

The Influence of Environmental, Social, Governance (ESG), Profitability, and Company Size on Company Value in Food and Beverage Subsector Manufacturing Companies Registered on BEI for the (2020-2024)

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ABSTRACT

Manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the food and beverage subsector between 2020 and 2024 will be analyzed for their firm value using ESG, profitability, and firm size metrics. The decline in firm value (as assessed by Tobin's Q) during the study period serves as the background to this research because it indicates that investors' views on the company's prospects have changed in the post-COVID-19 economic climate. Using descriptive and causal analysis tools, this study takes a quantitative approach. Secondary data were collected from various sources, including company websites, the IDX website, annual reports, sustainability reports, and the IDX itself. A total of eighty-four food and beverage manufacturing companies listed on the IDX between 2020 and 2024 formed the study population. The study sample consisted of fourteen companies selected through a purposive sampling method. REM was used in the data analysis. Based on statistics, there is no statistically significant relationship between ESG and firm value. Firm value is positively and significantly influenced by profitability (measured by ROA) and negatively and significantly by firm size. There is a strong correlation between company value and ESG, profitability, and company size. These findings suggest that to increase investor confidence and company value, organizations must prioritize optimizing asset management efficiency and profitability, while simultaneously enhancing the effective and transparent implementation of ESG standards.

Keywords: *Environmental, Social, and Governance, profitability, company size, company value, Tobin's Q.*

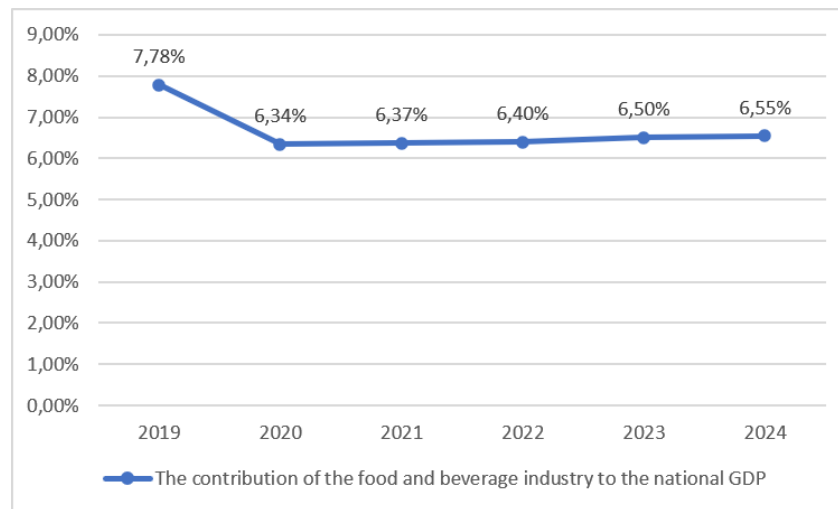
INTRODUCTION

A better understanding of how corporations impact ecosystems, communities, and accountability has pushed sustainability to the forefront of the international agenda in recent years. The emphasis on corporate sustainability (ESG) activities has shifted from corporate profitability to their responsibility to behave responsibly in the marketplace. In line with this, the Global Sustainable Investment Review revealed that substantial sustainable investment is on the rise worldwide, demonstrating that ESG principles are becoming a key consideration for investors (Review, 2022).

As stated by Yu Lianto & Simamora (2023), Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility both encourage companies to operate sustainably, which in turn encourages ESG implementation. A company's value, measured based on investors' assessments of its past and future performance, can be enhanced by implementing ESG practices (Darmawan & Firdausy, 2021; Putri, 2025).

Value does not always increase with ESG adoption or sustained improvements in financial performance and asset capacity. Consequently, further study is needed to establish a causal relationship between ESG factors, financial performance, and market capitalization, particularly for food and beverage manufacturing companies listed on the IDX.

