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ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) DISCLOSURE ON CORPORATE VALUE AND MODERATED BY PROFIT GROWTH IN THE LISTED BANKING SECTOR ON THE INDONESIA STOCK EXCHANGE (2022-2025)

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Abstract

The development of Environmental, Social, and Governance (ESG) Disclosure practices is increasingly important in the banking sector because it is not only related to corporate transparency and sustainability but also can influence investor perceptions of corporate value. This study aims to analyze the influence of Environmental, Social, and Governance (ESG) Disclosure on corporate value and analyze the role of profit growth in moderating this relationship in banking sector companies listed on the Indonesia Stock Exchange for the period 2022–2025. This study uses a quantitative approach with secondary data obtained from annual reports and corporate sustainability reports. The sample was determined using a purposive sampling technique and obtained 27 banking companies with an observation period of four years. Data analysis was conducted using panel data regression with the help of EViews 12 and Moderated Regression Analysis (MRA). The results show that ESG disclosure has a positive and significant effect on firm value. Profit growth also has a positive and significant effect on firm value. Furthermore, profit growth moderates the relationship between ESG disclosure and firm value by strengthening this positive effect. The findings of this study indicate that ESG disclosure supported by strong profit growth can increase investor confidence and contribute significantly to increasing the value of banking companies.

Keywords: *ESG Disclosure; corporate value; profit growth; banking sector; Indonesia Stock Exchange*

INTRODUCTION

Changes in the business environment are encouraging companies to focus not only on financial profit but also on social responsibility and environmental sustainability. Elkington's (1997) *Triple Bottom Line concept emphasizes three dimensions of corporate success: profit* , *people* , and *planet* . This concept aligns with the implementation of *Environmental, Social, and Governance* (ESG), which is a key consideration for investors and stakeholders in assessing a company's commitment to sustainability and responsible governance. In the banking sector, ESG disclosure is becoming increasingly important because banks play a strategic role as financial intermediaries and are required to implement transparent and sustainable business practices.

The implementation of sustainable finance in Indonesia is supported by Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. This provision encourages financial services institutions to implement sustainability principles and submit sustainability reports as a form of accountability to stakeholders. In the capital market context, ESG disclosure is not only related to regulatory compliance but also has the potential to influence company value through investor perceptions of business prospects and management quality. Based on Signaling Theory, information provided by a company can serve as a signal for investors in assessing the company's condition and prospects (Spence, 1973). Meanwhile, Stakeholder Theory explains the importance of fulfilling the interests of various parties related to company activities (Freeman, 1984).

While ESG disclosure has the potential to boost investor confidence, the relationship between ESG and company value is not always consistent. ESG implementation requires resource support for risk management, governance, reporting, and sustainability programs, so its benefits to company value need to be empirically tested. Furthermore, investors also consider a company's profitability. Profit growth is a relevant indicator because it reflects the development of a company's profitability over time (Gitman & Zutter, 2018). Banks that demonstrate ESG

disclosure while maintaining profit growth have the potential to receive positive investor reviews due to their sustainability commitments coupled with supportive financial performance.

Previous research has yielded mixed results regarding the impact of ESG disclosure on firm value. Hariyanto and Ghozali (2024) found a positive relationship between environmental, social, and governance disclosure and firm value. Similar findings were demonstrated by Umbing et al. (2024), who reported that environmental, social, and governance disclosure scores, as well as *green banking disclosure,* positively impact firm value. Conversely, Romli and Abdurohim (2024) found that ESG disclosure had no impact on firm value. Sedyasana and Wijaya (2024) also reported that environmental, social, and governance disclosures showed no impact on firm value. These differing results indicate a *research gap* regarding the relationship between ESG disclosure and firm value, which requires further study, particularly in the Indonesian banking sector.

