate ESG across its three main dimensions, Environmental, Social, and Governance.

Hypothesis Formulation

Environmental reflects a company’s responsibility in managing its environmental impact through energy efficiency, waste management, and compliance with environmental regulations. Gerged et al. (2021) indicate that effective environmental management can reduce operational risks and increase cost efficiency. Utomo et al. (2020) and Pandita (2024) further emphasize that eco-friendly practices enhance competitive advantage, attract investors, and strengthen public reputation, ultimately contributing to an increase in firm value through rising stock prices. Hidayah et al. (2024) and Pandita (2024) confirm that strong environmental disclosure within ESG has a positive effect on firm value.

H_1: Environmental has a Significant Positive Effect on Firm Value.

Social performance represents a company's commitment to employee welfare, community development, and stakeholder engagement. The implementation of fair and responsible social policies improves employee and customer loyalty while enhancing operational efficiency (Hariyanto & Ghozali, 2024). Melinda & Wardhani (2020) and Wau (2023) state that high-quality social disclosures enhance corporate reputation and mitigate social risks, thereby increasing investor interest and stock value. Ghazali & Zulmaita (2020) also report a significant positive impact of social performance on firm value.

H_2: Social has a Significant Positive Effect on Firm Value.

Governance performance emphasizes the implementation of good corporate governance principles such as transparency, accountability, and fairness. Effective governance reduces agency conflicts, strengthens internal control, and boosts investor trust (Christy & Sofie, 2023; Mauliddin & Subardjo, 2024). Strong governance also supports credible environmental and social strategies, enhancing the company’s image and increasing market value (Constantinescu et al., 2021; Melinda & Wardhani, 2020).

H_3: Governance has a Significant Positive Effect on Firm Value.

Corporate sustainability strengthens the positive effect of environmental performance on firm value by demonstrating that environmental commitment is not short-term, but embedded in long-term business strategy (Febriyanti et al., 2024). A comprehensive sustainability report improves transparency and market trust (Awanda & Bayangkara, 2025), thereby enhancing the influence of environmental efforts on increasing company value.

H_4: Environmental has a Significant Positive Effect on Firm Value, with Corporate Sustainability as a Moderating Variable.

Sustainability, particularly in the social dimension, shows a long-term integration of stakeholder and community welfare into corporate strategy. Putri & Widoretno (2024) and Sepetis (2020) argue that socially sustainable strategies increase loyalty, corporate stability, and operational efficiency. These efforts positively shape investor perceptions and increase firm value (Muqtadir & Hersugondo, 2024).

H_5: Social has a Significant Positive Effect on Firm Value, with Corporate Sustainability as a Moderating Variable.

Sustainability reinforces the influence of governance on firm value by encouraging the integration of governance principles into long-term strategy (Awanda & Bayangkara, 2025). Governance aligned with sustainability improves corporate credibility and reduces market risk perception (Oktapriana et al., 2022).

H6: Governance has a Significant Positive Effect on Firm Value, with Corporate Sustainability as a Moderating Variable.