Figure 1. The contribution of the F&B industry to the National GDP for the 2019-2024



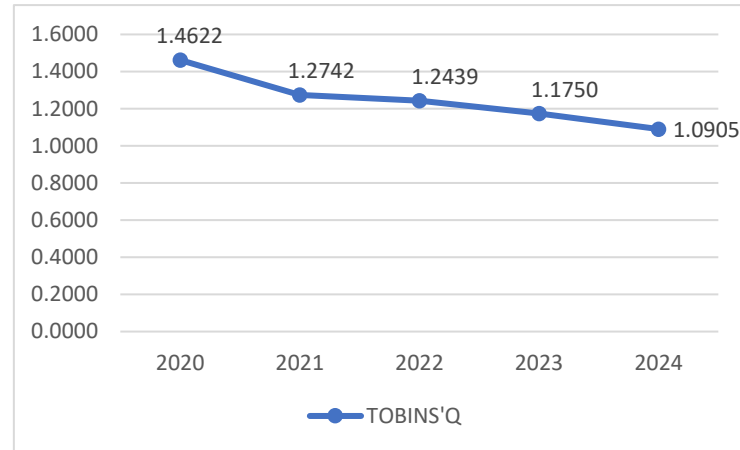
Source : Badan Pusat Statistik (2024)

The F&B sector's contribution to national GDP fluctuated during the 2019–2024 period, as shown in Figure 1. In 2019, the F&B sector accounted for 7.78% of Indonesia's GDP. Subsequently, its contribution declined by 1.44%, resulting in a 6.34% contribution to the country's GDP. The COVID-19 pandemic exerted significant pressure, leading to this decline. The Indonesian government implemented numerous regulations to restrict public activity, including large-scale social restrictions (PSBB) and community activity restrictions (PPKM), in response to the 2020 COVID-19 pandemic. The F&B sector was one of several sectors affected by these regulations, affecting production and distribution. This is consistent with what is known about the impact of the COVID-19 pandemic on the economy, namely that Indonesia's GDP growth shrank in 2020 (Sasmiharti & Karyati, 2024). The manufacturing sector, which includes the F&B industry, is a major contributor to GDP; however, due to activity restrictions, this sector also experienced a contraction (Kompas, 2020).

Company performance, particularly profitability, is influenced by these factors. According to studies conducted during COVID-19, companies in the F&B sector experienced a slowdown in profit growth compared to pre-pandemic levels. Furthermore, financial performance is also affected by changes in profitability measures, including ROA and ROE. Because profitability is a key metric for evaluating a company's potential and value, declining profitability impacts how investors view a

company's performance. Therefore, a decline in company value could be caused by the sector's reduced contribution to GDP and weakened profitability as a result of the COVID-19 pandemic (Khasanah, 2022; Putri, 2025).

Figure 2. Average Company Value (Tobins'Q) in 14 F&B subbranch companies registered on BEI

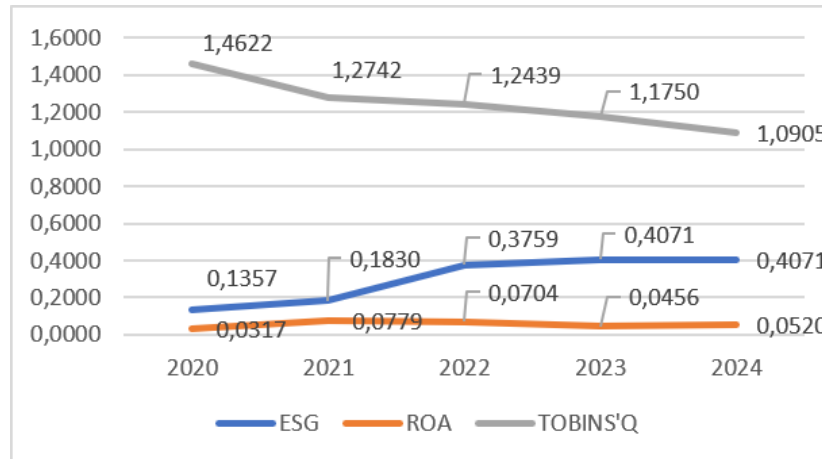


Source: www.idx.co.id (data reprocessed in 2025)