Differences in results are also seen in studies involving financial condition as a moderating variable. Rahmah et al. (2024) found that ESG disclosure negatively impacts firm value, while profitability weakens this relationship. Conversely, Sari and Valdiansyah (2025) found that ESG practices positively impact firm value in the Indonesian banking sector, and profitability strengthens this relationship. These findings suggest that financial condition can be an important factor in explaining the relationship between ESG and firm value. However, profitability and profit growth are two distinct concepts. Therefore, this study focuses on profit growth as a moderating variable to determine whether profit growth can strengthen or weaken the influence of ESG disclosure on firm value.

Based on these research gaps, this study aims to analyze the influence of *Environmental, Social, and Governance (ESG) Disclosure* on firm value, examine the influence of profit growth on firm value, and examine the role of profit growth in moderating the relationship between ESG Disclosure and firm value in banking sector companies listed on the Indonesia Stock Exchange during the period 2022–2025. The novelty of this study lies in the use of profit growth as a moderating variable in the context of the Indonesian banking sector during the observation period. The results of this study are expected to contribute to the development of accounting and sustainable finance studies and become a consideration for bank management, investors, and regulators in evaluating ESG disclosure and corporate value creation.

LITERATURE REVIEW

Environmental, Social, and Governance (ESG) Disclosure is the disclosure of non-financial information regarding environmental, social, and corporate governance aspects as a form of transparency and accountability to stakeholders. In the banking sector, ESG disclosure is crucial because public trust, governance, and risk management are aspects related to business sustainability. The implementation of sustainable finance in Indonesia is also supported by POJK Number 51/POJK.03/2017, which encourages financial services institutions to implement sustainability principles. Through *Stakeholder Theory* , Freeman (1984) explains that companies need to consider the interests of various parties that influence or are impacted by their activities. Meanwhile, *Legitimacy Theory* explains that companies need to maintain the alignment of their activities with community values and expectations to gain social acceptance (Deegan, 2002). Both theories underlie the view that ESG disclosure can strengthen stakeholder trust and support increased company value.

Firm value reflects the market's assessment of a company's prospects and ability to create value for shareholders. In this study, firm value is measured using Tobin's Q because it considers the broader market assessment of the company. Theoretically, ESG disclosure has the potential to increase firm value through information transparency, reputation enhancement, and reduced information asymmetry. However, empirical evidence regarding this relationship still shows mixed results. Hariyanto and Ghozali (2024) found a positive relationship between environmental, social, and governance disclosures and firm value. Similar results were reported by Umbing et al. (2024), who found that ESG disclosure scores and *green banking disclosures* positively influenced firm value. Conversely, Romli and Abdurohim (2024) found that ESG disclosure had no effect on firm value, while Sedyasana and Wijaya (2024) reported that all three ESG dimensions showed no effect on firm value. These differences in findings indicate that the influence of ESG on firm value is not entirely consistent and needs to be examined based on sector characteristics and company conditions.

In addition to ESG disclosure, profit growth is a relevant factor in explaining firm value. Profit growth indicates changes in a company's ability to generate profits compared to the previous period. Improved profit performance can provide information for investors in assessing business prospects and sustainability. In this study, profit growth is also positioned as a moderating variable because it is suspected to influence the strength of the relationship between ESG disclosure and firm value. Banks that are able to transparently disclose ESG practices while simultaneously increasing profits have the potential to elicit a more positive market response because it

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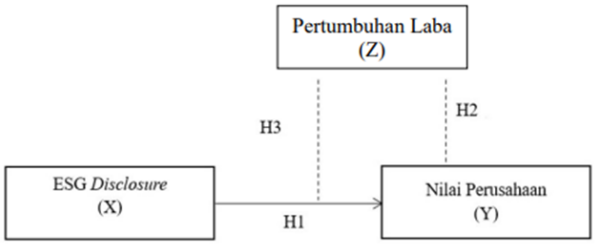
demonstrates alignment between sustainability responsibilities and financial performance. Conversely, low profit growth can make investors more aware of financial risks, potentially diminishing the benefits of ESG disclosure on firm value.

