The Effect of Sustainability Reporting, Corporate Social Responsibility, Profitability on Firm Value in the Consumer Non-Cyclicals Sector Listed on the Indonesia Stock Exchange in 2021-2023

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A B S T R A C T

This study aims to evaluate the impact of Sustainability Reporting, Corporate Social Responsibility (CSR), and the level of profitability on firm value in the consumer non-cyclicals subsector listed on the Indonesia Stock Exchange during the period 2021 to 2023. To measure profitability, this study uses the Return on Equity (ROE) indicator. The methodology applied is quantitative with a multiple linear regression analysis approach as the main analysis tool. Based on the results obtained, Sustainability Reporting and CSR are proven to have no significant influence on firm value. In contrast, ROE shows a significant positive effect, indicating that companies with a high level of profitability tend to have better company value. This finding underscores that financial performance, particularly profitability, plays a more dominant role in shaping firm value than sustainability reporting or social activities.

INTRODUCTION

This research intends to determine how the sustainability reports, corporate social responsibility (CSR) programs and profitability of non-cyclic consumer companies on the Indonesian Stock Exchange in 2021 to 2023 affect the value creation. The current analysis computes profitability based on Return on Equity (ROE) statistics. The ability of the company can be evidenced by the fact that it is able to make money to shareholders. This study employs the quantitative methods of determining the relationship that exists between the independent and dependent variables by using multiple linear regression analysis. The findings show sustainability reporting and CSR initiatives neither generate nor negatively influence firm value. Thus, one can not say that the two characteristics directly affect the market value or perception of the company. Contrastingly, return on equity (ROE) also influences the business value positively and significantly, which shows that profitability still determines the primary factor of business value growth. These results indicate that investors still hold financial performance of a company, particularly, the return on the money of the shareholder as a premium basis of valuing a company, despite rising pressures to engage more in sustainable business approach. Franita (2018). Besides income and population growth, there is indications that the non-cyclical consumer goods subsector of the main consumer goods sector will also keep on growing. This is because the products here like food, drinks and other necessities in life are basic and very much needed products. This is one of the industries that is least vulnerable to economic shocks since the consumer demand of these products is relatively steady no matter what happens in the economy. It appears that the growth of the population and disposable income are the most influential trends that contribute to the advancement of the industry of primary consumer goods industry, since close link has been noted between the demographic processes and the economic growth as well as progress of the industry. Khayati et al. (2022).

The non-cyclical consumption sector is considered to have promising long term growth potential since it is stable and has the ability to sustain macroeconomic fluctuations. The demand of goods manufactured within this sector does not drop when the economy is weak because the goods are necessities which people require on day-to-day basis Surtiningsih & Wijaksana (2015). Faradila and Effendi (2023) however propose that the firm value is dependent on financial performance metrics and the perception of the company by the people with regards to its legitimacy and reputation. The structure of the debt policy of an organization, plan of distribution of dividends, and insider ownership are considered some of the strategic attributes of an organization that should be considered when checking on variables that result in the formation of firm value Cahyadi & Ruslim (2024). Otherwise, stock market value of a company is also determine by the way investors view the long- term potential and prospects of the company. When investors are sure that the company would be successful in the future then the price of the stock will increase tremendously. In the context, it can be estimated by using its stock market value and book value whereby both are estimated by equity shown in the financial reports Wijaya et al. (2025).

This is necessitated by the dynamics of modern corporate valuation that are increasingly attracting attention to sustainability reporting (SR) as a factor that could determine the effect on the value of a firm. The commitment of a firm to sustainable factors (environmental, social, and governance factors) can be covered at sustainability reports, which act to highlight transparency. When it comes to discussing the influence of SR on the value of firms, a number of studies reveal inconsistent results. Indicatively, Kusharyanti and Simamora (2024) found out that sustainability reporting and increased valuation of business are positively and significantly correlated. It means that sustainability-related information publication can make investors feel more secure. Nevertheless, a study by Jordhi Arfito (2023) noted that, in fact, SR has a negative impact on firm value, though this effect is smaller or nil in non-manufacturing firms, as compared with manufacturing firms. Resting on such contradictory findings, it appears that the industry segment and the level at which the principles of sustainability are embedded in the business model of any company still have a say on the performance of SR.