The value of manufacturing businesses in the F&B sub-sector listed on the IDX has consistently declined from 1.4622 in 2020 to 1.0905 in 2024, as evaluated using Tobin's Q, as shown in Figure 2. Declining profitability, operational efficiency, macroeconomic conditions, and market dynamics are some of the major external and internal variables that have contributed to investors' gloomy views of the company's performance and development prospects, which in turn caused this decline. Referring to Wibowo et al. (2021), Safitri & Paramita (2025), Tiranda et al. (2025), this position highlights the ongoing difficulties for companies in increasing their value while gaining investor trust and remaining competitive in the capital market.

As a major player in the country's manufacturing sector, the F&B sub-sector was chosen as the subject of this study due to its operational characteristics closely related to resource utilization, waste management, and corporate social responsibility. As a result of these characteristics, ESG implementation is becoming increasingly important to promote corporate sustainability and build investor confidence (Melinda & Wardhani, 2020). High implementation costs and the market's ineffective response to sustainability information are two reasons why previous research has shown that increased ESG adoption does not always result in increased firm value (Safitri & Paramita, 2025; Yudiansyah, 2025). The significance of ESG factors, profitability, and firm size in determining the firm value of the F&B manufacturing sub-sector in Indonesia requires further investigation in light of this situation.

Figure 3 Average ESG & Profitability (ROA) Score in 14 F&B Subbranch Companies Registered on BEI

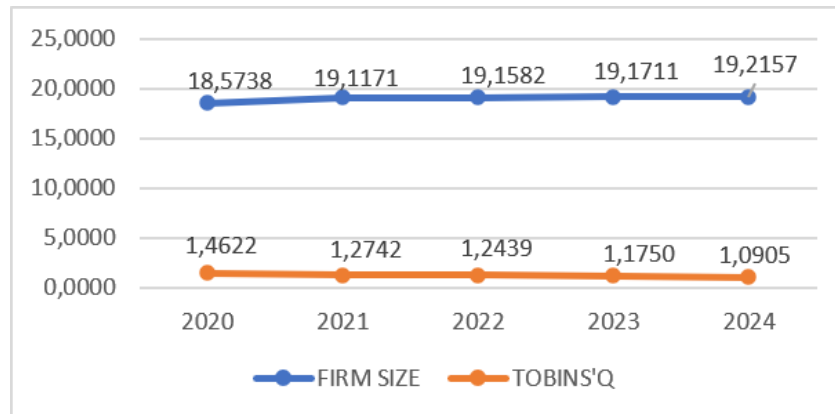


Source: www.idx.co.id (data reprocessed in 2025)

Figure 3 displays the ESG Scores from 2020–2024, demonstrating an upward trend each year. However, the theory and reality appear to be at odds in 2021, 2022, and 2023. Despite a 0.0473-point increase in ESG in 2021, firm value (Tobin's Q) decreased by 0.188 points thereafter. Tobin's Q decreased by 0.0303 points in 2022 despite a 0.1929-point increase in ESG. Tobin's Q decreased by 0.0689 points in 2023 despite a 0.0312-point increase in ESG. Anugrah (2024), Hasanah & Paramita (2025), and Irwansyah & Sebrina (2024) all found that substantial ESG disclosure does not always increase firm value. This contradicts the assumption that substantial ESG disclosure can drive value growth.

The profitability variable (ROA) also showed a similar difference in 2021, with a profit increase of 0.0462. However, in 2021, the company's value decreased by 0.188. There appears to be a discrepancy between the theory that profitability (ROA) can drive increased company value and reality, as company profitability has not been able to significantly increase its value (Arrosyid et al., 2026; Lopes et al., 2025; Manalu et al., 2023).

