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ESG And Governance Disclosures And Their Impact On Corporate Value: The Moderating Role Of Profitability

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Abstract

Purpose: This study examines the effects of environmental, social, and governance (ESG) disclosure and corporate governance on firm value, with profitability as a moderator.
Research Method: Panel data from 20 non-financial companies listed on the Indonesia Stock Exchange during 2023–2025 comprise 60 firm-year observations. Fixed-effects regression tests ESG disclosure, independent commissioners, return on assets (ROA), and interaction terms, controlling for firm size and leverage.
Results and Discussion: The ESG coefficient is negative and significant at zero ROA, while the ESG–ROA interaction is positive and significant. Independent commissioners and their interaction with ROA are insignificant. Adjusted R^2 is 0.9614.
Implications: Investors should assess ESG disclosure alongside profitability. Companies should integrate sustainability reporting with financial performance and strengthen substantive governance oversight.
Originality: The study jointly examines ESG disclosure and independent commissioners using profitability as a moderator in an Indonesian non-financial company panel.
Keywords: ESG disclosure; corporate governance; firm value; profitability; panel data..

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INTRODUCTION

A company's value reflects investors' perceptions of its performance, growth prospects, and ability to create value for shareholders. Investors' assessments are based not only on financial information, such as earnings and cash flow, but also on non-financial information that illustrates the sustainability of the company's business.

One type of non-financial information that is becoming increasingly important is Environmental, Social, and Governance (ESG) disclosure. ESG disclosure includes information regarding the management of environmental impacts, social responsibility toward employees and the community, and the implementation of transparent and accountable governance (Capatina & Prof, 2024). ESG disclosure can reduce information asymmetry between companies and investors, enhance a company's reputation, and send a positive signal regarding the company's commitment to business sustainability.

In Indonesia, the implementation of ESG has become increasingly relevant following the issuance of POJK No. 51/POJK.03/2017 regarding the implementation of sustainable finance for financial service institutions, issuers, and public companies.

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This regulation encourages companies to prepare sustainability reports containing information on their economic, social, environmental, and corporate governance performance (Nurhayati et al., 2025).

In addition to ESG disclosures, corporate governance also plays a role in enhancing corporate value. Good governance can reduce conflicts of interest between management and shareholders, increase transparency, strengthen oversight, and boost investor confidence (Efunniyi & Abhulimen, 2024). Companies with sound governance mechanisms are expected to manage resources more effectively and reduce the risk of abuse of authority.

However, the relationship between ESG, corporate governance, and corporate value still yields mixed results. Some studies have found that ESG disclosure can increase corporate value (Mahmood et al., 2026), while others indicate that not all ESG dimensions have a significant impact on corporate value (Sila & Cek, 2018). A study of companies listed on the Indonesia Stock Exchange also showed that environmental and social dimensions do not always affect corporate value, whereas governance and profitability aspects may have a stronger influence.

Profitability is expected to be a factor that can strengthen the impact of ESG disclosure and corporate governance on corporate value (Achmar & Susanti, 2025). Companies with high profitability have greater resources to implement sustainability programs, improve risk management, and effectively apply corporate governance. Furthermore, high profitability can increase investor confidence that a company's implementation of ESG and corporate governance is not merely a formality but is also capable of supporting the creation of long-term economic value (Agbakwuru et al., 2024).

Based on the above discussion, this study aims to examine the impact of ESG disclosure and corporate governance on firm value, with profitability serving as a moderating variable. This study is expected to provide empirical evidence regarding the role of sustainability, corporate governance, and profitability in enhancing corporate value.

This article is organized into five sections: introduction, literature review and hypothesis development, research methods, results and discussion, and conclusions and recommendations.

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LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Signal theory explains that company management possesses more information than investors and external parties. Therefore, companies need to send positive signals through the disclosure of both financial and non-financial information to reduce information asymmetry. Environmental, Social, and Governance (ESG) disclosures can serve as signals that a company is committed to sustainability, risk management, compliance, and the creation of long-term value. Meanwhile, good corporate governance also signals that a company is managed transparently, is accountable, and is capable of protecting shareholders' interests.

Profitability reinforces the quality of these signals. Companies with high profitability demonstrate the ability to generate profits and the availability of resources to fund sustainability activities and implement effective governance (Suhartini et al., 2024). Consequently, investors tend to assign higher valuations to companies that disclose ESG information effectively, implement strong governance, and exhibit high profitability.