Previous research has shown that financial condition can be related to the relationship between ESG and firm value. Rahmah et al. (2024) found that ESG disclosure negatively impacts firm value, and profitability weakens this relationship. Conversely, Sari and Valdiansyah (2025) found that ESG positively impacts firm value in the Indonesian banking sector, and profitability strengthens this relationship. These two studies illustrate that the role of financial condition in the relationship between ESG and firm value still shows different results. However, profitability is not synonymous with profit growth, so the findings regarding profitability do not directly explain the moderating role of profit growth.

Based on theoretical studies and previous research findings, a research gap exists regarding the consistent influence of ESG disclosure on firm value and the role of financial condition in this relationship. This study attempts to address this gap by examining the influence of ESG disclosure on firm value and profit growth as a moderating variable in banking sector companies listed on the Indonesia Stock Exchange during the 2022–2025 period. This study also examines the direct effect of profit growth on firm value. Therefore, this study is expected to provide empirical evidence regarding the relationship between sustainability disclosure, profit growth, and market valuation in the Indonesian banking sector.

Framework

The research framework explains the relationship between ESG disclosure as the independent variable (X), firm value as the dependent variable (Y), and profit growth as the moderating variable (Z). ESG disclosure is suspected to influence firm value, while profit growth is suspected to have a direct influence on firm value and moderate the relationship between ESG disclosure and firm value.



Gambar II. 1 Kerangka Konseptual Penelitian

Figure 1. Research Framework

Research Hypothesis

H1: ESG Disclosure has a positive effect on the value of companies in the banking sector listed on the Indonesia Stock Exchange for the 2022–2025 period.
H2: Profit growth has a positive effect on the value of companies in the banking sector listed on the Indonesia Stock Exchange for the 2022–2025 period.
H3: Profit growth strengthens the positive influence of ESG Disclosure on company value in the banking sector listed on the Indonesia Stock Exchange for the 2022–2025 period.

METHOD

This study uses a quantitative approach with an associative approach to examine the effect of *Environmental, Social, and Governance* (ESG) disclosure on firm value and the role of profit growth as a moderating variable. The study subjects were banking sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period. The data used is secondary data obtained from *annual reports* and *sustainability reports* published on the IDX's official website and on each company's website.

The study population included 47 banks listed on the Indonesia Stock Exchange (IDX). The sample was determined using a *purposive sampling technique* based on the criteria of companies consistently listed during 2022–2025, consistently publishing *sustainability reports , not being delisted* , and presenting annual financial reports in rupiah. Based on these criteria, 27 companies were selected with a total of 108 observations over the four years of the study. Data collection was conducted through a documentary study, recording information related to ESG disclosure, stock price, book value, total assets, total liabilities, and net profit.

ESG disclosure as an independent variable is measured using *the ESG Disclosure Index* (ESGDI) through content analysis based on the 2021 GRI Standards indicators. Each disclosed indicator is given a score of 1, while an undisclosed indicator is given a score of 0. Company value as the dependent variable is measured using Tobin's Q, which is the ratio of the market value of equity plus total liabilities to total assets. Meanwhile, profit growth as a moderating variable is calculated based on the percentage change in net profit for the current year compared to net profit for the previous year.

Data analysis was performed using EViews 12 software through descriptive statistics and panel data regression. Regression model selection was performed using the Chow Test, Hausman Test, and Lagrange Multiplier Test to determine the most appropriate model among *the Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM). Model assumption testing included normality, multicollinearity, heteroscedasticity, and autocorrelation. Furthermore, *Moderated Regression Analysis* (MRA) was used to examine the role of profit growth through the interaction between ESG disclosure and profit growth. Hypothesis testing was performed using the t-test, F-test, and coefficient of determination with a significance level of 5%.