Figure 4 Firm size in 14 F&B sub-branch companies registered on Stock Exchange



Source: www.idx.co.id (data reprocessed in 2025)

Figure 4 shows that between 2020 and 2024, the company's value increased from 18.5738 to 19.2157. However, Tobin's Q, which assesses a company, actually showed a downward trend between 2020 and 2024, dropping from 1.4622 to 1.0905. This condition indicates that large investors do not highly value company size and this has not been successful in increasing company value. Referring to Bafera & Kleinert (2023), Choudhury (2024), Connelly et al. (2025), there is a difference between theory and reality regarding the correlation between company size and value increase.

Referring to several previous studies, such as those by Farrel & Dewi (2025), Yulianto & Ulpah (2024), ESG variables have a positive impact on stock value. Conversely, Jeanice & Kim (2023), Ningwati et al. (2022), Yudiansyah (2025), and Safitri & Paramita (2025) all show that high ESG has the opposite effect and also reduces company value.

Several studies have shown that high profitability increases company value. These studies include research by Hutagalung and Meilinda (2024), Dianova & Widyalasmono (2024), Safitri & Paramita (2025), Santoso & Junaeni (2022), and Kammagi (2023). Some studies show that large companies have lower value than small companies (Nugroho & Widodo (2022), Nurdin & Indah (2023)), while others show the opposite.

There are also differences in results when considering the company size variable. Referring to research published in articles by Anggita et al. (2021), Gz & Lisiantara (2022), Rakhman (2021), Susesti & Wahyuningtyas (2022), the larger a company, the higher its value. Conversely, Nurdin & Indah (2023), Kammagi (2023), and Nugroho & Widodo (2022) all found the opposite—larger companies had lower values.

This study examines the downward trend in firm value among food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024. This trend persists despite periods of improvement in ESG ratings, profitability, and firm size. The fact that various studies have reached different conclusions regarding the variables that influence firm value demonstrates the lack of

consensus in the empirical literature. Therefore, between 2020 and 2024, the researchers in this study sought to determine how food and beverage manufacturing companies traded on the IDX performed in terms of firm value as a function of ESG, profitability, and firm size.

Legitimacy Theory

To be accepted by society and maintain the sustainability of their companies, referring to legitimacy theory (Anugrah, 2024; Rama & Paramita, 2025; Irwansyah & Sebrina, 2024), issuers must conduct their operations in harmony with societal norms, expectations, and values. Here, a company's dedication to ESG (environmental, social, and governance) obligations is demonstrated by the implementation of ESG practices. Referring to Anugrah (2024), company value can be increased through a chain reaction that begins with increased legitimacy, reputation, and investor trust, leading to increased investment interest.

Stakeholder Theor

To generate long-term value through open and profitable partnerships, organizations must prioritize the needs of all stakeholders, not just shareholders, in line with stakeholder theory (Arrosyid et al., 2026; Lopes et al., 2025; Manalu et al., 2023). According to these studies, a profitable business is a large business that utilizes its resources effectively and achieves solid financial results. Investors and other stakeholders become more optimistic as a result of this development, which can lead to increased company valuation.

Signaling Theory

(Bafera & Kleinert, 2023; Choudhury, 2024; Connelly et al., 2025) Referring to signaling theory, businesses communicate with investors to mitigate the impact of information asymmetry and decision uncertainty. Larger organizations often have more resources, stronger governance, and are also more transparent, therefore this study views company size as a favorable indicator. Increased company value can result from the ability of this signal to foster trust among investors.