Agency Theory

Agency theory explains the relationship between shareholders as principals and management as agents. The separation of ownership and control can lead to conflicts of interest because management may make decisions that do not fully align with shareholders' interests. Such conflicts can increase agency costs and reduce corporate value.

Corporate governance is necessary as a monitoring mechanism to curb opportunistic behavior by management, enhance transparency, improve the quality of decision-making, and protect shareholders' rights (Sari, 2023). ESG disclosure also helps reduce information asymmetry by providing information regarding the management of environmental and social impacts, risks, business ethics, and corporate sustainability. Therefore, good corporate governance and ESG disclosure are expected to mitigate agency conflicts and increase corporate value.

Legitimacy theory states that a company must gain acceptance from society for its operations to be sustainable. A company can maintain its legitimacy through the disclosure of information regarding environmental impacts, social responsibility, compliance, and corporate governance. ESG disclosure demonstrates that a company is not solely profit-oriented but also considers the operational impacts on the environment and society.

In line with stakeholder theory, companies have responsibilities to various parties, such as investors, employees, consumers, creditors, the government, the community, and the environment. ESG disclosures and good governance can increase stakeholder trust, strengthen reputation, reduce risk, and expand a company's access to financing (Junaedi, n.d.). These conditions have the potential to improve market perception and corporate value.

ESG disclosure is the reporting of information regarding a company's performance and policies in environmental, social, and governance aspects. Environmental aspects include energy use, emissions, waste, water, and resource management. Social aspects encompass workplace safety, employee well-being, community relations, consumer protection, and supply chain responsibility. Governance aspects include transparency, business ethics, anti-corruption, risk management, board independence, and corporate compliance.

ESG disclosure can reduce information asymmetry between management and investors. The broader the scope of ESG disclosure, the more information is available to investors to assess a company's risks and sustainability prospects (Khamisu et al., 2024). Therefore, ESG disclosure is expected to increase a company's value.

Corporate governance is a system that regulates, directs, and controls a company to ensure it is managed transparently, accountably, responsibly, independently, and fairly.

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Good governance can reduce conflicts of interest between management and shareholders and improve the quality of oversight over managerial decisions.
Corporate governance can be proxied by independent directors, board size, audit committees, institutional ownership, managerial ownership, or corporate governance indices. The implementation of effective corporate governance is expected to increase investor confidence, reduce the risk of misuse of corporate resources, and drive an increase in corporate value (Khamisu et al., 2024).

Firm value reflects investors' perceptions of a company's success in creating shareholder wealth and its future growth prospects. Firm value can be measured using Tobin's Q or the Price-to-Book Value (PBV) ratio. In this study, firm value is proxied using Tobin's Q because it reflects the ratio of a company's market value to its asset value.

$$\text{Tobin's Q} = \frac{MVE + D}{TA}$$

Notes:
MVE is the market value of equity, D is total liabilities, and TA is total assets. A higher Tobin's Q value indicates that the market places a higher valuation on the company.

2.7. Profitability as a Moderating Factor

Profitability reflects a company's ability to generate profits through the use of its assets, capital, and operational activities. Profitability can be proxied using Return on Assets (ROA), which is the ratio of net income after taxes to total assets.
ROA = (Net Income After Taxes) / (Total Assets)
Profitability is used as a moderating variable because more profitable companies have greater resources to implement high-quality ESG practices and corporate governance. High profitability also increases investor confidence that ESG disclosures and corporate governance are not merely formalities but are part of a business strategy capable of creating economic value. Thus, profitability is expected to strengthen the influence of ESG disclosures and corporate governance on firm value.

Based on the theoretical framework and the relationships between variables described above, the research hypotheses are formulated as follows.
H1: ESG disclosure affects firm value.
H2: Corporate governance affects firm value.
H3: Profitability moderates the effect of ESG disclosure on firm value.
H4: Profitability moderates the effect of corporate governance on firm value.

METHODOLOGY

This study employs an explanatory quantitative approach to examine the effect of Environmental, Social, and Governance (ESG) disclosures and corporate governance on firm value, with profitability as a moderating variable. The data used consists of secondary data obtained from annual reports, sustainability reports, audited financial statements, and company stock price data.

The study population consists of all non-financial companies listed on the Indonesia Stock Exchange during the 2023–2025 period. The sample was selected using purposive sampling based on the following criteria: companies were listed continuously throughout the study period; published annual reports and/or sustainability reports; possessed complete data on ESG, corporate governance, firm value, profitability, firm size, and leverage; and were not delisted during the observation period.