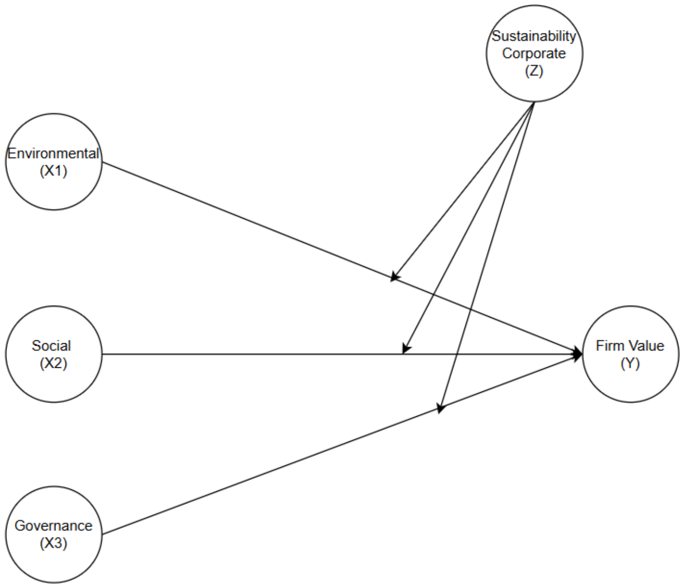

Figure 1. Research Framework

METHODOLOGY

This study applies a quantitative descriptive approach using secondary data in the form of financial reports, annual reports, and sustainability reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2021 to 2023. The sample selection was based on predetermined criteria, resulting in a population of 146 manufacturing companies. Then, through purposive sampling, 35 manufacturing companies were selected as the research sample. The type of data used is secondary data, which is information obtained indirectly through other parties, such as documents or previous research (Farhana, 2023). Secondary data was collected using the documentation method sourced from the official IDX website, the websites of the relevant companies, and journals relevant to the research.

In this study, the dependent variables analyzed were company value measured through the Earning Per Share (EPS) and Price Book Value (PBV) indicators. Meanwhile, the independent variables in this study are Environmental with the Environmental Disclosure Index indicator measured through the GRI Series 300 items, Social with the Social Disclosure Index indicator measured through the GRI Series 400 items, and Governance with the indicators of Transparency, Accountability, Independence, Responsibility, and Fairness. The moderating variable in this study is Corporate Sustainability, with indicators of Environmental Performance, Social Performance, and Economic Performance, measured using the Disclosure Ratio, which is assessed through items in POJK No. 51 of 2017. Data analysis was conducted using a measurement model (outer model), a structural model (inner model), and hypothesis testing through a t-test (partial) with p-value, with data processed using the SmartPLS 3 application.

Table 1. Operational Variable

Variable	Indicator	Operational	Scale
Environmental (X!)	*Environmental Disclosure Index*	$\frac{Sum\ of\ Company's\ ENV\ Disclosue\ Item}{Total\ of\ GRI's\ ENV\ Disclosure\ Standard\ Item}$	Ratio
Social (X2)	*Social Disclosure Index*	$\frac{Sum\ of\ Company's\ ENV\ Disclosue\ Item}{Total\ of\ GRI's\ ENV\ Disclosure\ Standard\ Item}$	Ratio
Governance (X3)	Transperency	-	Ratio
	Accountability	-	Ratio
	Independency	-	Ratio
	Responsibility	-	Ratio
	Fairness	-	Ratio
Firm Value (Y)	*Earning Per Share* (EPS)	$\frac{Net\ Income\ After\ Tax}{Sum\ of\ Share\ Outstanding}$	Ratio
	Price to Book Value (PBV)	$\frac{Markett\ Price\ per\ Share}{Book\ Value\ per\ Share}$	Ratio
Sustainability Corporate (Z)	Environmental Performance	$\frac{Sum\ of\ Actual\ Score}{Sum\ of\ Maximal\ Score}\ x\ 100$	Ratio
	Social Performance	$\frac{Sum\ of\ Actual\ Score}{Sum\ of\ Maximal\ Score}\ x\ 100$	Ratio
	Economic Performance	$\frac{Sum\ of\ Actual\ Score}{Sum\ of\ Maximal\ Score}\ x\ 100$	Ratio

Source: 2025 Data Processing

RESEARCH RESULT

Statistics Descriptive

Table 2. Statistics Desriptive

Indikator	Observasi	Mean	Median	Min	Max	Standar Deviasi
EDI	105	0.488	0.475	0.219	0.969	0.134
SDI	105	0.324	0.282	0.026	0.846	0.164
Transparency	105	0.862	1.000	0.750	1.000	0.124
Accountability	105	0.840	1.000	0.750	1.000	0.120
Independence	105	0.807	1.000	0.250	1.000	0.170
Responsibility	105	0.855	1.000	0.500	1.000	0.128
Fairness	105	0.831	1.000	0.250	1.000	0.136
EPS	105	139.667	54.160	-327.490	1309.020	268.070
PBV	105	-2.424	1.310	-563.510	44.860	55.427
Environmental Performance	105	0.923	1.000	0.360	1.000	0.169
Social Performance	105	0.933	1.000	0.000	1.000	0.178
Economic Performance	105	0.876	1.000	0.000	1.000	0.247