Besides, it is a common knowledge that CSR (Corporate Social Responsibility) plays the most important role in regards to investor perception of company value and image. The implementation of CSR combined with the coverage of analysts in the market has a significant increase in firm value (Hu et al., 2021). The positive publicity, which an organization gets as a result of its charity work, is further enhanced by the fact that as the company gains exposure in the media, analysts take time to observe the company. Conversely, Tirtagiri and Sufina (2024) drew a different inference claiming that, in fact, CSR represents a firm value deterrent. They describe that the cost of engaging in corporate social responsibility (CSR) programs might push the operating costs of a particular firm, thereby decreasing net income and having no visible impact on the share price of such company.

Profitability is one of the most closely considered measurement used in determination of the viability of a company and its ability to compete. Businesses that present a stable history of performance preferably have what it takes in resources to grow and make the shareholders happy. Nurhayati and Kartika (2020) research state that as profitability of companies increases, then the company value in the eyes of the investors will rise. Contrarily, Ardianto (2023) claims that profitability can severely affect firm value in some circumstances, including those involving vagaries of the market or long-sighted investment projects. What the finding is aimed at is that some business activities are regarded as more valuable when they invest much money though they risk losing the money now.

On this basis, this paper seeks to make an analysis of the non-cyclical consumer goods industry listed on the Indonesia Stock Exchange in 2021 to 2023 to come up with conclusions pertaining to the correlation between corporate social responsibility, firm value profitability and sustainability reporting. With a view to learn how the three variables can spur value of the firm under the economic turbulence and the global pressure towards business sustainability, and in order to discover the strategic elements that influence market perception, this research is of great concern.

LITERATURE REVIEW

Signaling Theory

In line with the signaling theory of Bae et al. (2018), management which is compliant with the standards can send favorable signals to the stakeholders with the help of such instruments as sustainability reporting, CSR implementation, and the level of profitability. Such activities demonstrate the commitment of the company to sustainable management approaches and long-term plans. These initiatives indicate that the company is willing to face the social and environmental challenges directly as well as prove to be financially stable and exhibit proper corporate governance. In leading up to this, Bilayudha and Kiswanto (2024) state that the endeavor of the management to indicate to the investors of the potential of the company in the future can be described as signaling theory. The principle in this is that the internal information will be more detailed and in a broader way as compared to the external investors. Thus, one of the functions of reporting and some strategic measures by management is to close the information gap and obtain a positive picture about real value and growth potential of the business in the market as perceived by external market participants and this may not be an immediate observation to the external investor.

Sustainability Reporting

The sustainability report is one of the strategic tools utilised by the companies to reflect their performance in the three major domains of ESG - environmental, social and governance. According to Muanifah et al. (2023), sustainability reports perform both the role of communication and evidence of a commitment to environmentally friendly operations of a company. An increasing number of interest groups are pressuring businesses to demonstrate their concern to society and the environment and this is one way of attempting this practice. Besides containing official statistics as a part of a sustainability report, Hapsari (2023) stipulates that such a report must outline the overall performance of a company in terms of sustainability over a certain period. The provided report is a territory of a well-thought business approach, which will help to rise the position of the company in the opinion of stakeholders and the society, and promote the sustainable development goals overall in the long run.

Kusharyanti and Simamora (2024) developed the SRDI, an instrument that relies on the GRI-G4 standard and can be used to evaluate the quantity of information provided in a sustainability report quantitatively. The 23 elements of the disclosure in this index are grouped into these four main categories namely corporate governance, economy, environment and society. Measuring rigor and quality of disclosure are done with the help of a dummy variable approach. All the items that have been disclosed receive a score of one (1) and the rest that have not been disclosed receive a score of zero (0). The approach can be used to quantitatively analyse sustainability component in company reports and give a full perspective of how well organisations operate within the paradigm of accountability and transparency in sustainability reporting Kusharyanti & Simamora (2024).