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The dependent variable in this study is firm value, proxied by Tobin's Q. The independent variables consist of ESG disclosure and corporate governance. ESG disclosure is measured using an ESG disclosure index through content analysis, whereby a score of 1 is assigned to disclosed indicators and a score of 0 to undisclosed indicators. Corporate governance is proxied by the proportion of independent board members. Profitability, as a moderating variable, is measured using Return on Assets (ROA). The study also uses firm size and leverage as control variables.

Firm value is calculated using the following formula:

$$\text{Tobin's Q} = \frac{MVE + D}{TA}$$

ESG disclosures are calculated using the following formula:

$$ESGDJ = \frac{\sum Xi}{n}$$

Corporate governance is calculated using the formula :

$$KI = \frac{Number\ of\ Independent\ Commissioners}{Total\ Number\ of\ Commissioners}$$

Profitability is calculated using the formula :

$$ROA = \frac{Net\ Income\ After\ Taxes}{Total\ Assets}$$

The data were analyzed using panel data regression. The analysis steps included descriptive statistics, selection of the panel regression model using the Chow test, the Hausman test, and the Lagrange Multiplier test, testing of classical assumptions, model suitability testing, testing of the coefficient of determination, and hypothesis testing. Moderation analysis was conducted by including the interaction between ESG disclosure and profitability, as well as the interaction between corporate governance and profitability.

RESULTS AND DISCUSSION

Analysis Results

The population of this study consists of 798 non-financial companies listed consecutively on the Indonesia Stock Exchange during the 2023–2025 period. The sample was selected using purposive sampling, with the criteria being companies that publish annual reports and/or sustainability reports and have complete data on ESG disclosures, corporate governance, firm value, profitability, firm size, and leverage. Based on these criteria, 20 companies were selected for the sample. Since each company was observed over three years, the total number of observations in this study amounted to 60 company-years.

Table 1. Research Sample Selection Procedure

No.	Sample Selection Criteria	Number of Companies
1	Non-financial companies listed consecutively on the Indonesia Stock Exchange during the 2023–2025 period	798

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2	Companies for which complete data on ESG disclosures, corporate governance, enterprise value, profitability, company size, and leverage is not available	778
3	Companies that meet the research sample criteria	20
4	Observation period	3 tahun
5	Total research observations	60 observasi

Source: Secondary data processed by the researcher, 2026.

Descriptive Statistics

Descriptive statistics are used to provide an overview of the characteristics of the research variables, which include firm value, ESG disclosure, corporate governance, profitability, firm size, and leverage.

Table 2. Descriptive Statistics

Variabel	Minimum	Maksimum	Rata-rata	Standar Deviasi
Tobin's Q	[0,609]	[5, 732]	[1,484]	[1,094]
ESG Disclosure Index	[0,8]	[1]	[0,98]	[0,056]
Independent Commissioner	[30%]	[83%]	[44%]	[11%]
ROA	[1,73%]	[38,17%]	[9,14]	[7,82%]
Company Size	[30,628]	[39,185]	[32,536]	[2,118]
Leverage	[17,06%]	[77,64%]	[42,77%]	[14,03%]

Source: Secondary data processed by the researcher, 2026

Descriptive statistics show the characteristics of the research data, which include firm value, ESG disclosure, corporate governance, profitability, firm size, and leverage. The analysis uses the minimum, maximum, mean, and standard deviation values from 60 firm-year observations over the 2023–2025 period.

Tobin's Q ranges from a minimum of 0.609 to a maximum of 5.732, with a mean of 1.484 and a standard deviation of 1.094. A mean Tobin's Q above one indicates that, in general, a company's market value is higher than the book value of its assets. This suggests that investors view the majority of the sample companies positively. However, the relatively large standard deviation compared to the mean indicates significant variation in firm values. These differences reflect divergent market perceptions regarding the companies' prospects, performance, and ability to create value.

The ESG Disclosure Index variable has a minimum value of 0.800, a maximum of 1.000, a mean of 0.980, and a standard deviation of 0.056. This mean indicates that the companies in the sample have disclosed most of the ESG indicators used in the study. The low standard deviation indicates that the level of ESG disclosure across companies is relatively homogeneous. Thus, the companies in the sample tended to have similarly high sustainability reporting practices during the observation period.

