

ESG Disclosure Analysis on Profitability with Market Capitalization as a Moderating Variable

HADI SETYO NUGROHO¹, INTAN SHAFER²

¹Magister Management, Economy, Universitas Jenderal Soedirman, Indonesia

²Magister Management, Economy, Universitas Jenderal Soedirman, Indonesia

Abstract

The study examines the effect of Environmental, Social, and Governance (ESG) disclosure on profitability measured by Return on Equity (ROE), with market capitalization as a moderating variable and leverage (DER) as a control variable. The research focuses on energy sector companies listed on the Indonesia Stock Exchange (IDX) during 2021–2024, using 164 firm-year observations. ESG disclosure is measured using a Global Reporting Initiative (GRI)-based checklist, while profitability, firm size, and leverage are measured using standard financial ratios. The results of multiple linear regression show that all three ESG dimensions Environmental Disclosure, Social Disclosure, and Governance Disclosure have a positive and significant effect on ROE, indicating that transparent sustainability reporting contributes to higher profitability. However, the moderation test reveals that market capitalization does not strengthen the relationship between ESG disclosure and profitability, suggesting that firm size does not influence the ability of companies to convert ESG practices into financial gains. These findings highlight the strategic importance of ESG disclosure for firm performance in the Indonesian energy sector while emphasizing that firm size does not alter this relationship.

Keywords

ESG Disclosure; Profitability; ROE; Firm Size; Market Capitalization; Energy Sector

INTRODUCTION

The Environmental, Social, and Governance (ESG) practices have become a central focus in modern corporate strategy and investment decision-making. ESG provides a comprehensive framework to assess a firm's sustainability performance and ethical impact across environmental responsibility, social engagement, and governance quality (Eccles & Klimenko, 2019). The growing global attention to climate change, social inequality, and corporate accountability has further strengthened the relevance of ESG in capital markets. Both institutional and individual investors increasingly rely on ESG information to evaluate risks, long-term value creation, and the overall resilience of firms (Friede et al., 2015; Cornell & Shapiro, 2021).

Empirical evidence consistently shows that strong ESG performance can improve financial outcomes. Firms with higher ESG scores tend to experience stronger operational efficiency, enhanced stakeholder trust, reduced reputational and regulatory risks, and improved competitiveness. According to Khan et al. (2016), companies that integrate ESG effectively often deliver

superior financial and stock performance. Similarly, Clark et al. (2015) and Fatemi et al. (2018) argue that ESG is not only an ethical practice but also a strategic driver that can enhance profitability through better risk management and resource efficiency. Profitability, commonly measured through Return on Equity (ROE), reflects a firm's ability to generate shareholder value. Several studies have confirmed that ESG initiatives can strengthen ROE by improving internal processes, reducing cost of capital, and promoting sustainable growth (Velte, 2020).

However, the implementation of ESG practices requires substantial resources, including financial capability, managerial expertise, and strategic alignment. This makes firm size an important determinant in ESG execution. Larger firms generally possess more extensive assets, higher visibility, and stronger stakeholder pressure, enabling them to adopt ESG programs more effectively than smaller firms (Zaiane & Ellouze, 2023). Prior studies, such as Hernández-Perlines et al. (2020), highlight that firm size commonly proxied by market capitalization can amplify the positive

relationship between ESG performance and financial outcomes due to greater resource availability and stronger institutional capacity.

This issue is particularly relevant in Indonesia, especially within the energy sector. Energy companies operate in a capital-intensive industry with significant environmental impact, making ESG adoption both critical and challenging. Although the Indonesia Stock Exchange (IDX) has introduced the IDX ESG Leaders Index, the application of ESG principles across the industry remains uneven (Rohman et al., 2024). At the same time, Indonesia's commitment to achieving Net Zero Emissions by 2060 intensifies the pressure on energy companies to transition toward sustainable operations. While the sector faces regulatory and environmental pressures, it also holds strategic potential in advancing the country's sustainability agenda.

Despite the rising importance of ESG, empirical research examining the relationship between ESG disclosure and profitability particularly ROE in Indonesia's energy sector is still limited. Moreover, studies exploring whether firm size, represented by market capitalization, strengthens this relationship remain scarce. This study addresses these gaps by analyzing the effect of ESG disclosure on profitability (ROE) and assessing the moderating role of market capitalization in Indonesian energy companies. Understanding these dynamics is crucial for both corporate decision-makers and investors operating in emerging markets.