Table 1. Sustainability reporting measurement scheme

Governance	Economic	Environmental	Social
Corporate governance code	Economic value generated	Energy	Diversity and equal opportunity
Governance procedures	Value and supply chain	Water	Labour and industrial relations
Anti-corruption and code of ethics	Climate change-implications, risks, opportunities	Waste management	Occupational health and safety
	Investment in non-core business infrastructure	Carbon emissions	Training and education
	investment in non-core business infrastructure	Biodiversity compliance	Human rights Community involvement
		Product and service stewardship	Product responsibility
			Philanthropy

Source: Global Reporting Initiative

Corporate Social Responsibility

Sustainability reporting can be regarded as one of the strategic tools that companies utilize to present their results in the three most significant spheres of ESG-environmental, social, and governance. According to Muanifah et al. (2023), sustainability reports serve two purposes; that of communication and also as a demonstration of the commitment of companies to initiate eco-friendly activities, many interest groups are urging companies to demonstrate that they consider the welfare of society and nature hence this book strives to address this need. Official statistics need to be presented in a sustainability report not only that but also, as mentioned by Hapsari (2023), the report should address the performance of the company as a whole with regards to its sustainability during a certain period. These reports must form a significant part of the comprehensive business strategy in order to streamline sustainable development in the long run and help establish a positive reputation of the company in the eyes of investors and ordinary citizens.

Kusharyanti and Simamora (2024) designed Sustainability Report Disclosure Index (SRDI), based on Global Reporting Initiative version G4 (GRI-G4), as a quantitative tool to measure the magnitude of the information provided in sustainability reports. The 23 disclosure elements of the index are classified in 4 principal categories which are corporate governance, economy, environment and society. Rigor and quality of disclosure are measured as a dummy variable based measure. The item that has been disclosed is scored one (1) and those items which have not been disclosed scored as zero (0). This method allows quantitative analysis of the issue of sustainability in the corporate reports and gives a comprehensive view of how effectively organizations follow the principles of accountability and disclosure in sustainability reporting (Kusharyanti & Simamora, 2024).

Table 2. 32 Indikator CSR

Lingkungan	Sosial	
Daur Ulang	Pekerjaan	Pekerja Anak
(Recycled)	(employment)	Kerja Paksa
Konsumsi Energi	Turnover karyawan	Kerja Wajib
Keanekaragaman	Musyawarah	Komunitas
Hayati	Kesepakatan	Korupsi
Emisi	Bersama	Kebijakan Publik
Limbah	Kesehatan Kerja	Kepatutan
Sampah	Keselamatan Kerja	Denda
Tumpahan (Spills)	Pelatihan	Sanksi
Dampak	Keragaman	Tanggungjawab
lingkungan	Kesetaraan	Produk
	Hak Asasi	Kesehatan
	Diskriminasi	Pelanggan
	Kebebasan	Keselamatan
	Berkumpul	Pelanggan

Source: Gamerschlag et al

Profitabilitas

Profitability of the business is its ability to turn assets and equity, and its sales to the maximum level defines as we are talking about profitability (Nurhayati & Kartika, 2020). Bariyyah et al. (2019) define profitability as the measurement of financial performance that demonstrates the extent to which a company has done well in creating cash flow and value to its shareholders over a certain time of period.

Profitability is valued by both the internal stakeholders of the company who view it as one of the variables to evaluate management decisions, and external stakeholders where it includes the likes of investors. This follows the fact that the main aim of any investor is to make profit, and this might be, either by the way of dividend payment (yield), or capital gains (increase of shares value). One principle way of determining the effectiveness of an investment is by looking at the profit margin of a business. It is a gauge of efficiency of operations and the ability to stay in the game.