RESULTS AND DISCUSSION

Descriptive Statistics

Tabel IV. 1
Sebaran data statistik deskriptif

	Y	X	M	XM
Mean	3.90E+09	5700.611	8191.028	1121.463
Median	480904.2	5333.000	733.5000	338.5000
Maximum	1.45E+11	9333.000	367597.0	15533.00
Minimum	16.23478	0.000000	-9962.000	-5977.000
Std. Dev.	2.07E+10	1849.979	44270.40	3586.202
Skewness	5.667121	-0.361622	7.066775	1.774760
Kurtosis	35.03337	3.857954	53.33315	8.218811

Table IV.1 summarizes the results of descriptive statistics, and from there it appears that each variable has a different data distribution. Variable Y is at an average of 3.90E+09 with a range from 16.23478 to 1.45E+11. Variable X ranges between 0.000000 and 9,333,000 with an average of 5,700.611. Meanwhile, variable M recorded an average of 8,191.028 with the lowest value of -9,962.00 and the highest of 367,597.00. For variable XM, the average is 1,121.463, with a lower limit of -5,977.00 and an upper limit of 15,533.00.

Standard deviation is used to measure the extent to which observations are spread out from the mean. In this study, the standard deviation of variable Y was recorded at 2.07E+10, variable X at 1,849.979, variable M at 44,270.40, and variable XM at 3,586.202. When the range between the smallest and largest values is compared with the standard deviation, the data variation is quite wide, especially in variables Y and M.

Panel Data Regression Model Selection

1. Chow Test

Through the Chow Test, researchers compared the Common Effect Model with the Fixed Effect Model to determine which was more suitable. The decision was based on the probability values of the test results: a probability less than 0.05 favored the Fixed Effect Model, while a probability greater than 0.05 favored the Common Effect Model. The results of the Chow Test in this study are presented below:

Tabel IV. 2
Hasil Uji Chow

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	21.589136	(26,79)	0.0000
Cross-section Chi-square	225.991767	26	0.0000

Sumber: Data diolah dengan EViews

The table shows the Cross-section F probability of 0.0000, far below the 0.05 significance level. Thus, H_0 cannot be maintained and H_1 is accepted.

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This finding indicates that the Fixed Effect Model is more suitable for use than the Common Effect Model. The next step is the Hausman Test, which aims to determine the best choice between the Fixed Effect Model and the Random Effect Model.

2. Hausman test

The Hausman test yields a probability of 0.5936, which exceeds the 0.05 significance level. Therefore, H_0 is not rejected, and the Random Effect Model is considered more suitable for use than the Fixed Effect Model.

Tabel IV. 3
Hasil Uji Hausman

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f	Prob.
Cross-section random	1.042988	2	0.5936

Sumber: Data diolah dengan EViews

The Lagrange Multiplier test determines the most suitable regression model between the Common Effect Model and the Random Effect Model. The decision is based on the probability of the test results: a value below 0.05 indicates the Random Effect Model is selected, while a value above 0.05 indicates the Common Effect Model is used. The results of the Lagrange Multiplier test in this study are shown in the following table:

Tabel IV. 4
Hasil Uji Lagrange Multiplier

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	112.1246 (0.0000)	1.692594 (0.1933)	113.8172 (0.0000)
Honda	10.58889 (0.0000)	-1.300997 (0.9034)	6.567532 (0.0000)
King-Wu	10.58889 (0.0000)	-1.300997 (0.9034)	2.173877 (0.0149)
Standardized Honda	11.03930 (0.0000)	-1.095054 (0.8633)	3.331684 (0.0004)
Standardized King-Wu	11.03930 (0.0000)	-1.095054 (0.8633)	-0.185768 (0.5737)
Gourieroux, et al.	--	--	112.1246 (0.0000)

Sumber: Data diolah dengan EViews

The Lagrange Multiplier test yields a probability of 0.0000, which is below the 0.05 significance level. Thus, H_0 is rejected and H_1 is accepted.

Summarizing all stages of model selection, this study determined the Random Effect Model (REM) as the best model. Initially, the Chow Test pointed to the Fixed Effect Model (FEM) as more appropriate than the Common Effect Model (CEM). However, the Hausman Test yielded a probability of 0.5936, exceeding 0.05, shifting the choice from FEM to REM. The Lagrange Multiplier Test then confirmed this choice: the probability was 0.0000, less than 0.05, indicating REM's superiority over CEM. Based on this sequence, the panel data regression in this study was estimated using the Random Effect Model (REM).