Source: 2025 Data Processing

The data used in the study is described using descriptive statistics that group all data related to the study. The descriptive statistics show that there are 105 research data obtained from 35 manufacturing companies listed on the IDX for a period of three years from 2021 to 2023**.**

Outer Model

The outer model is used to evaluate convergence by considering standardized factor loading values. If the factor loading value is greater than or equal to 0.7, it is considered valid/reliable (Farhana, 2023). However, if the resulting value is less than 0.7, the indicator is deemed invalid and must be removed from the model, necessitating data reprocessing (Farhana, 2023).

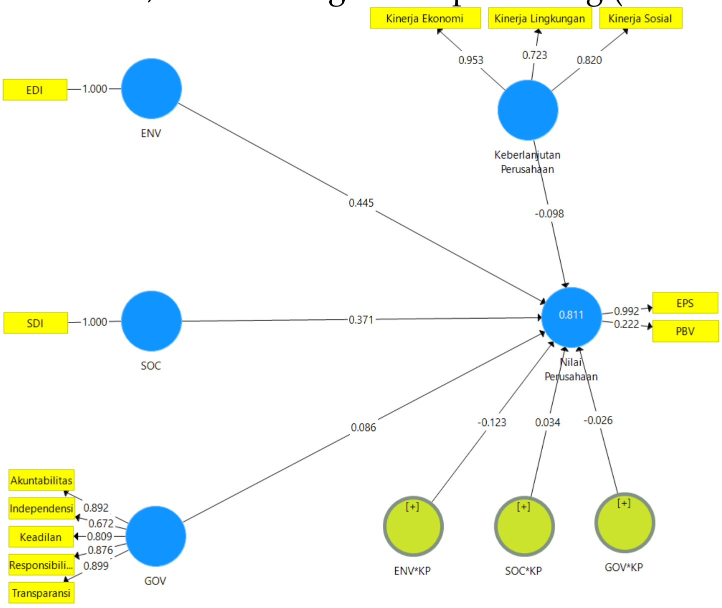

Figure 2. Analys Partial Leas Aquare (PLS) Stage 1

Source: 2025 data processing

Based on the SEM-PLS Stage 1 data in the table above, it was found that there were still invalid indicators, namely the Independence indicator with a loading factor value of 0.672 and the Price to Book Value (PBV) indicator with a loading factor value of 0.222. Indicators with small loading factor values indicate a small contribution, so these indicators need to be removed and the data reprocessed.

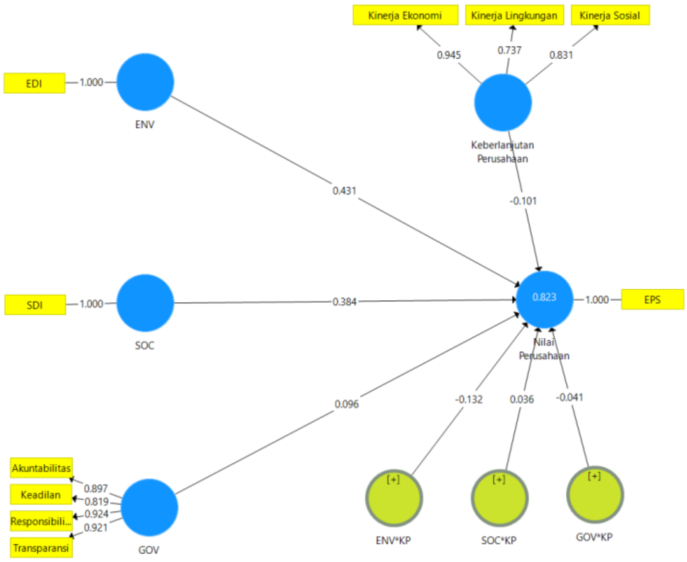

Figure 3. Analys Partial Leas Aquare (PLS) Stage 2

Source: 2025 data processing

Based on the results of SEM-PLS data analysis in stage 2, after model changes (dropping) were made, it can be seen that all indicators are valid or have a loading factor value > 0.7. This means that all indicators show high validity and therefore meet the convergence validity requirements.