The earnings of a company are in addition very important in the rise of the business in terms of value. To what degree this achievement is profitable is an indicator of how effective the resources have been managed to create economic value. Return on Equity(ROE) can be regarded as one of the measures of profitability. It shows the extent to which a business can make net profit out of its own capital on which it uses in the operations of the business after tax (Nurhayati & Kartika, 2020). And therefore, the concept of return on equity (ROE) implies the efficiency of the administration using the money of the stockholder to create profits as well as an indication of utilisation of capital.

$$ROE = \frac{Net\ Profit}{\text{Shareholders' Equity}} x100$$

Firm Value

Firm value is one of the crucial aspects that investors should take into consideration, and it is the reflection of how the market estimates the company as the whole and its future (Faradila & Effendi, 2023). Both the present financial situation and the expectations of the future with regards to the profit-making capacity of the company are depicted in this number. Novia and Halmawati (2022) point out that the value of a company is a factor that determines its attractiveness to the investors, in regards to being an investment object.

The overall trend of share prices at the stock market is a definite indicator of the corporate worth of a business. When the share price just keeps on going up it will imply that someone is making large bets on the success of the company in the future. Strategic decisions that the management have to make rightly include investment decisions, funding, payout, net working capital management among others as also they have to be made in a proper manner in case the company is to increase in value. To enhance its long-term development and to perform in a competitive environment, these decisions should be efficiency-based and value-oriented.

Based on the explanation provided by Sugiarto (2011), this study has the Firm value as the dependent variable and its measure is through the price to book value (PBV) indicator. This is one of the ways which can be used to observe the value of shares of a company using price to book value (PBV). Later on, by considering this ratio, we would be able to determine the financial worth of the value produced by the organization against the investment put in by shareholders. The greater the PBV, the more excellent the company is and means that the company has managed to be effective in generating economic returns using the amount of money it has.

$$PBV = \frac{\text{Stock Market Price}}{\text{Book Value Per Share}}$$

Hypothesis Development

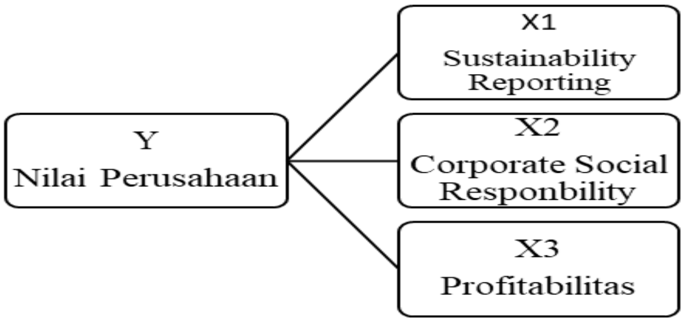


Figure 1. Conceptual Framework

Source. Researcher 2025

Pengaruh *Sustainability Reporting* terhadap Nilai Perusahaan

To show their performance in regard to social and environmental responsibility, companies report their performance in sustainability reports which are forms of long term strategic reporting of information. Rahayu et al. (2019) assert that companies send good signs to the investor by reporting reliable and helpful information. In this respect, companies surpassing in their performances compared to the average are more transparent with good information in their sustainability reports whereas those that fail to beat the average tend to make no releases out of such details.

Sustainability reporting does not only support the communication of a business and its constituents, but also as a strategic positioning mechanism in the perception of the market. Novia and Halmawati (2022) affirm that the ability of the company to commit to acting ethically and pursue long-term operations is visible to investors when sustainability information is disclosed. This eventually enhances value to the company making people feel confident about the company.

One of the key contributions of sustainability reports is a reference to long-term shareholders and in particular, those shareholders that take the consideration of sustainability into their investment plans. Moreover, one can base such reports to show how companies are undertaking initiatives to solve social and environmental problems and how this is helping to increase the company economic and social value. Thus, when it is stated that sustainability disclosure is a report, we understand that it is an indicator of modern corporate governance with its emphasis on ethical responsibility and its focus on strategy.

H_1 : Sustainability Reporting has a positive and significant effect on Firm Value.

The Effect of Corporate Social Responsibility on Company Value

Since the strategic approach of conducting CSR activities is taken wisely and carried out on a regular basis, companies will get a lot in the long run. Kristanti (2022) stresses the significance of the proper implementation of CSR in enhancing the image of the company in the opinion of the population, increasing customer loyalty, and the morale and efficiency of employees. These three non-financial characteristics propel the development of the financial performance of a company indirectly. Corporate social responsibility (CSR) in the end gets to be one of the indicators of corporate reputation and responsibility that determines the perception of the investors besides its initial role in meeting social and environmental responsibilities.