Classical Assumption Test

1. Multicollinearity Test

Tabel IV. 5
Hasil Uji Multikolinearitas

	X	M	XM
X	1	-0.4372543...	-0.1148553...
M	-0.4372543...	1	0.12157268...
XM	-0.1148553...	0.12157268...	1

The test results show that ESG Disclosure (X) correlates with profit growth (M) by 0.4372543. The correlation of X with the interaction variable (XM) is recorded at 0.1148553, while the correlation of M with XM is 0.12157268.

These figures indicate that the correlation between the variables is relatively low. Therefore, the regression model in this study can be declared free from multicollinearity.

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2. Heteroscedasticity Test

Tabel IV. 6
Hasil Uji Heteroskedastisitas

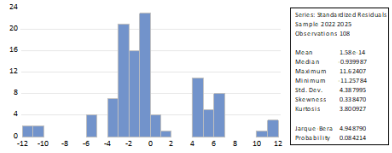
Dependent Variable: ABS(RESID)
Method: Panel Least Squares
Date: 09/27/26 Time: 10:50
Sample: 2022 2025
Periods included: 4
Cross-sections included: 27
Total panel (balanced) observations: 108

Variable	Coefficient	Std. Error	t-Statistic	Prob.
	-0.206154	0.187067	-1.102030	0.2738
X	4.66E-05	3.17E-05	1.468320	0.1460
M	1.01E-06	5.53E-07	1.830938	0.0709
XM	4.43E-06	2.25E-06	1.970502	0.0523

Sumber: Data diolah dengan EViews

The test results show a probability of 0.1460 for ESG disclosure, 0.0709 for profit growth, and 0.523 for the interaction between the two variables. All three exceed the 0.05 significance level. Therefore, the regression model in this study is free from heteroscedasticity and meets the assumptions.

3. Normality Test



Keterangan	Nilai
Observations	108
Mean	1.58e-14
Median	-0.939987
Maximum	11.62407
Minimum	-11.25784
Std. Dev.	4,387995
Skewness	0,338470
Kurtosis	3,800927
Jarque-Bera	4,948790
Probability	0,084214.

The normality test aims to determine whether the residuals of a regression model are normally distributed. In this study, the Jarque-Bera method was used, which yielded a statistic of 4.948790 with a probability of 0.084214. This probability exceeds 0.05, thus confirming that the residuals of the regression model are normally distributed.

4. Autocorrelation Test

The autocorrelation test aims to examine whether residuals from one period correlate with residuals from another period. In this study, the examination was performed using the Durbin-Watson statistic generated from the Random Effects Model (REM) estimation. Data processing yielded a Durbin-Watson value of 1.842476.

Tabel IV. 7
Hasil Uji Autokorelasi

Keterangan	Nilai
R-squared	0,862245
Adjusted R-squared	0,858271
F-statistic	216.9874
Prob(F-statistic)	0,000000
Durbin-Watson stat	1.842476

The Durbin-Watson value is close to 2, indicating no strong autocorrelation in the residuals. The regression model in this study is also declared free of autocorrelation and meets the assumptions. With all assumptions met, the model is suitable for regression analysis and hypothesis testing.

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Panel Data Regression Analysis

Tabel IV. 8
Hasil estimasi regresi Random Effect Model

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 09/27/26 Time: 10:53
Sample: 2022 2025
Periods included: 4
Cross-sections included: 27
Total panel (balanced) observations: 108
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.311186	0.403124	0.771938	0.4419
X	0.002335	6.54E-05	35.69109	0.0000
M	4.00E-05	1.30E-06	30.73438	0.0000
XM	0.000100	8.94E-06	11.23069	0.0000

Effects Specification

	S.D.	Rho
Cross-section random	0.596816	0.8275
Idiosyncratic random	0.272487	0.1725

Weighted Statistics

R-squared	0.862245	Mean dependent var	3.129378
Adjusted R-squared	0.858271	S.D. dependent var	1.012912
S.E. of regression	0.381330	Sum squared resid	15.12290
F-statistic	216.9874	Durbin-Watson stat	1.842476
Prob(F-statistic)	0.000000		

Sumber: Data diolah dengan EViews

Based on the estimation results, the panel data regression equation is formulated as follows:

$$Y = 0.311186 + 0.002335X + 4.00E\text{-}05M + 0.000100XM + e$$

A constant of 0.311186 means that the firm's value (Y) is at 0.311186 when ESG Disclosure (X), profit growth (M), and the interaction term between the two (XM) are zero. The ESG Disclosure coefficient of 0.002335 is positive, meaning that a one-unit increase in ESG Disclosure is followed by a 0.002335 increase in firm value, as long as other variables remain unchanged.