Determination Coefficient

Table 3. R-Square

	R-Square
Firm Value	0.810

Source: 2025 Data Processing

Based on the results of structural model testing (inner model), an R-Square value of 0.810 was obtained. This value indicates that 81% of the variability in company value can be explained by the combination of independent variables in the model, namely environmental, social, governance, and the moderating variable of corporate sustainability, and their interactions. Meanwhile, the remaining 19% is explained by other factors not included in this research model.

Data Analysis (Path Coefficient)

Hypothesis testing was conducted using a t-test (partial) based on the bootstrapping method, which looked at the results of the path coefficient test. In this test, the significance of the influence between variables will be examined, as well as the parameter coefficients and t-statistic values. The criteria used in this study are that the t-statistic must be greater than 1.96 with a significance level of p-value of 0.05 (5%) (Farhana, 2023).

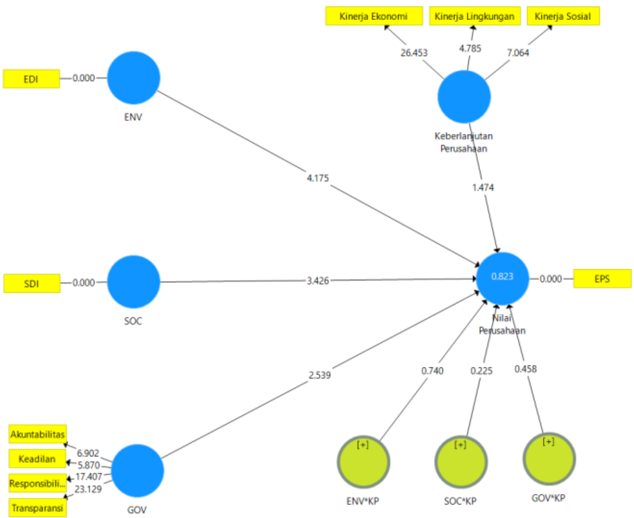

Figure 4. Boostrapping

Source: 2025 Data Processing

Table 4. Path Coefficient

Ha	Hubungan Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Significant	SIGN
H1	ENV -> Firm Value	0.431	0.407	0.103	4.175	0.000	Significant	Positive
H2	SOC -> Firm Value	0.384	0.038	0.112	3.462	0.001	Significant	Positive
H3	GOV -> Firm Value	0.096	0.097	0.038	2.539	0.013	Significant	Positive
H4	ENV*KP -> Firm Value	-0.132	-0.129	0.179	0.740	0.461	Not Significant	Negative
H5	SOC*KP -> Firm Value	0.036	0.024	0.158	0.225	0.822	Not Significant	Positive
H6	GOV*KP -> Firm Value	-0.041	0.022	0.090	0.458	0.648	Not Significant	Negative