Corporate social responsibility is a crucial element in any viable marketing strategy since it presents to interest groups and the market at large that the company is concerned with doing the right thing to the environment and to its employees. This corresponds to a signaling theory, according to which individuals are more likely to believe more in the organization with a history of social and ecological activism, as being trusting, grown-up, and able to develop in a sustainable manner. It is true that when individuals hold a positive perception towards a firm it can build confidence in investors hence raising new funds, which will also benefit the firm as it will add value to it.

Along this line, Novia and Halmawati (2022) stated that CSR can assist in the formulation of the positive image of the company by the public and in the market. When the people conceive a good picture about the firm, then it will influence its reputation positively, which conversely influences the business on the whole. Consequently, CSR is not only a normative provision, but a strategic aspect, which adds on to long term viability and competitiveness of corporate values.

H_2: Corporate Social Responsibility has a positive and significant effect on Firm Value.

Effect of Profitability on Company Value

The profitability of the company represents how much the management of the company has managed to maximize on profits. The profitability of the company provides the investors with a good sense about how the company is doing and whether the company is headed to a positive direction in the future as exhibited by Putri and Puspitasari (2022). The Return on Equity (ROE) ratio will show how well the company is doing financially as opposed to the amount of money that has been invested by the shareholders. Being a ratio of profitability, this one is of great importance. High return on equity (ROE) depicts that this firm is doing well in the financial aspect and thus the higher the market value of the firm.

Nurhayati and Kartika (2020), in their turn, also agree with this view as they state that profits are of great importance to the firm value. It is due to this among others that investors view the earnings made by a company as an indicator of its potential, possibility and therefore the success of the financial aspect.

The connection of profitability and value should be attributed to the signaling theory and associated with the fact that information connected with the high profits produced by the company acts as an optimistic signal to investors. Such information indicates to investors that the company is financially well off and that it can grow which is always a positive state of affairs to investors. As well as the company can be more attractive to investors, profitability can also be used as a method of internal performance measurement and external communication of strategies, given that it can result in long run growth in the worth of a firm.

H_3: Profitability has a positive and significant effect on Firm Value

RESEARCH METHODS

In 2021-2023, the primary purpose of carrying out this quantitative study is to determine the connection amid the sustainability reporting to corporate social responsibility and the stock valuation of food and beverage companies existing on Indonesia stock exchange (IDX). The companies in the non-classical consumer category that are listed in IDX and have long history of existences are considered as part of the study population.

To gather information, the team of researchers relied on the method of purposive sampling which falls under the category of tailor-made sampling. We identified the sample by searching the companies that satisfy the set of criteria: (1) they were publicly listed on IDX and categorised as consumer non-cyclicals; (2) they continuously published annual reports and sustainability reports in 2021-2023; (3) their annual financial statements included non-zero-values of equity at the end of three last consecutive years (2021-2023).

As the key source of data in this study, the data on the study is through the primary sources, including company websites, the IDX, which is released together with the Annual Report and Sustainability Report. Quantitative methods of statistics were used in the analysis of the data in order to determine the correlation between the variables of the research and to learn about the relationship between them. The package that will be used is the SPSS version 26.

RESULTS AND DISCUSSION

Results

Descriptive Test

Table 3. Descriptive Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
SR	60	0.30	0.70	0.4870	0.09667
CSR	60	0.19	0.94	0.5323	0.16515
ROE	60	0.00	1.30	0.2203	0.29364
PBV	60	0.08	41.90	4.3734	8.94832
Valid N (listwise)	60				

Source: SPSS Ver 26 (2025)

As recorded by descriptive statistics, the research variables had 60 observations. Nevertheless, the value of the standard deviation implies that the level of variability (distribution) among the variables is different. An overview on the level of disclosure and performance of the companies observed in the period may be derived by the calculation of the mean of each variable. The average will indicate whether or not the data is consistent or variable whereas standard deviation will indicate the extent to which the data is deviating against the average. This finding is only a beginning to unearth the basic essence of the data employed which shall serve as a platform in the subsequent examination of the data using methods of regression analysis.