Company Values

Referring to Primadani (2025), Widyastuti & Sari (2025), Wijaya (2025), company value is a significant indicator for investors because it represents their opinion of the company's performance, prospects, and potential for future profit generation. This study uses Tobin's Q as a measure of company value because it more accurately represents how the market values the company's assets as a whole and also provides a more comprehensive picture of investment possibilities and growth potential. This study uses the following formula for Tobin's Q (Safitri & Paramita, 2025):

$$Tobin's\ Q = \frac{(MVE + Debt)}{Total\ Asset}$$

Environmental, Social, Governance (ESG)

(Safitri & Paramita, 2025; Wulandari & Istiqomah, 2024) ESG refers to a broad standard that incorporates ESG factors into a company's business and operational objectives. As an important indicator for evaluating company performance, ESG disclosure provides non-financial information that reflects the impact of company policies (Tiranda et al., 2025). Using the following methodology (Angir & Weli, 2024; Safitri & Paramita, 2025; Sugiyono, 2023), the ESG assessment in this study is based on the GRI principles, which assigns a score depending on the amount of disclosure for each sustainability indicator:

$$ESG\ Disclosure = \frac{ESG\ Disclosure\ Item\ Value}{Total\ Maximum\ Disclosure}$$

Referring to legitimacy theory, for companies to achieve social recognition or approval, they must conduct their operations in alignment with societal values, norms, and expectations (Anugrah, 2024; Rama & Paramita, 2025; Irwansyah & Sebrina, 2024). Referring to Olivia et al. (2025), investors view excellent ESG performance disclosure by companies as a sign of responsible and sustainable management, thereby increasing investment interest and company value. This claim aligns with the results of studies on the relationship between ESG disclosure and company value (Tiranda et al., 2025), which show that substantial ESG disclosure increases company value (Abdi et al., 2022; Aydoğmuş et al., 2022; Rahelliamelinda & Handoko, 2024; Tiranda et al., 2025), and other studies also support this statement.

H1: “ESG has a positive influence on company value”

Profitability

A business's ability to generate profits depends on how well it manages its assets, capital, and other resources (Sugiyono, 2019; Hasanah & Paramita, 2025). This study uses (ROA) as a profitability metric because it shows a company's efficiency in converting its assets into profits and also reflects the financial performance taken into account by large investors when assessing a company's future prospects. Referring to (Safitri & Paramita, 2025; Intan & Paramita, 2025; Kasmir, 2016), the following is the formula used by large investors to calculate ROA:

$$ROA = \frac{Net\ Profit}{Total\ Assets} \times 100\%$$

In line with Stakeholder Theory, businesses must foster relationships with all relevant parties and involve them in reporting and decision-making processes. Greater transparency, better decision-making, and the creation of long-term shared value—rather than a narrow focus on shareholder profits—are crucial (Arrosyid et al., 2026; Lopes et al., 2025; Manalu et al., 2023). A company's potential to attract investors and create future value is directly correlated with its profitability, Adhia

(2025) argues. Safitri & Paramita (2025), Kammagi (2023), Dianova & Widyalasmono (2024), and Santoso & Junaeni (2022) are among the empirical studies that support this relationship and show that high profitability increases firm value.

H2: “Profitability (ROA) has a positive influence on value of the company”

Company Size

Referring to Kammagi (2023), Priyatama and Pratini (2021), Tiranda et al. (2025), company size provides an indication of its operational capabilities, the complexity of its commercial operations, and its ability to manage its own resources. Because it more accurately represents company scale, reduces scale differences between companies, and minimizes the effects of extreme values, Ln of total assets is used as a proxy for company size in this study. Referring to several studies (Manalu et al., 2023; Tiranda et al., 2025), the following formula is used to determine Company Size:

$$SIZE = Total Asset$$

Referring to signaling theory, diverse parties with more information will send positive signals to investors when there is a knowledge gap between them. This helps investors make better decisions by reducing uncertainty (Bafera & Kleinert, 2023; Choudhury, 2024; Connelly et al., 2025). According to Susesti and Wahyuningtyas (2022), investors are more attracted to large-scale companies due to their greater resources and stability. According to Brigham & Houston (2021) and Agustin & Paramita (2025), a favorable view of a company can lead to an increase in its capital market value.