RESEARCH METHODS

This study applies a quantitative explanatory approach to examine the effect of ESG disclosure on profitability measured by Return on Equity (ROE), with firm size (market capitalization) as a moderating variable and Debt-to-Equity Ratio (DER) as a control variable. The analysis focuses on energy sector companies listed on the Indonesia Stock Exchange (IDX) over the period 2021–2024. The research employs secondary data obtained from annual reports, sustainability reports, and financial databases provided by the IDX.

Data collection is conducted using a documentation method. ESG disclosure is measured using a checklist based on the Global Reporting Initiative (GRI) Standards. Each disclosed GRI indicator is assigned a score of 1, while undisclosed indicators receive a score of 0, following the scoring

method applied in prior studies (Leony et al., 2024). The ESG disclosure score is calculated as:

$$\text{ESG Disclosure} = \frac{\sum \text{Disclosed ESG Indicators}}{\text{Total ESG indicator}}$$

Profitability is measured using Return on Equity (ROE), which reflects the company's ability to generate net income using shareholders' equity. The ROE formula follows Brigham & Houston (2019):

$$\text{ROE} = \frac{\text{Net Income}}{\text{Total Equity}}$$

Firm size is measured using market capitalization, representing the market value of a firm. The calculation follows Ross et al. (2015):

$$\text{MC} = \text{Stock Price} \times \text{Shares Outstanding}$$

The control variable in this study is leverage, which is measured using the Debt-to-Equity Ratio (DER). DER reflects the proportion of company financing sourced from debt relative to equity. The formula used follows Brigham & Houston (2019):

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

The analytical technique consists of several stages, including descriptive statistics, classical assumption testing, and regression analysis. Descriptive statistics summarize the characteristics of each variable, including minimum, maximum, mean, and standard deviation. Classical assumption testing consists of normality testing, heteroskedasticity testing, multicollinearity testing, and autocorrelation testing to ensure that the regression model fulfills statistical requirements.

The main empirical test uses multiple linear regression to determine the effect of ESG disclosure on profitability. To examine the moderating role of firm size, Moderated Regression Analysis (MRA) is applied by adding an interaction term between ESG disclosure and market capitalization. All computations are performed using statistical software to generate coefficient values, probability significance levels, and model fit indicators.

RESULTS AND DISCUSSION

The following section presents the empirical findings of this study based on the statistical analyses conducted. After ensuring that all classical assumption tests were fulfilled, the regression and moderation models were estimated to examine the influence of ESG disclosure on profitability and

to evaluate whether market capitalization moderates this relationship. The presentation of results is structured systematically, beginning with descriptive statistics to provide an overview of the dataset, followed by the regression outputs and the moderation test. These empirical findings are then further interpreted in the discussion section by linking them with relevant theories and previous studies.

Results

This section reports the results of the statistical analyses performed in this study. The findings are presented sequentially to provide a clear understanding of the characteristics of the data as well as the relationships among variables. The results begin with descriptive statistics, which summarize the central tendency and variability of all variables. This is followed by the

regression analysis used to test the direct effect of ESG disclosure on profitability, and finally by the moderated regression analysis examining whether market capitalization strengthens or weakens these relationships.

Descriptive Statistic

The descriptive statistics provide an initial overview of the distribution, central tendency, and variability of all variables used in this study. This information helps illustrate the characteristics of ROE, ESG disclosure components (ED, SD, GD), firm size (market capitalization), and leverage (DER) before proceeding to the regression and moderation analyses. Table 1 summarizes the descriptive statistics for 164 firm-year observations from energy companies listed on the IDX during the 2021–2024 period.

Table 1. Descriptive Statistic

	ROE	ED	SD	GD	MC	DER
Mean	8.732073	65.92073	62.84146	68.63415	28.32447	0.472927
Median	5.440000	66.00000	63.50000	69.50000	3.322850	0.490000
Maximum	60.26000	89.00000	86.00000	91.00000	657.5000	2.090000
Minimum	-41.06000	25.00000	28.00000	25.00000	0.101800	0.030000
Std. Dev.	13.05333	12.63746	8.884355	9.738939	91.34335	0.226201
Skewness	0.627113	-0.141641	-0.527433	-0.950201	6.019958	2.106570
Kurtosis	7.287716	2.699347	4.200696	5.902362	40.26684	17.30917
Jarque-Bera	136.3769	1.166046	17.45518	82.24075	10480.81	1520.437
Probability	0.000000	0.558208	0.000162	0.000000	0.000000	0.000000
Sum	1432.060	10811.00	10306.00	11256.00	4645.212	77.56000
Sum Sq. Dev.	27773.48	26031.97	12865.88	15460.05	1360008.	8.340195
Observations	164	164	164	164	164	164

