

ABSTRACT

This study was conducted to analyze the effect of environmental, social, governance and leverage disclosures on firm value with profitability as a mediating variable. Firm value is proxied using Tobins Q, leverage is proxied by Debt to Equity Ratio (DER) , and profitability is proxied by Return on Equity (ROE).

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange in the 2017-2020 period. The sampling technique used purposive sampling to obtain 19 manufacturing companies whose annual reports were published on idx.co.id and disclosed environmental, social, and governance scores on Bloomberg. The analytical method used is panel data regression, path analysis using the E-views 9 program and Sobel test to determine the effect of the mediating variable.

The results of this study indicate that environmental, social, and governance disclosures have a negative and insignificant effect on profitability, while leverage has a positive and significant effect on profitability. Environmental disclosures have a positive and insignificant effect on firm value, then social disclosures have a negative and insignificant effect on firm value, while governance disclosures have a positive and significant effect on firm value, then leverage has a negative and significant effect. Profitability proxied by ROE has no effect in mediating the relationship between environmental, social and governance disclosures to firm value, but is able to positively mediate the relationship between leverage and firm value.

Keywords : Environmental Disclosure, Social Disclosure, Governance Disclosure, DER, ROE, firm value, Tobins Q.