The proportion of independent directors ranges from a minimum of 30% to a maximum of 83%, with an average of 44% and a standard deviation of 11%. This average value indicates that the companies in the sample have generally met the minimum proportion of

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independent directors as required by applicable corporate governance regulations. The 11% variation indicates differences in oversight structures among companies. Companies with a higher proportion of independent directors have relatively stronger oversight mechanisms because they enhance the potential for objectivity in monitoring management decisions.

The ROA variable has a minimum value of 1.73%, a maximum of 38.17%, an average of 9.14%, and a standard deviation of 7.82%. This average indicates that the companies in the sample are able to generate a profit of 9.14% of their total assets. However, the standard deviation, which is close to the average value, reveals considerable variation in profitability. This variation indicates that companies' abilities to manage assets and generate profits differ significantly, primarily due to differences in business sectors, operational efficiency, and the companies' economic conditions.

Company size has a minimum value of 30.628, a maximum of 39.185, a mean of 32.536, and a standard deviation of 2.118. Company size is measured using the natural logarithm of total assets. This average indicates that the sample companies have a relatively large asset base. The standard deviation of 2.118 indicates a fairly noticeable variation in size, although the data still reflects companies with medium to large scales. These size differences can affect a company's ability to allocate resources, prepare sustainability reports, and implement governance mechanisms.

The leverage variable has a minimum value of 17.06%, a maximum of 77.64%, an average of 42.77%, and a standard deviation of 14.03%. The average leverage indicates that companies use liabilities equivalent to 42.77% of their total assets. This figure reflects a fairly moderate level of external financing. However, the maximum value of 77.64% indicates that some companies have a high dependence on debt. The standard deviation of 14.03% highlights differences in financing structures across companies, meaning that the level of financial risk among the sample companies is not entirely uniform.

Overall, the descriptive statistics show that the sample companies have generally positive market values, high levels of ESG disclosure, a proportion of independent directors that meets regulatory requirements, varying levels of profitability, relatively large company sizes, and diverse leverage ratios. This variation indicates that the research data possesses sufficient diversity to be used in analyzing the relationships among variables.

Panel Model Selection

Panel data regression models were selected using the Chow test, the Hausman test, and the Lagrange Multiplier test. The Chow test was used to choose between the Common Effects Model and the Fixed Effects Model. The Hausman test was used to determine the best model between the Fixed Effects Model and the Random Effects Model. Furthermore, the Lagrange Multiplier test was used when necessary to choose between the Common Effects Model and the Random Effects Model.

Table 3. Results of the Panel Data Regression Model Selection

Test	Probability	Decision
Chow Test	0,0000	FEM
Hausman Test	0,0000	FEM
Lagrange Multiplier Test	0,0029	REM
Selected Model	-	FEM

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Source: Secondary data processed by the researcher, 2026

Based on the results of the panel data regression model selection, the Chow test yielded a p-value of 0.0000, which is smaller than the significance level of 0.05; therefore, the Fixed Effects Model is more appropriate than the Common Effects Model. Furthermore, the Hausman test yielded a p-value of 0.0000, which is also smaller than 0.05; therefore, the Fixed Effects Model is more appropriate than the Random Effects Model. Meanwhile, the Lagrange Multiplier Test yielded a p-value of 0.0029, indicating that the Random Effects Model is more appropriate than the Common Effects Model. Based on these overall test results, this study determined the Fixed Effects Model to be the most suitable panel data regression model, primarily because the Chow Test and the Hausman Test consistently pointed toward the selection of the Fixed Effects Model.

Based on the previously selected Fixed Effects Model, with Tobin's Q as the dependent variable and the ESG Disclosure Index, Independent Commissioners, ROA, two interaction terms, Firm Size, and Leverage as explanatory variables, the results of the hypothesis testing are as follows.