Source: Data Processing from Eviews 13

The The profitability variable (ROE) shows a mean value of 8.732, indicating that on average, energy firms generate positive returns for shareholders. However, ROE ranges widely from a minimum of -41.06 to a maximum of 60.26 reflecting substantial differences in financial performance across firms. The standard deviation of 13.05 further confirms high variability. The Jarque-Bera probability of 0.000 indicates that ROE is not normally distributed, which is common in profitability data due to outliers from highly profitable or distressed firms.

Environmental Disclosure (ED) has a mean score of 65.92, suggesting that firms discloses approximately two-thirds of the environmental indicators in the GRI guidelines. The distribution appears relatively symmetrical (skewness -0.141) and

approximately normal (JB probability 0.558). Social Disclosure (SD) has a mean of 62.84 with moderate variation (Std. Dev. 8.884). However, its JB probability (0.000) indicates a non-normal distribution, driven by slight left skewness (-0.527) and kurtosis above 3 (4.200).

Governance Disclosure (GD) shows the highest average among ESG dimensions, with a mean of 68.63 and median 69.50. This indicates that governance-related indicators tend to be disclosed more consistently. GD also shows negative skewness (-0.950) and leptokurtic distribution (kurtosis 5.902), with a JB probability of 0.000, confirming non-normality.

Firm size (M), measured by market capitalization, has the largest variation among all variables. The mean value of 28.32 contrasts sharply with the maximum of 657.5

and minimum of 0.101, demonstrating the gap between large and small energy firms. A very high skewness (6.019) and extreme kurtosis (40.26) indicate that market capitalization is heavily right-skewed due to a small number of very large firms. The JB probability of 0.000 confirms that the distribution is far from normal.

The leverage variable (DER) has a mean value of 0.472 and ranges from 0.030 to 2.090. The distribution is right-skewed (2.106) with very high kurtosis (17.30), indicating that while most firms operate with moderate leverage, a few firms exhibit extremely high leverage. The JB probability of 0.000 confirms that DER is not normally distributed.

Regression Analysis

The regression analysis examines the direct effect of each ESG disclosure component on firm profitability measured by ROE. This model evaluates the influence of Environmental Disclosure (ED), Social Disclosure (SD), Governance Disclosure (GD), firm size (MC), and leverage (DER) without any moderating variables. The results of the baseline regression model are presented in the following table.

Table 2. Regression Analysis

Variable	Coef	Std. Error	t-Statistic	Prob.
C	-77.651	11.617	-6.6842	0.0000
ED	0.4645	0.1791	2.5936	0.0107
SD	0.4210	0.1825	2.3064	0.0228
GD	0.4711	0.1849	2.5475	0.0121
MC	-0.0067	0.0115	-0.5820	0.5617
DER	-6.0207	3.6080	-1.6687	0.0978

Source: Data Processing from Eviews 13

Table 2 presents the regression results examining the effect of ESG disclosure components (Environmental Disclosure, Social Disclosure, and Governance Disclosure), market capitalization, and DER on profitability measured using ROE. The model shows that all three ESG dimensions have positive and significant coefficients, while market capitalization and DER do not show significant influence on ROE.

The coefficient for Environmental Disclosure (ED) is 0.4645 with a significance level of 0.0107, indicating that ED contributes positively to increasing ROE. Social Disclosure (SD) also demonstrates a significant positive effect with a coefficient of 0.4210 and a significance level of 0.0228.

Governance Disclosure (GD) follows the same pattern with a coefficient of 0.4711 and a significance value of 0.0121, confirming that governance transparency enhances profitability.

Market capitalization (MC) shows an insignificant coefficient (-0.0067; Sig. 0.5617), indicating that firm size does not independently influence ROE within the sample period. The Debt-to-Equity Ratio (DER) displays a negative coefficient (-6.0207) but is statistically insignificant (Sig. 0.0978), suggesting that leverage does not substantially affect profitability in this model.