The profit growth coefficient is recorded at 4.00E-05 and is also positive, indicating that profit growth is inversely related to the log of firm value after ESG disclosure and interaction variables are included in the model. Meanwhile, the interaction variable XM has a positive coefficient of 0.000100, indicating that profit growth tends to strengthen the influence of ESG disclosure on firm value.

Hypothesis Testing

1. Partial Test (t-Test)

The partial t-test aims to examine the effect of each independent variable on the dependent variable separately. In this study, the probability values of each variable are compared at a significance level of 0.05. The research hypothesis is accepted if the probability is less than 0.05, and rejected if the probability is greater than 0.05.

Tabel IV. 9
Hasil Uji Parsial

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.311186	0.403124	0.771938	0.4419
X	0.002335	6.54E-05	35.69109	0.0000
M	4.00E-05	1.30E-06	30.73438	0.0000
XM	0.000100	8.94E-06	11.23069	0.0000

The Random Effect Model (REM) estimation results show that ESG Disclosure (X) has a coefficient of 0.002335, with a t-statistic of 35.69109 and a probability of 0.0000. This probability is less than 0.05, thus ESG Disclosure has a positive and significant effect on company value. H_1 is accepted.

For profit growth (M), the coefficient was recorded at 4.00E-05, t-statistic 30.73438, and probability 0.0000. Since the probability is below 0.05, profit growth is stated to have a positive and significant effect on firm value, so H_2 is accepted.

The interaction variable between ESG Disclosure and profit growth (XM) yields a coefficient of 0.000100, a t-statistic of 11.23069, and a probability of 0.0000, which also meets the significance criteria (below 0.05). The

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positive sign on this interaction coefficient indicates that profit growth strengthens the positive effect of ESG Disclosure on firm value. Therefore, H_3 is accepted.

2. Simultaneous Test (F Test)

The F-test aims to examine whether ESG disclosure, profit growth, and their interaction jointly influence company value. The test yields an F-statistic of 216.9874 with a probability of 0.000000.

Tabel IV. 10
Hasil Uji Simultan

Keterangan	Nilai
R-squared	0,862245
Adjusted R-squared	0,858271
F-statistic	216.9874
Prob(F-statistic)	0,000000
Durbin-Watson stat	1.842476

The moderating effect was tested through the interaction variable between ESG Disclosure and earnings growth (XM). REM estimation yielded an interaction coefficient of 0.000100 with a t-statistic of 11.23069 and a probability of 0.0000. Since 0.0000 < 0.05, this interaction was proven significant. A positive coefficient indicates that increasing earnings growth strengthens the positive impact of ESG Disclosure on firm value. In other words, the faster a company's earnings grow, the greater the tendency for ESG Disclosure to have a positive influence on firm value. Conversely, at lower levels of earnings growth, this influence tends to weaken. Therefore, H_3 is accepted, and earnings growth acts as a moderating variable that strengthens the influence of ESG Disclosure on firm value.

3. Coefficient of Determination (R^2) Test

The coefficient of determination measures how much of the variation in the dependent variable can be explained by the independent variables. The R-squared value from the Random Effects Model regression is presented below:

Tabel IV. 11
Uji Koefisien Determinasi

R-squared	0.862245	Mean dependent var	3.129378
Adjusted R-squared	0.858271	S.D. dependent var	1.012912
S.E. of regression	0.381330	Sum squared resid	15.12290
F-statistic	216.9874	Durbin-Watson stat	1.842476
Prob(F-statistic)	0.000000		

The REM estimate also yielded an Adjusted R-squared of 0.858271, or 85.83%. This means that ESG Disclosure, earnings growth, and their interaction together explain 85.83% of the variation in firm value. The remaining 14.17% comes from factors outside the research model.