Classical Assumption Test

Normality Test

Table 4. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	2.98855098
Most Extreme Differences	Absolute	0.111
	Positive	0.111
	Negative	-0.062
Test Statistic		0.111
Asymp. Sig. (2-tailed)		.062[c]

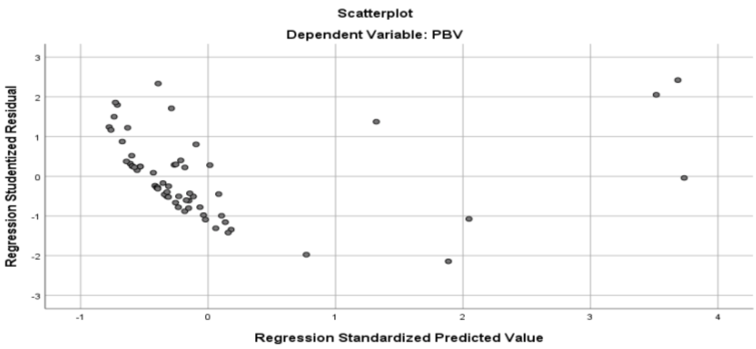
a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: SPPS Ver 26 (2025)

In this study the Kolmogorov- Smirnov (KS) test was employed to find out whether data was normally distributed. The table above indicates the outcome of the test based on which the Asympt. has been obtained. The level of significance (2 tailed) = 0.062. This number reflects the p-value in tests where the distribution of data is compared with the normal one. When the alpha value (research significance level) equals 0.05 (5%), the ruling process can go on without any fear. The normal distribution of results is seen by the fact that the p-value (0.062) exceeds the significance level (0.05). The data should satisfy the normality assumption so as to go to regression analysis step.

Heteroscedasticity Test

Gambar 1. Heteroscedasticity Test



Source: SPPS Ver 26 (2025)

It can be clearly observed that the residual pattern of dispersion is not randomly distributed as depicted by the results of the scatter plot displayed between residual values predicted values in the regression model. As the overall tendency is the increase of the residuals area and a rise of anticipated values, it is still not a strongly systematic trend with the limits being close to the acceptable values. Thus, the problem of heteroscedasticity in the regression model is not serious. This makes regression model applicable in future testing since the homoscedasticity of aggregate regression analysis assumption is achieved.

Tabel 5. Heteroscedasticity Test (Park)

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.573	1.187		0.483	0.631
	SR	-1.166	2.675	-0.065	-0.436	0.665
	CSR	1.660	1.551	0.159	1.071	0.289
	ROE	0.951	0.787	0.161	1.208	0.232
a. Dependent Variable: PBV						

Source: SPPS Ver 26 (2025)

The Park test is one of the statistical instruments of seeking heteroscedasticity in a linear regression model. In this test we use the log of the main regression model of the independent variables as the dependent variable and the log (squared residuals) as the explanatory/independent variable. This test is proposed to determine if the independent variables are significantly linked to the deviations in residuals-that is, there is inconsistency in the error variances, or that there is heteroscedasticity. The conclusion one can make is that heteroscedasticity problem is present when test outcomes indicate that at least one independent variable has a significant value (Sig.) that is below 0.05. Conversely, it is presumed that homoskedasticity is satisfied when all the important values transcend the cut-off.

Multicollinearity Test

Tabel 6. Multicolonierity Test

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.970	2.095		0.940	0.351		
	SR	-6.364	4.719	-0.069	-1.349	0.183	0.766	1.305
	CSR	-1.610	2.736	-0.030	-0.589	0.558	0.781	1.280
	ROE	28.867	1.389	0.947	20.787	0.000	0.959	1.043
a. Dependent Variable: PBV								

Source: SPPS Ver 26 (2025)

The outcome of the multicollinearity test reveals that, all the independent variables of the regression model have VIF smaller than 10 and a tolerance value that is bigger than 0.10. In case the VIF is below 10 and the tolerance value is above 0.10 as demanded in multicollinearity test then this is no big correlation among independent variables that can destabilize the model. Hence, there is no issue of multicollinearity in this regression model. i.e. the change in the outcome due to modification of the independent variables is not an issue. This also demonstrates the fact that the model can be further tested.