These results collectively imply that ESG disclosure plays an instrumental role in enhancing firm profitability, while firm size and leverage exhibit no significant standalone effect on ROE.

Moderation Regression Analysis (MRA)

The moderation regression analysis is conducted to determine whether firm size (market capitalization) moderates the relationship between ESG disclosure and profitability. This model includes interaction terms between each ESG component and firm size (ED_MC, SD_MC, GD_MC) to assess whether larger firms benefit more from ESG practices. The estimation results for the moderation model are shown in the table below.

Table 3. Moderation Regression Analysis

Variable	Coef	Std. Error	t-Statistic	Prob.
C	-70.832	12.505	-5.6639	0.0000
ED	0.3940	0.1919	2.0530	0.0423
SD	0.3845	0.2030	1.8941	0.0607
GD	0.4783	0.1927	2.4811	0.0145
MC	-0.1690	0.1492	-1.1326	0.2597
ED_MC	0.0009	0.0039	0.2517	0.8017
SD_MC	-9.4005	0.0059	-0.0157	0.9874
GD_MC	0.0013	0.0041	0.3216	0.7483
DER	-6.6817	3.6169	-1.8473	0.0673

Source: Data Processing from Eviews 13

The moderation regression results in Table 3 show that the interaction terms between ESG disclosure components and firm size (market capitalization) are all statistically insignificant. The interaction variable for Environmental Disclosure (ED_MC) has a coefficient of 0.0009 with a significance value of 0.8017, indicating that firm size does not strengthen or weaken the relationship between environmental disclosure and ROE.

Similarly, the interaction for Social Disclosure (SD_MC) records a coefficient of -9.4005 with a significance level of 0.9874 , showing no moderating effect. The interaction for Governance Disclosure (GD_MC) also shows an insignificant result, with a coefficient of 0.0013 and a significance value of 0.7483 .

These findings indicate that market capitalization does not act as a moderating variable in the relationship between any ESG disclosure dimension and profitability (ROE). Regardless of firm size, the impact of ESG disclosure on ROE does not change in a statistically meaningful way.

Discussion

Based on the analysis, the following section discusses the research findings based on hypothesis evaluation through multiple regression analysis and moderated regression. The discussion is structured to explain the direction, strength, and significance of the relationships between variables, then compares them with underlying theory and previous research findings. The explanation is presented in the order of the research hypotheses, starting with the influence of each ESG disclosure dimension on profitability and ending with the role of market capitalization as a moderating variable.

The Influence of Environmental Disclosure on Profitability

The results show that Environmental Disclosure (ED) has a positive and significant effect on profitability (coef. 0.4646 , $p = 0.0107$). This indicates that firms that disclose more comprehensive environmental information energy efficiency, emission management, waste control, and conservation initiatives tend to achieve higher profitability. This finding is consistent with Stakeholder Theory (Freeman, 2001) and Signalling Theory (Spence, 1973), which argue that strong environmental disclosure signals responsible risk management, reduces regulatory uncertainty, and strengthens firm legitimacy.

Empirically, this result aligns with Khan et al. (2016) and Clark et al. (2015), who report that transparent environmental practices improve operational efficiency and investor confidence. Studies such as Fatemi et al. (2018) and Wu et al. (2022) also show that credible environmental reporting reduces information asymmetry and can enhance firm value.

Evidence from Indonesia supports this pattern. Research by Cahyawati & Azizah (2024) and Ramlawati et al. (2022) confirms that environmental disclosure improves ROE and ROE among manufacturing and energy firms. For the energy sector specifically, Kusumadewi & Ardiana (2025) find that firms with detailed environmental reporting benefit from lower regulatory risks and improved operational stability.

Overall, ED acts as a source of competitive advantage and contributes to profitability in Indonesian energy firms.

The Influence of Social Disclosure on Profitability

Social Disclosure (SD) also demonstrates a positive and significant effect on profitability (coef. 0.4210 , $p = 0.0228$). This suggests that firms that invest in employee welfare, workplace safety, community development, and stakeholder relations tend to enjoy stronger financial performance. Such activities improve productivity, lower conflict risks, and enhance trust from both investors and the public.

The result is theoretically supported by Stakeholder Theory, which highlights the economic value generated by harmonious stakeholder relationships, and by Slack Resources Theory (Bourgeois, 1981), where firms allocate available resources to social programs that enhance legitimacy and long-term profitability.