Table 4. Hypothesis Test Results

Variable	Coefficient	t-statistic	Probability	Decision
Constants	87,2727	2,5789	0,0146	-
ESG Disclosure Index	-86,8244	-2,6388	0,0126	H1 accepted
Independent Directors	-0,7566	-0,8803	0,3850	H2 rejected
ROA	-1132,2249	-2,7895	0,0087	-
ESG × ROA	1134,0483	2,7957	0,0086	H3 accepted
Independent Directors× ROA	0,9075	0,1671	0,8683	H4 rejected
Company Size	0,0016	0,0347	0,9725	-
Leverage	1,7280	1,0869	0,2849	-
Adjusted R^2	0,9614			
Probability of the F-statistic	0,0000			

Source: Secondary data processed by the researcher, 2026

Interpretation of Hypothesis Test Results

H1 is accepted because the ESG Disclosure Index has a p-value of 0.0126 < 0.05. The coefficient of -86.8244 indicates a negative relationship with Tobin's Q. However, since the model includes the ESG × ROA interaction term, the main ESG coefficient should not be interpreted in isolation as the effect of ESG on all levels of ROA. This coefficient represents the effect of ESG when ROA is zero.

H2 is rejected because the probability for Independent Directors is 0.3850 > 0.05. Thus, the research data do not indicate a significant direct effect of Independent Directors on Tobin's Q.

H3 is accepted because the ESG × ROA interaction term has a p-value of 0.0086 < 0.05. The interaction coefficient of 1,134.0483, which is positive, indicates that ROA significantly moderates the relationship between the ESG Disclosure Index and Tobin's Q. Statistically, an

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increase in ROA shifts the relationship between ESG and firm value in a more positive direction.

H4 is rejected because the interaction term between Independent Directors and ROA has a p-value of 0.8683 > 0.05. Therefore, ROA is not shown to moderate the effect of Independent Directors on Tobin's Q.

Control variables

ROA has a direct probability of 0.0087, making it significant at the 5% level. Meanwhile, Firm Size has a probability of 0.9725 and Leverage has a probability of 0.2849; thus, these two control variables do not have a significant effect on Tobin's Q in this model.

Coefficient of Determination

The adjusted R^2 value of 0.9614 indicates that approximately 96.14% of the variation in Tobin's Q can be explained by the variables in the model along with the firm-specific fixed effects. The remaining approximately 3.86% stems from other factors outside the model.

Simultaneous Test

The probability of the F-statistic is approximately 1.04×10^{-20}, which rounds to 0.0000. Since this value is less than 0.05, the regression model as a whole is significant. This means that all independent variables and the firm-specific fixed effects collectively explain the variation in Tobin's Q.

Discussion

The Effect of ESG Disclosure on Firm Value

The test results show that the ESG Disclosure Index variable has a coefficient of -86.8244 with a p-value of 0.0126. Since the p-value is less than 0.05, ESG disclosure has a significant effect on firm value. Thus, the first hypothesis is accepted.

However, the negative coefficient for the ESG variable cannot be directly interpreted as the effect of ESG on firm value under all firm conditions. This is because the research model includes an interaction term between ESG and ROA. In the moderation model, the main ESG coefficient describes the effect of ESG on Tobin's Q when ROA is at zero. Therefore, a more accurate interpretation must take into account the ESG × ROA interaction coefficient.

The ESG × ROA interaction coefficient of 1.134,0483 with a probability of 0.0086 indicates that profitability positively and significantly moderates the relationship between ESG disclosure and firm value. This means that the higher a company's ROA, the more positive the effect of ESG disclosure on firm value. For companies with low profitability, an increase in ESG disclosure tends to be followed by a decline in firm value. Conversely, for companies with high profitability, ESG disclosure contributes to an increase in firm value.

These findings are consistent with signaling theory. ESG disclosure can serve as a positive signal to investors when accompanied by strong financial performance. Companies that generate high profits are viewed as having sufficient resources to consistently implement environmental, social, and governance programs. Thus, investors perceive ESG disclosure by profitable companies as a credible commitment to sustainability, rather than merely a formal reporting exercise.

These results also support legitimacy theory and stakeholder theory. Companies with strong profitability are better able to demonstrate that their operational activities strike a balance

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between profit generation, managing environmental impacts, fulfilling social responsibilities, and implementing good governance. These conditions enhance investor confidence and reinforce the market's perception of the company's sustainability prospects.

The Effect of Corporate Governance on Firm Value

The test results show that the proportion of independent board members has a coefficient of -0.7566 with a p-value of 0.3850. Since the p-value is greater than 0.05, independent board members do not have a significant effect on firm value. Thus, the second hypothesis is rejected.

These results indicate that an increase in the proportion of independent directors is not necessarily met with a positive response from the market. Investors likely evaluate not only the number or proportion of independent directors but also consider the effectiveness of the oversight they provide. A high formal proportion of independent directors does not necessarily reflect strong oversight quality if it is not accompanied by competence, active involvement, substantive independence, and the ability to control management policies.