Discussion

The results of the study indicate that ESG Disclosure has a positive and significant effect on firm value, with a coefficient of 0.002335, a t-statistic of 35.69109, and a probability of 0.0000. Thus, the first hypothesis is accepted. These results indicate that the broader the disclosure of environmental, social, and governance information, the higher the tendency of firm value. From the perspective of *Stakeholder Theory* , ESG disclosure is a means to meet the information needs of stakeholders, strengthen trust, and maintain the company's reputation. Meanwhile, *Legitimacy Theory* explains that ESG disclosure reflects a company's efforts to gain public acceptance. This finding is in line with Josevine and Mulyani (2025), Hariyanto and Ghozali (2024), and Dwi et al. (2025), who found a positive relationship between ESG and firm value. However, previous studies have shown mixed results, ranging from positive, negative, to insignificant influences. These differences are thought to be related to the industrial sector, economic conditions, company size, ESG measurements, and other variables. In this study, ESG Disclosure proved to be meaningful information for increasing the value of banking companies.

Profit growth has also been shown to have a positive and significant effect on firm value, with a regression coefficient of 4.00E-05, a t-statistic of 30.73438, and a probability of 0.0000. These results support the second hypothesis. A positive coefficient indicates that increased profit growth tends to be followed by an increase in firm value. Profit growth provides information regarding a company's ability to increase profits from the previous period and is a consideration for investors in assessing financial performance and business prospects. From a *Stakeholder*

Theory perspective , sustainable profit growth supports the fulfillment of stakeholder interests and strengthens trust in the company. In the banking sector, profit growth also reflects operational efficiency and the ability to generate profits sustainably. Thus, profit growth is one of the financial information that investors can consider in assessing a company's prospects.

Moderation testing shows that profit growth strengthens the influence of ESG disclosure on firm value. This is indicated by the interaction coefficient of ESG disclosure and profit growth of 0.000100, a t-statistic of 11.23069, and a probability of 0.0000. These results support the third hypothesis. The influence of ESG disclosure on firm value is stronger when accompanied by positive profit growth. From a *Stakeholder Theory perspective* , profit growth provides support for companies to meet stakeholder interests and carry out sustainability activities. Meanwhile, *Legitimacy Theory* explains that ESG disclosure accompanied by the ability to generate profits can support public and investor acceptance. This finding is in line with Dwi et al. (2025), who found that profitability strengthens the relationship between ESG and firm value in the Indonesian banking sector. However, this result differs from Josevine and Mulyani (2025), who found that profitability does not strengthen the positive influence of ESG disclosure on firm value. These differences may be related to the use of different moderating variables, namely profit growth in this study and profitability in previous studies, as well as possible differences in sectors, sample characteristics, observation periods, and company conditions. Overall, the results indicate that extensive ESG disclosure and positive profit growth jointly support increased banking firm value.

CONCLUSION

This study aims to analyze the influence of *Environmental, Social, and Governance* (ESG) Disclosure on firm value, with profit growth as a moderating variable, in banking companies listed on the Indonesia Stock Exchange for the 2022–2025 period. The results indicate that ESG Disclosure has a positive and significant effect on firm value. Profit growth also has a positive and significant effect on firm value. Furthermore, profit growth has been shown to strengthen the positive influence of ESG Disclosure on firm value. These findings suggest that disclosure of information regarding environmental, social, and governance aspects needs to be balanced with good financial performance to support increased firm value. Therefore, banking companies are advised to improve the quality and consistency of ESG disclosure and maintain sustainable profit growth. Investors can also consider ESG disclosure and profit growth in investment decision-making. Future research is expected to expand the scope of objects and observation periods, add other variables such as firm size, profitability, capital structure, and corporate governance, and use different measurement proxies to gain a broader understanding of the factors influencing firm value.

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