H3: “The size of the company has a positive influence on value of the company”

METHODS

This study employed a quantitative strategy integrating descriptive and causal approaches. Primary sources for the data collection included company websites and annual reports (both sustainability-related and otherwise) covering the period 2020–2024, as well as secondary sources such as the Indonesia Stock Exchange (IDX). The study population comprised eighty-four companies, fourteen of which were selected as samples using a purposive sampling technique. To achieve its objectives, this study employed purposive sampling, which allows companies to be selected based on predetermined criteria. Companies that consistently provided financial statements and sustainability reports throughout the study period were included in this category. Panel data regression was employed in this study, integrating time-series and cross-sectional data. EViews 13 was used to perform the panel data regression analysis. Panel data regression analysis, classical assumption testing, hypothesis testing,

descriptive statistics, and coefficient of determination analysis were the subsequent steps in the data analysis process.

Table 1 Sample Selection Process

Yes	Description	Quantity
1	Food and beverage branch manufacturing companies registered on BEI found for the 2020-2024	84
2	Food and beverage branch manufacturing companies big IPO on BEI found after 2020	(22)
3	Food and beverage branch manufacturing companies big do not publish fully audited financial statements for the 2020-2024	(7)
4	Food and beverage branch manufacturing companies big have been suspended on BEI found for the 2020-2024	(7)
5	Food and beverage manufacturing companies big do not publish <i>sustainability reports</i> within 5 years for the 2020-2024	(34)
Total		14

Source: Processed Data in 2025

RESULTS AND DISCUSSION

The purpose of descriptive statistics is to provide an accurate picture of the data, not to generalize or draw broad conclusions (Sugiyono, 2023). By observing the mean, range, minimum, and standard deviation, descriptive statistics can provide an overview or interpretation of the data. This descriptive analysis yielded the following findings:

Table 2. Descriptive Statistical Analysis Outcomes

	Y_TOBINS	X1_ESG	X2_ROA	X3_FZ
Red	749865.8	0.301786	0.055540	18.97994
Median	3955.812	0.175000	0.047379	17.35318
Maximum	7692991.	0.937500	0.176001	28.75394
Minimum	1.639418	0.000000	-0.073593	10.47433
Std. Dev.	1672386.	0.321556	0.051296	4.337118
Skewness	2.754516	0.528941	0.241544	0.862915
Kurtosis	9.784025	1.769138	3.228957	3.046192
Jarque-Bera	222.7529	7.682901	0.833573	8.693482
Probability	0.000000	0.021462	0.659162	0.012949

Sum	52490606	21.12500	3.887818	1328.596
Sum Sq. Dev.	1.93E+14	7.134464	0.181562	1297.931
Observations	70	70	70	70

Source: Processed secondary data processing outcomes, 2025
Based on the table, here is the explanation:

1. For each variable considered, descriptive analysis revealed a total of 70 data points. Using Tobin's Q as the measure of Y, it was found that the variable had the following distribution: mean 749,865.8, median 3,955.812, maximum 7,692,991, minimum 1,639,418, and standard deviation 1,672,386.
2. The Environmental, Social, and Governance (ESG) variable (X1) values range from 0.000000 to 0.937500, with a median of 0.175000, and a standard deviation of 0.321556.
3. The second variable, X2, which represents profitability measured through ROA, has the following values: mean 0.055540, median 0.047379, maximum 0.176001, lowest -0.073593, and standard deviation 0.051296.
4. The X3 value, which stands for Company Size (FZ), ranges from 10.47433 to 28.75394, with a standard deviation of 4.337118. The mean is 18.97994, the median is 17.35318, and the highest value is 28.75394.

Panel Data Regression Model Selection Test

the model selection test outcome are:

Chow Test

Table 3. Chow Test Outcomes

Redundant Fixed Effects Tests

Equation: Untitled

Test cross-section fixed effects

Effects Test	Statistic	D.F.	Prob.
	114.13555		
Cross-section F	1	(13,53)	0.0000
	235.69987		
Cross-section Chi-square	6	13	0.0000

Source: Data processing outcomes utilizing Eviews 13

The FEM is the suitable model, also H_a is accepted, since the p-value of 0.0000 < 0.05, as the Chow test outcomes table. Hence, more testing is required.