From an agency theory perspective, independent directors should play a role in reducing conflicts of interest between management and shareholders. However, the research findings indicate that this mechanism has not been fully effective in reducing agency costs or enhancing investor confidence in firm value. This may occur because effective oversight depends not only on the proportion of independent directors, but also on the quality of oversight, the frequency of board meetings, the involvement of the audit committee, information transparency, and the effectiveness of internal controls.

Furthermore, the interaction term between independent directors and ROA does not have a significant effect on firm value. An interaction coefficient of 0.9075 with a p-value of 0.8683 indicates that profitability does not moderate the effect of independent directors on firm value. Thus, the fourth hypothesis is rejected.

These findings suggest that the level of profitability—whether high or low—does not alter how investors assess the role of independent directors in enhancing corporate value. Investors likely place greater emphasis on financial performance, growth prospects, industry conditions, and other market factors than on the formal structure of corporate governance.

The Moderating Role of Profitability

The research findings demonstrate that profitability, as measured by ROA, acts as a significant moderating variable in the relationship between ESG disclosure and firm value. The positive and significant ESG × ROA interaction coefficient indicates that profitability amplifies the effect of ESG disclosure on firm value.

Companies with high ROA have a greater ability to finance sustainability programs, improve risk management, strengthen internal controls, and consistently implement governance policies. Therefore, ESG disclosure by profitable companies is more readily accepted by investors as a credible signal of sustainability. Conversely, ESG disclosures by companies with low profitability may be viewed as a cost burden that is not necessarily aligned with the company's financial capacity.

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Meanwhile, profitability was not found to moderate the influence of independent directors on firm value. This suggests that the benefits of corporate governance for market value do not always depend on the level of profitability. Investors likely assess corporate governance through a broader range of factors, including the quality of oversight, transparency, the reliability of financial statements, risk management, and the protection of shareholder rights.

Effect of Control Variables

The ROA variable has a direct coefficient of -1.132,2249 with a probability of 0.0087. Since the probability value is less than 0.05, ROA has a significant effect on firm value. However, the negative sign of the coefficient must be interpreted with caution because there is an interaction between ESG and ROA in this model. The ROA coefficient represents the effect of ROA on Tobin's Q when the level of ESG disclosure is zero.

Company size has a coefficient of 0.0016 with a p-value of 0.9725, indicating that it does not significantly affect firm value. These results suggest that the size of a company's total assets is not necessarily the primary factor determining investor valuation. Large companies do not always have a higher market value if their financial performance, growth prospects, and risk management are not supportive.

Leverage has a coefficient of 1.7280 with a probability of 0.2849, indicating that it does not have a significant effect on firm value. This suggests that the use of debt in a company's capital structure is not yet a factor that directly influences investors' valuation of the firm in the study sample.

Coefficient of Determination and Simultaneous Test

The adjusted R-squared value of 0.9614 indicates that 96.14% of the variation in firm value can be explained by ESG disclosure, corporate governance, profitability, moderating interactions, firm size, leverage, and firm-specific fixed effects. The remaining 3.86% is explained by other factors outside the research model.

The F-statistic probability value of 0.0000 indicates that the regression model is statistically significant when analyzed simultaneously. This means that all independent variables and the firm-specific fixed effects collectively have the ability to explain the variation in firm value..

CONCLUSION

This study examined 15 sample villages in Wajo Regency. Data collection was completed as planned, and Cronbach's alpha values for the research variables ranged from 0.615 to 0.806. Multiple linear regression showed that transparency (B = 0.235; p = 0.042) and community participation (B = 0.283; p = 0.006) had positive and statistically significant associations with the effectiveness of poverty alleviation. Accountability was not statistically significant (B = −0.022; p = 0.894).

The findings suggest that improving the effectiveness of poverty alleviation through the Village Fund may be supported by strengthening information openness and citizen participation. Accountability remains an important governance principle, but its relationship with poverty alleviation effectiveness in this model requires further examination, including through regression diagnostics and analysis of possible moderating or mediating effects. The results describe statistical associations, do not establish causality, and are limited in generalizability by the purposive selection of the sample villages.

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Statement of Use of Generative AI

During the preparation of this work, ChatGPT was used to assist with manuscript formatting, restructuring, and improving the clarity of the abstract. The author should review and verify the final manuscript and takes responsibility for the content of the publication.

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