These findings are consistent with Chen & Xie (2022) and Benlemlih & Bitar (2018), who show that social initiatives strengthen employee morale, reduce operational costs, and improve competitive positioning. Lins et al. (2017) further demonstrate that firms with strong social capital maintain profitability more effectively during economic downturns.

Within Indonesia, Musfirati et al. (2021) find that social disclosure particularly community engagement and employee welfare positively affects ROE in sectors with high social sensitivity such as energy. Thus, the results confirm that social initiatives are not merely compliance obligations but strategic investments that enhance profitability.

The Influence of Governance Disclosure on Profitability

Governance Disclosure (GD) shows a significant positive impact on profitability (coef. 0.4712 , $p = 0.0121$). Firms with better

governance transparency related to accountability, independence, integrity, and oversight tend to perform better financially. Good governance reduces information asymmetry and lowers risks associated with managerial opportunism.

This aligns with Signalling Theory, where strong governance sends a credible signal of managerial quality and commitment to long-term value creation. Empirical evidence from Fatemi et al. (2018) and Aydoğmuş et al. (2022) demonstrates that good governance practices boost market confidence and enhance financial outcomes. Similarly, García-Sánchez et al. (2019) argue that governance quality strengthens the effectiveness of ESG initiatives by ensuring proper execution.

Other literature, such as Naciti (2019), shows that board independence and leadership separation contribute to stable sustainability performance and better financial results. In Indonesia, Prawestri & Nugrahini (2025) find that governance mechanisms particularly independent commissioners and managerial ownership support financial performance in energy companies. Overall, the findings emphasize that transparent governance is a strategic asset that enhances investor trust, operational control, and profitability.

The Role of Market Capitalization in Moderating the Relationship between ESG Disclosure and Profitability

These findings indicate that market capitalization does not act as a moderating variable in the relationship between any ESG disclosure dimension and profitability (ROE). Regardless of firm size, the impact of ESG disclosure on ROE does not change in a statistically meaningful way.

From a practical perspective, market capitalization primarily reflects the valuation formed by market sentiment and external economic conditions, rather than internal operational effectiveness. In the Indonesian energy sector, several companies may exhibit high market capitalization due to commodity price movements or external market factors, not necessarily because of ESG performance or internal sustainability practices. As a result, firm size does not consistently enhance the ability of companies to translate ESG disclosure into higher profitability.

This result is consistent with several previous empirical findings. Zaiane et al. (2023) reported that firm size does not always

strengthen the ESG and financial performance relationship in emerging markets, as ESG practices tend to be symbolic rather than strategically embedded. Fiana & Endri (2025) also found that large firms often already enjoy established reputation and stable investor confidence, meaning additional ESG disclosure does not significantly affect their profitability. In contrast, smaller firms may benefit more from ESG initiatives as these disclosures help build legitimacy and attract new investors.

Further supporting studies in Indonesia show similar outcomes. Sugiarto et al. (2023) concluded that the impact of ESG on stock performance does not differ between large and small companies. Qofi'ah and Lismawati (2025) found that firm size can even weaken the relationship between ESG disclosure and financial performance, as larger firms tend to adopt ESG reporting for compliance rather than strategic value creation. Wulandari & Istiqomah (2024) also noted that firm size does not moderate ESG and firm value because many large firms still treat ESG as a peripheral activity rather than integrating it into the core business strategy.

Overall, these findings confirm that market capitalization does not amplify the effect of ESG disclosure on profitability. Differences in firm size do not create significant variations in how ESG activities contribute to ROE for energy companies in Indonesia.

CONCLUSION

This study analyzes the influence of ESG disclosure on profitability and examines the moderating role of market capitalization in energy sector companies listed on the IDX for the 2021–2024 period. Based on the empirical tests, several key conclusions can be drawn.

First, all three ESG disclosure components Environmental Disclosure, Social Disclosure, and Governance Disclosure are proven to have a positive and significant effect on profitability (ROE). This indicates that companies that disclose sustainability information more comprehensively tend to achieve stronger financial performance. Environmental disclosure contributes to profitability by signaling effective environmental risk management, while social disclosure improves stakeholder trust and operational efficiency. Governance disclosure strengthens investor confidence and reduces agency problems, thereby supporting better financial outcomes.