Hausman Test

Table 4. Hausman Test Outcomes

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	1.252219	3	0.7405

Source: Data processing outcomes utilizing Eviews 13

With a probability value of $0.7405 > 0.05$, as the table of Hausman test outcomes, H_0 is rejected also REM is the proper model. Inconsistent outcome were found by both the Chow and Hausman tests. As a outcome, an LM test is important.

Lagrange Multiplier Test

Table 5. Lagrange Multiplier (LM) Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	119.1451 (0.0000)	1.735727 (0.1877)	120.8809 (0.0000)

Source: Data processing outcomes utilizing Eviews 13

A p-value of $0.0000 < 0.05$ is shown by the Lagrange multiplier (LM) test outcomes table. The REM is the right model, and H_0 is therefore accepted.

Regression Data Panel

Based on outcome of the three tests, the REM model was determined to be the most successful, thus it will be used for regression analysis. Here are the outcome:

Table 6. Panel Data Regression Outcomes

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3139134.	815819.5	3.847830	0.0003
X1_ESG	-3411.844	210409.8	-0.016215	0.9871
X2_ROA	3191608.	1196714.	2.666976	0.0096
X3_FZ	-135169.1	35874.30	-3.767854	0.0004

Source: Data processing outcomes utilizing Eviews 13

The regression equation based on the output results in the table above is as follows:

$$Tobin's\ Q = 3139134 - 3411.844ESG + 3191608ROA - 135169.1FZ + \varepsilon_{it}$$

1. The constant value of 3139134 shows that if the ESG, ROA, and FZ variables are considered constant or have a value of zero, then the Tobin's Q value is 3139134.
2. The coefficient value of the ESG variable is -3411.844. This means that every one-unit increase in *Environmental, Social, and Governance* (ESG) will decrease Tobin's Q by 3411.844, assuming *Return on Assets* (ROA) and *Firm Size* (FZ) remain constant.
3. The coefficient value of the ROA variable is 3191608. This means that every one unit increase in *Return on Assets* (ROA) will increase the Tobin's Q value by 3191608, assuming the *Environmental, Social, and Governance* (ESG) and *Firm Size* (FZ) variables remain constant.
4. The coefficient value of the FZ variable is -135169.1. This means that every one-unit increase in *Firm Size* (FZ) will decrease the Tobin's Q value by 135169.1, assuming the *Environmental, Social, and Governance* (ESG) and *Return on Assets* (ROA) variables remain constant.

CLASSIC ASSUMPTION TEST

After the descriptive statistical analysis is complete, the next step is to test the classical assumptions. However, because the selected model is REM, which uses the GLS technique, classical assumption testing is not necessary (Napitupulu et al., 2021).

Hypothesis Testing

Partial Test (t-test)

Table 7. Partial Test Outcomes (t-test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3139134.	815819.5	3.847830	0.0003
X1_ESG	-3411.844	210409.8	-0.016215	0.9871
X2_ROA	3191608.	1196714.	2.666976	0.0096
X3_FZ	-135169.1	35874.30	-3.767854	0.0004

Source: Data processing outcomes utilizing Eviews 13

The following are the results of the table above:

1. The ESG variable has a probability value (p-value) of $0.9871 > 0.05$ with a coefficient value of -3411.844. Therefore, H1 is rejected, meaning that ESG does not have a significant influence on Company Value as represented by Tobin's Q.
2. The variable (ROA) has a probability value (p-value) of $0.0096 < 0.05$ with a coefficient value of 3,191,608. So H2 is accepted, meaning that a large ROA

has a large positive influence on Tobin's Q. This shows that the higher the ROA, the greater the tendency for an increase in Tobin's Q.