Autocorrelation Test

Tabel 7. Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.943[a]	0.888	0.882	3.06756	2.177
a. Predictors: (Constant), ROE, CSR, SR b. Dependent Variable: PBV					

Source: SPPS Ver 26 (2025)

To ensure that there is no autocorrelation within the regression model, we have Durbin-Watson test. Durbin-Watson is equal to 2.177. We may conclude that there is no autocorrelation in the residuals since this value falls within the boundaries of the neutral threshold that is 2. Again, as has been mentioned there exists no form of pattern or correlation in the residuals of the model and they are all entirely independent. Having these requirements satisfied, the model discovers the classical principle of the linear regression, which is non-autocorrelation. Conclusions of the research and the results of decision-making may build on the validity and reliability of the projected results of the regression model.

Multiple Linear Regression Test

Tabel 8. Multiple Linear Regression Test

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.943[a]	0.888	0.882	3.06756
a. Predictors: (Constant), ROE, CSR, SR b. Dependent Variable: PBV				

Source: SPPS Ver 26 (2025)

According to the outcome of a multiple linear regression analysis whose values are displayed in the model-Summary column, the coefficient of determination (R Square) and the adjusted R

Square comes out as 0.888 and 0.882 respectively. These results imply that the value of a company, which is the variable used in the present case through the Price to Book Value (PBV) gauge, can be described by an interaction of three independent variables i.e. Return on Equity (ROE), Corporate Social Responsibility (CSR), and Sustainability Reporting (SR) around 88.8 percent. In the meantime, the rest of variation as 11.2 percent is attributed to other factors that are not incorporated in the current regression model and possibly it originates in other exogenous or endogenous variables. The value of correlation coefficient (R) which is attained to be 0.943 indicates a very strong and positive association between the three independent variables and firm value. This implies that when used in combination, ROE, CSR and SR play a huge role in directing how the market regards the performance of firms thereby increasing the strength of the model in predicting the understandable phenomenon of the study.

T test

Tabel 8. T Test

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.970	2.095		0.940	0.351
	SR	-6.364	4.719	-0.069	-1.349	0.183
	CSR	-1.610	2.736	-0.030	-0.589	0.558
	ROE	28.867	1.389	0.947	20.787	0.000
a. Dependent Variable: PBV						

Source: SPPS Ver 26 (2025)

The results of the partial test (t-test) raised no significant effect on firm value of the sustainability reporting (SR) and corporate social responsibility (CSR). This is because the significant values of 0.558 of CSR and 0.183 of SR greater than the level of significance (0.05). Hence, none of the variables can explain the changes in firm value, where the model is concerned. Instead, the factor that influences the value of the firms most is the Return on equity (ROE) (even though the significance level is 0.000, which is considerably below the commonly accepted threshold). Based on such findings the only one of the three independent factors which impart such a significant effect on firm value is the return on equity (ROE). Thus the profitability trust or rather the ROE will probably influence the concept of firm value in the market far much more than sustainability and social responsibility as represented by the SR and CSR.

F test

Tabel 9. F Test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4197.315	3	1399.105	148.684	.000[b]
	Residual	526.955	56	9.410		
	Total	4724.270	59			
a. Dependent Variable: PBV						
b. Predictors: (Constant), ROE, CSR, SR						

Source: SPPS Ver 26 (2025)

Analysis of variance or F-test produced 148.684 value of an F-test with a significance level of 0.000. On the whole, the given regression model is statistically significant because this level of significance is far below the significant level of 0.05 (<5%). Now we can claim that we can use the regression model to predict the profitability which is a dependent variable. When the entire independent variables of the model influence the dependent variable together, then the F test will discover it. The results of F test confirm that the independent variables of the study have a significant impact on the overall profitability of the company, which is why the model will be reliable in further studies, management decision making, and establishment of the appropriate strategic policies.