Second, the study finds that market capitalization does not moderate the relationship between any ESG dimension and profitability. Regardless of company size, the positive impact of ESG disclosure on ROE remains consistent. This suggests that in the Indonesian energy sector, firm size measured by market valuation does not enhance the ability of companies to translate ESG initiatives into financial performance. Market capitalization tends to reflect external market perceptions, such as commodity price fluctuations and investor sentiment, rather than the internal effectiveness of ESG practices.

Overall, this study confirms that ESG disclosure is an important strategic factor that enhances profitability in the energy sector. However, firm size does not strengthen this relationship, implying that both large and small companies can benefit similarly from implementing and reporting ESG initiatives.

REFERENCES

- Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of Financial Management: Concise by Cengage*. Cengage Learning.
- Aydoğmuş, M., Gülay, G., & Ergun, K. (2022). Impact of ESG performance on firm value and profitability. *Borsa Istanbul Review*, 22, S119-S127.
- Benlemlih, M., & Bitar, M. (2018). Corporate social responsibility and investment efficiency. *Journal of business ethics*, 148(3), 647-671.
- Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of Financial Management: Concise by Cengage*. Cengage Learning.
- Cahyawati, N. E., & Azizah, A. (2024). The effect of environmental disclosure on financial performance on manufacturing companies in Indonesia and Singapore. *Jurnal Akuntansi dan Auditing Indonesia*.
- Chen, Z., & Xie, G. (2022). ESG disclosure and financial performance: Moderating role of ESG investors. *International Review of Financial Analysis*, 83(May), 102291. <https://doi.org/10.1016/j.irfa.2022.102291>
- Cornell, B., & Shapiro, A. C. (2021). Corporate stakeholders, corporate valuation and ESG. *European Financial Management*, 27(2), 196-207.
- dClark, G. L., Feiner, A., & Viehs, M. (2015). From the stockholder to the stakeholder: How sustainability can drive financial outperformance.
- Eccles, R. G., & Klimenko, S. (2019). The investor revolution. *Harvard Business Review*, 97(3), 106-116.
- Fatemi, A., Glaum, M., & Kaiser, S. (2018). ESG performance and firm value: The moderating role of disclosure. *Global finance journal*, 38, 45-64.
- Fiana, F., & Endri, E. (2025). Corporate Social Responsibility and Financial Performance: The Moderating Role of Firm Size. *International Journal of Economics and Financial Issues*, 15(2), 244.
- Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment*, 5(4), 210-233.
- García-Sánchez, I. M., Hussain, N., Martínez-Ferrero, J., & Ruiz-Barbadillo, E. (2019). Impact of disclosure and assurance quality of corporate sustainability reports on access to finance. *Corporate Social Responsibility and Environmental Management*, 26(4), 832-848.
- Hernández, J. P. S. I., Yañez-Araque, B., & Moreno-García, J. (2020). Moderating effect of market capitalization on the influence of corporate social responsibility in the economic performance of micro-, small-and medium-sized enterprises. *Technological Forecasting and Social Change*, 151, 119774.
- Kasmir, 2012. *Analisis Laporan Keuangan*, edisi ketujuh, PT. Raja Grafindo Persada, Jakarta.
- Khan, M., Serafeim, G., & Yoon, A. (2016). Corporate sustainability: First evidence on materiality. *The Accounting Review*, 91(6), 1697-1724.
- Kusumadewi, N. K. Y., & Ardiana, P. A. (2025). Environmental Disclosure in the Energy Sector: A Governance Perspective Based on GCG Principles. *E-Jurnal Akuntansi*, 35(9).
- Leony, E., Rizkiyanti, A., & Uzliawati, L. (2024). Pengaruh Enviromental, Social Dan Governance Disclosure Terhadap Profitabilitas Perusahaan Sektor Makanan Dan Minuman Di Indonesia. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 8(1), 196-209.
- Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *the Journal of Finance*, 72(4), 1785-1824.
- Musfirati, A., Ginting, L., & Hakim, M. L. N. (2021). Pengaruh Pengungkapan Corporate Social Responsibility Terhadap Profitabilitas Perusahaan. *Journal of Information System, Applied, Management, Accounting and Research*, 5(2), 471-487.
- Naciti, V. (2019). Corporate governance and board of directors: The effect of a board composition on firm sustainability performance. *Journal of cleaner production*, 237, 117727.
- Prawestri, A. D., & Nugrahini, H. (2025, September). The Influence of Corporate

