

ABSTRACT

The very rapid development of business activities creates competition for every company to optimize its firm value to improve the welfare of shareholders and the surrounding community. This research was conducted to examine the influence of ESG disclosure on firm value with profitability as a moderating variable.

This research uses secondary data obtained from the financial reports and sustainability reports of real estate companies in Japan listed on the Bloomberg Industry Classification Standard (BICS) for the years 2018-2023. The sampling method used in this research is purposive sampling with the criteria that the companies publish financial reports and disclose ESG performance during that period, resulting in a sample of 19 companies. The analysis method used is multiple regression analysis using IBM SPSS 21 software.

The research results indicate that environmental disclosure has a positive effect on firm value. Social disclosure has a negative effect on firm value, and governance disclosure also has a negative effect on firm value. ESG disclosure has a positive effect on firm value. Profitability has a positive effect on firm value. Profitability is proven to be able to moderate the relationship between environmental and social disclosure on firm value. Profitability cannot moderate the relationship between governance disclosure on firm value. However, profitability is proven to be able to moderate the relationship between ESG disclosure on firm value. These research findings present empirical evidence that ESG, environmental, and social disclosures directly affect firm value and indirectly through firm profitability. Therefore, it is recommended for relevant parties to implement ESG disclosure to achieve the company's objective of firm value optimization.

Keywords: ESG disclosure, Profitability, Firm Value, Total Assets