Source: 2025 Data Processing

1. The Effect of the Environment on Firm Value
The test conducted on the effect of the environment on company value yielded a t-statistic of 4.175 > 1.96 and a p-value of 0.000 < 0.05, which means that the environment has a significant effect on company value. The original sample value of 0.431 indicates a positive direction of influence. Therefore, hypothesis H1 is accepted, and this result is in line with the research of Hidayah et al. (2024) and Pandita (2024).
2. The Influence of Social Factors on Firm Value
The test conducted on the influence of social factors on company value yielded a t-statistic of 3.462 > 1.96 and a p-value of 0.001 < 0.05, indicating that social factors have a significant ability to influence company value. The original sample value shows a value of 0.384, where social factors can influence company value with a positive direction of influence. Therefore, hypothesis H2 is accepted, and this result is in line with the research of Hariyanto & Ghozali (2024) and Wau (2023)
3. The Influence of Governance on Firm Value
The test conducted on the influence of governance on company value yielded a t-statistic of 2.539 > 1.96 and a p-value of 0.013 < 0.05, indicating that governance has a significant ability to influence company value. The original sample value shows a value of 0.096, where governance can influence company value in a positive direction. Therefore, hypothesis H3 is accepted, and this result is in line with the research of Christy & Sofie (2023); Constantinescu et al. (2021); Qurniasih et al. (2025).
4. The Influence of Environmental on Firm Value with Company Sustainability as a Moderating Variable
The test conducted on the influence of environmental factors on company value with corporate sustainability as a moderating variable yielded a t-statistic of 0.740 < 1.96 and a p-value of 0.461 > 0.05, indicating that corporate sustainability does not have a significant moderating effect on the relationship between environmental factors and company value. The original sample value of -0.132 indicates that environmental factors moderated by corporate sustainability influence corporate value in the opposite direction (negative), but not significantly. These results indicate that hypothesis H4 is rejected, which contradicts the research Awanda & Bayangkara (2025).

5. The Influence of Social on Firm Value with Corporate Sustainability as a Moderating Variable
   The test conducted on the influence of social factors on corporate value with corporate sustainability as a moderating variable yielded a t-statistic of 0.225 < 1.96 and a p-value of 0.822 < 0.05, indicating that corporate sustainability does not have a significant moderating effect on the relationship between social factors and corporate value. The original sample value of 0.036 indicates that social factors moderated by corporate sustainability influence corporate value in the same direction (positive), but not significantly. These results indicate that hypothesis H5 is rejected, which contradicts the research by Muqtadir & Hersugondo (2024).
6. The Influence of Governance on Firm Value with Corporate Sustainability as a Moderating Variable
   The test conducted on the influence of governance on corporate value with corporate sustainability as a moderating variable yielded a t-statistic of 0.458 < 1.96 and a p-value of 0.648 > 0.05, meaning that corporate sustainability does not have a significant moderating effect on the relationship between governance and corporate value. The original sample value of -0.041 indicates that social factors moderated by corporate sustainability influence corporate value in the opposite direction (negative), but this effect is not significant. These results indicate that hypothesis H6 is rejected, contradicting the findings of Oktapriana et al. (2022).

DISCUSSION

The Effect of the Environment on Firm Value

Based on the analysis results, the environmental variable measured through the environmental disclosure index against company value measured through earnings per share (EPS) shows that environmental performance has a significant positive effect on company value, thus *hypothesis H1 is accepted*. Environmental information disclosure not only reflects compliance with regulations but also supports operational efficiency and cost savings that contribute to increased company profits (Gerged et al., 2021). A structured environmental strategy can reduce business risks and enhance the company's attractiveness in the eyes of investors, thereby increasing stock demand (Ghazali & Zulmaita, 2020). Hilton and Platt state that management accounting places environmental disclosure as an output of relevant information for managerial decision-making (Syaharman, 2020), as well as sustainability accounting theory, which emphasizes the importance of environmental reporting as a form of corporate social responsibility and transparency to investors (Awanda & Bayangkara, 2025). This study is consistent with the findings of Hidayah et al. (2024), which show that environmental disclosure has a significant positive effect on company value and performance, as well as enhancing the company's reputation in the eyes of investors. Similarly, Pandita (2024) states that openness in environmental information improves the company's reputation and becomes a factor considered by investors in investment decision-making. However, this contrasts with Hariyanto & Ghozali (2024), who state that environmental disclosure does not significantly affect company value, as its benefits are deemed to require high costs and a long time to manifest, making it less relevant for short-term economic decision-making. Thus, companies that implement sustainable environmental practices and transparently disclose environmental information gain a competitive advantage that can enhance company value in both the short and long term.