DISCUSSION

Sustainability Reporting Has No Effect on Firm Value

This paper could hardly confirm that sustainability reporting has a substantial impact on the value of firm. Although SR is a proper concept in theory, it has failed to change the perception of stakeholders and investors to appreciate companies in positive ways despite the bragging of companies in terms of environmental, social and governance (ESG) performance. One of the explanations is the low use of sustainability reporting as a strategic input in the investment decision by the market. In other words, since the sustainability data do not form a central milestone yet which can be used by investors to ascertain the success or failure of a business in future. In line with this conclusion, a recent study by Jordhi Arfito (2023) and Octavia et al. (2022) could not confirm that sustainability reporting is a factor that makes businesses even more valued. With this situation in place, quality of information they offer together with the way it is perceived in the market about the significance of sustainability in corporate performance- two elements that affect the probability of SR to add value to the firm- still have a chance of improvement.

Corporate Social Responsibility Has No Effect on Company Value

In this study, the corporate social responsibility (CSR) did not have any significant impact on the value of business. One of the reasons is in the fact that most sustainability reports and annual reports of the companies, which follow the available reporting standards, fail to report on economic, social, and environmental information. In the event that such information is not presented in a comprehensive and a sincere manner then stake holders and investors might not have a positive view of the corporate social responsibility initiatives. The past studies have indicated that the CSR adoption does indeed expand the value of firms. Nonetheless, our findings differ with these ones. In particular, the opposite conclusion was reached by Mukhita et al. (2022) and Ivone & Alvina (2023). This difference among outputs explains how the sectoral and institutional framework of the respective firms investigated, the nature of disclosures provided, and the quality of CSR practice in individual firms make major contributions to the value that a firm may derive out of the CSR.

Profitability Affects Company Value

It was exposed that profitability is a significant and positive influence on value of a firm. Based on these findings, operational efficiency and management success become factors that make investors consider the ability of a company in terms of generating high profits. In this case, profitability is regarded as a key performance indicator that shows that the financial performance of a company is well and has a good future prospect. This is reasonable under the paradigm of the signaling theory because firms will be sending a signal to the market on the extent and possibility of their future performance by virtue of the earnings information. Investors being the outside people with scant information will make use of earnings as their main measure of sustainability of a company and probable ROI. Our results coincide with those of Novia and Halmawati (2022) and Putri and Puspitasari (2022), since both of them were able to arrive at the conclusion that profitability can add substantial value to the firm.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Through the conclusions made in the investigation, sustainability reporting does not remarkably influence stock prices. According to these statistics, Companies have been producing and distributing sustainability reports, yet the attitude of investors regarding the economic worth of the companies remains the same. This implies that sustainability reports are not yet considered as watering holes of investment decisions in the market. Equally, instating corporate social responsibility (CSR) does not have any real influence on the value of the firm. Failure to grasp the effects of the CSR on the corporate image and returns in the market at once can possibly be interrelated with unsuccessful contact with the outer world and stakeholders about the program or lacking incorporation of CSR within the long term course of action of the company. The converse is that profitability as measured by return on equity (ROE) has a large and positive impact on the value of the firm. The level of optimism of investors regarding the performance and future of a company connects directly with the amount of money that can be realized by the investors who are holding the shares conducted in the company. This study indicates the signaling hypothesis whereby, the market is bound to believe a firm when it publicizes good financial data, say high profits margins.

Advice

In future research, it is proposed that the analysis model by inclusion of the other variables like firm size and capital structure be added to the investigation of all items that influence firm value. An expandable expansion in the contexts of the industry sector and time period of study allows obtaining more representative and applicable analytical results in the context of increased dynamics in the market. It is also possible to consider the use of other proxies of variables, e.g., the firm value can be measured with the help of Tobin s Q and profitability as measured with the indicator of ROA or return on asset, which may give a different angle on the company financial performance. It is also suggested in the future that companies of other sectors be covered in the research, e.g., energy, mining, or financial services, thus, the results obtained can be compared and contrasted across industries, and hence, make the research finding more generalizable.

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