- Governance on Company Performance in Energy Companies Listed on the IDX in 2019-2023. In *Proceeding of Annual International Conference on Islamic Economics (AICIE)* (Vol. 4, No. 1, pp. 118-127).
- Qofi'ah, R., & Lismawati, L. (2025). The Effect of Environmental Social Governance on the Company's Financial Performance with Company Size as a Moderating Variable. *Asian Journal of Management Analytics*, 4(2), 447–460. <https://doi.org/10.55927/ajma.v4i2.14122>
- Ramlawati, R., Junaid, A., Alattas, S. N., & Muslim, M. (2022). The effect of environmental performance on profitability with environmental disclosure as moderating. *Jurnal Akuntansi*, 26(2), 306-323.
- Rohman, I. K., Setiawan, F. J. D., & Ginting, E. G. P. (2024, August 27). Snapshot of ESG investing in Indonesia's stock and bond market. *IFG Progress & SKSG Universitas Indonesia*.
- Ross, S. (2015). *Ebook: Fundamentals of Corporate Finance*. McGraw Hill.
- Sugiarto, A., Puspani, N. N., & Fathia, F. (2023). ESG leverage towards stock performance in Indonesia stock exchange. *International Journal of Energy Economics and Policy*, 13(5), 593-606.
- Velte, P. (2020). Does CEO power moderate the link between ESG performance and financial performance? A focus on the German two-tier system. *Management Research Review*, 43(5), 497–520.
- Wulandari, P., & Istiqomah, D. F. (2024). The Effect of Environmental, Social, Governance (ESG) and Capital Structure on Firm Value: The Role of Firm Size as a Moderating Variable. *Jurnal Riset Akuntansi Politala*, 7(2), 307-324.
- Zaiane, S., & Ellouze, D. (2023). Corporate social responsibility and firm financial performance: the moderating effects of size and industry sensitivity. *Journal of Management and Governance*, 27(4), 1147-1187.

List of Tables**Table 1. Descriptive Statistic**

	ROE	ED	SD	GD	MC	DER
Mean	8.732073	65.92073	62.84146	68.63415	28.32447	0.472927
Median	5.440000	66.00000	63.50000	69.50000	3.322850	0.490000
Maximum	60.26000	89.00000	86.00000	91.00000	657.5000	2.090000
Minimum	-41.06000	25.00000	28.00000	25.00000	0.101800	0.030000
Std. Dev.	13.05333	12.63746	8.884355	9.738939	91.34335	0.226201
Skewness	0.627113	-0.141641	-0.527433	-0.950201	6.019958	2.106570
Kurtosis	7.287716	2.699347	4.200696	5.902362	40.26684	17.30917
Jarque-Bera	136.3769	1.166046	17.45518	82.24075	10480.81	1520.437
Probability	0.000000	0.558208	0.000162	0.000000	0.000000	0.000000
Sum	1432.060	10811.00	10306.00	11256.00	4645.212	77.56000
Sum Sq. Dev.	27773.48	26031.97	12865.88	15460.05	1360008.	8.340195
Observations	164	164	164	164	164	164

Table 2. Regression Analysis

Variable	Coef	Std. Error	t-Statistic	Prob.
C	-77.651	11.617	-6.6842	0.0000
ED	0.4645	0.1791	2.5936	0.0107
SD	0.4210	0.1825	2.3064	0.0228
GD	0.4711	0.1849	2.5475	0.0121
MC	-0.0067	0.0115	-0.5820	0.5617
DER	-6.0207	3.6080	-1.6687	0.0978

Table 3. Moderation Regression Analysis

Variable	Coef	Std. Error	t-Statistic	Prob.
C	-70.832	12.505	-5.6639	0.0000
ED	0.3940	0.1919	2.0530	0.0423
SD	0.3845	0.2030	1.8941	0.0607
GD	0.4783	0.1927	2.4811	0.0145
MC	-0.1690	0.1492	-1.1326	0.2597
ED_MC	0.0009	0.0039	0.2517	0.8017
SD_MC	-9.4005	0.0059	-0.0157	0.9874
GD_MC	0.0013	0.0041	0.3216	0.7483
DER	-6.6817	3.6169	-1.8473	0.0673

List of Figures**Figure 1. Model Test**