The Effect of the Social on Firm Value

The analysis results of the social variable measured through the social disclosure index against company value measured through earnings per share (EPS) show that social performance has a significant positive effect on company value, thus *hypothesis H2 is accepted.* The implementation of good social policies impacts operational efficiency and company profits (Hariyanto & Ghozali, 2024). High social disclosure also reduces social risks, increases business stability, investor confidence, and the company's reputation (Wau, 2023). Hilton and Platt emphasize the importance of non-financial information for strategic decision-making (Syaharman, 2020). Promoting transparency and accountability through social reporting that enhances investor confidence (Awanda & Bayangkara, 2025). This research is supported by the findings of Hariyanto & Ghozali (2024), which affirm that a company's attention to social issues can enhance its reputation and image, which in turn encourages investors to increase their interest in the company's shares. Similar findings are also reported by Wau (2023), who states that social disclosure can create an impression of social responsibility, making the company accepted by the community and encouraging positive investment decisions. However, this contrasts with Christy & Sofie (2023), who found that social disclosure does not significantly affect company value, as the information from social disclosure does not provide positive signals to stakeholders. Additionally, Arofah & Khomsiyah (2023) state that negative ESG disclosures can elicit negative responses from the public, impacting investor interest in the company. Therefore, transparent and high-quality social management and disclosure are important strategies in building long-term company value while creating stakeholder trust and providing financial benefits.

The Effect of the Governance on Firm Value

The analysis results of the governance variable measured through indicators of transparency, accountability, responsibility, and fairness against company value measured through earnings per share (EPS) show that governance has a significant positive effect on company value, thus *hypothesis H3 is accepted.* The implementation of good governance strengthens internal oversight, mitigates agency conflicts, and enhances stakeholder trust (Mauliddin & Subardjo, 2024). Furthermore, governance supports strategic decision-making and internal control, thereby reducing the risk of financial statement manipulation (Christy & Sofie, 2023). These findings are supported by management accounting theory, which enhances operational efficiency and internal control, thereby increasing accountability and reducing decision-making risks (Nuhu et al., 2019). Additionally, sustainability accounting encourages transparent governance reporting to build reputation and investor trust (Awanda & Bayangkara, 2025). This research aligns with Constantinescu et al. (2021), who demonstrate that effective governance can enhance market confidence and company stability. When trust in management increases, risk perception decreases, thereby encouraging higher investment interest, which will impact stock price increases, ultimately enhancing company value. Melinda & Wardhani (2020) also state that companies with strong governance tend to have higher values because they are considered more stable, responsible, and resilient to crises. However, this research contradicts Ghazali & Zulmaita (2020), who argue that governance disclosure does not always positively affect company value because low disclosure from companies can lead to a lack of trust from stakeholders. This is reinforced by Pandita (2024), who states that high transparency does not always reflect data consistency. Poorly structured information can create confusion among stakeholders, ultimately harming company value. Therefore, transparent governance management and disclosure are important strategies for building long-term company value while enhancing the effectiveness of non-financial reporting.

The Influence of Environmental on Firm Value with Corporate Sustainability as a Moderating Variable

The results of the moderation regression analysis (MRA) show that environmental performance on company value with corporate sustainability as a moderating variable is negatively insignificant, therefore *hypothesis H4 is rejected.* This finding indicates that sustainability does not function as a strengthening factor in this relationship, likely due to a lack of effective integration between environmental practices and the company's sustainability strategy (Febriyanti et al., 2024). This research contradicts the findings of Awanda & Bayangkara (2025), which state that applied sustainability allows for more accurate measurement of the environmental impacts caused by company activities to encourage responsible decision-making and enhance stakeholder trust. However, if sustainability information is only presented formally and does not reflect real actions or verifiable performance, investors and stakeholders may doubt the credibility of that information, making its impact on company value insignificant (Febriyanti et al., 2024). This finding aligns with the findings of Febriyanti et al. (2024), which show that real sustainability performance practices do not impact the increase in company value, as the sustainability implemented by the company is merely formal and does not significantly influence company value. This is reinforced by Fairus & Murwaningsari (2023), which shows that although companies have implemented sustainability principles, their implementation may not be optimal and insufficient to enhance company value. Therefore, a stronger integration between environmental practices and sustainability strategies is needed to enhance company value.

The Influence of Social on Firm Value with Corporate Sustainability as a Moderating Variable

The results of the moderation regression analysis (MRA) show that social performance on company value with corporate sustainability as a moderating variable is positively insignificant, therefore *hypothesis H5 is rejected*. This finding contradicts the research of Muqtadir & Hersugondo (2024), which states that companies that actively disclose ESG are considered to gain social legitimacy and market trust. However, in this study, sustainability has not optimally played a role in strengthening the relationship between the social aspects of ESG and company value. This finding aligns with Fairus & Murwaningsari (2023), which states that sustainability performance does not significantly affect company value, as the sustainability undertaken by the company tends to be merely regulatory compliance, without a comprehensive integrated strategy for enhancing company value. This is reinforced by Febriyanti et al. (2024), which shows that the strategic, policy, and social practices measured through GRI standards do not provide a significant positive effect on company value, even though business sustainability is adopted, as the company has not integrated social practices into its sustainability strategy comprehensively. The sustainability implemented by the company should also encourage the company to develop social programs that have a long-term impact and align with stakeholder values (Dumay, 2019). Therefore, there is a need for increased integration between the social dimension in ESG and sustainability strategies that are real, measurable, and transparently reported to significantly impact company value positively.

The Influence of Governance on Firm Value with Corporate Sustainability as a Moderating Variable

The results of the moderation regression analysis (MRA) show that governance on company value with corporate sustainability as a moderating variable is negatively insignificant, therefore *hypothesis H6 is rejected*. This finding contradicts the findings of Oktapriana et al. (2022), which state that the implementation of sustainable governance can positively impact company value, especially when accompanied by consistent oversight and adherence to good corporate governance principles. However, in this study, no evidence was found that sustainability can strengthen the influence of governance on company value. When sustainability has not been implemented substantially, the governance principles applied are not strong enough to enhance the perception of company value in the eyes of investors (Febriyanti et al., 2024). Governance that is not accompanied by concrete and measurable sustainability achievements will struggle to enhance stakeholder trust in the stability and prospects of the company (Christy & Sofie, 2023). If governance information is merely formal or not supported by measurable and reportable metrics, investors and stakeholders will doubt the company's credibility, causing governance and sustainability information to not contribute significantly to enhancing company value (Constantinescu et al., 2021). Sustainability that does not reflect credible, transparent performance relevant to stakeholder expectations risks failing to build a positive company reputation (Awanda & Bayangkara, 2025). Therefore, well-disclosed governance is not necessarily effective in enhancing company value if it is not accompanied by strong and measurable sustainability practices. Companies need to reassess the integration of governance principles into sustainability strategies to provide a tangible impact on enhancing company value.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to examine the effect of Environmental, Social, and Governance (ESG) disclosure on company value, with corporate sustainability as a moderating variable, in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. Based on the analysis results, it can be concluded that, partially, environmental, social, and governance factors have a positive and significant effect on company value. This indicates that the higher the quality of disclosure and implementation of ESG principles by companies, the greater the increase in corporate value, thereby supporting the importance of environmental management, social responsibility, and good governance as strategic factors in enhancing corporate value. However, the moderation test results show that corporate sustainability is unable to significantly strengthen the relationship between each aspect of Environmental, Social, and Governance and corporate value. The findings of this study indicate that the sustainability practices implemented by companies during the study period may still be largely formalistic and not fully integrated into business strategies, making them insufficiently robust to moderate the relationship between ESG and corporate value.

This study has limitations, so the researchers offer several recommendations. For companies, particularly in the manufacturing sector, it is recommended that they not only fulfill the formalities of ESG and sustainability reporting, but also integrate them meaningfully into their business strategies to build investor trust, enhance credibility, and increase long-term value. For investors, it is hoped that they will be more critical in evaluating ESG and sustainability information, including the quality and consistency of non-financial reporting.

ADVANCED RESEARCH

For future researchers, it is recommended to expand the scope of research and use mixed methods to gain a deeper understanding of the implementation of ESG and sustainability.

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