3. The Company Size (FZ) variable has a p-value of $0.0004 < 0.05$ with a coefficient of -135,169.1. So H3 is accepted, which means that large Company Size (FZ) has a large negative influence on Tobin's Q. This shows that the larger the company, the greater the possibility of its Tobin's Q value decreasing.

Simultaneous Test (F Test)

Table 8. Simultaneous Test Outcomes (F Test)

F-statistic	7.740152
Prob(F-statistic)	0.000166

Source: Data processing outcomes utilizing Eviews 13

The table shows big (ESG), Profitability (ROA), and Firm Size all have an impact on Company Value as measured by Tobin's Q, with an F-statistic of $0.000166 < 0.05$ ($\alpha = 5\%$).

Test of Determination Coefficient (R²)

Table 9. Determination Coefficient test outcomes (R²)

R-squared	0.260259
Adjusted R-squared	0.226635

Source: Data processing outcomes utilizing Eviews 13

The dependent variable is explained by other factors outside the scope of this study, which account for 77.34% of the variance. The independent variables account for 22.66% of the variance, as seen in the table above, with an adjusted R-squared value of 0.226635.

The Influence of Environmental, Social, Governance on Company Value

Based on t-test results, ESG does not impact significant to mark company; therefore, H1 is rejected. A number of study has show that ESG initiatives can increase mark company (Anugrah, 2024; Rama & Paramita, 2025; Irwansyah & Sebrina, 2024) with increase legitimacy, reputation, and investor confidence in company. Research results This show that company food and Drink Not yet experience increase mark substantial company as consequence from improvement ESG disclosure.

This matter can associated with fact that steps sustainable like efficiency energy, use material raw materials and packaging friendly environment, as well as management waste relatively expensive for applied in the sector food and beverages. The market value of a company Possible Not yet reflect benefit direct from ESG

initiatives because investment This often nature term long . In addition , the company must face impact COVID-19 pandemic , fluctuations price material standards , inflation , and constraints cost operational from 2020 to 2024. In situation like this , investors are more prioritize results future finances and profits than ESG factors . As a result , investors still Not yet prioritize current ESG factors evaluate company food and drink . Impact negative ESG impact on mark company found by Rahelliamelinda & Handoko (2024), Abdi et al. (2022), Aydoğmuş et al. (2022b), and Tiranda et al. (2025), which departs from behind with results study This .

The Effect of Profitability on Company Value

H2 is accepted because the t-test results for manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange in the period 2020 to 2024 show that ROA significantly affects firm value, as measured by Tobin's Q. Higher levels of profitability correlate with higher firm value.

Referring to stakeholder theory, which has been supported by various studies (Arrosyid et al., 2026; Lopes et al., 2025; Manalu et al., 2023), stakeholders, particularly investors, have greater confidence in a company's future prospects when it consistently generates high profits and demonstrates strong financial performance. Adhia (2025) found that profitable companies are better able to attract investors and have a higher financial capacity to generate future value. Profitability is particularly important in the food and beverage subsector due to the high costs of raw materials, production, distribution, and energy. Profitable asset management is an indicator of a company's resilience in facing cost challenges and its capacity to maintain smooth operations. Consistent with other studies showing that profitability increases company value, this study's findings corroborate those of Safitri and Paramita (2025), Kammagi (2023), Dianova and Widyalasmono (2024), and Santoso and Junaeni (2022).

The Effect of Company Size on Company Value

H3 can be accepted because the test results (t-test) show that FZ significantly reduces the company's value, as measured by Tobin's Q. Therefore, Tobin's Q tends to decrease as the company size increases.

Company size is believed to increase investor confidence based on signaling theory, which states that size reflects a company's financial health, stability, and long-term prospects (Bafera & Kleinert, 2023; Choudhury, 2024; Connelly et al., 2025). A company's capital market value can increase as a result of increased investor interest and confidence generated by these signals (Agustin & Paramita, 2025; Brigham & Houston, 2021). On the other hand, in the food and beverage subsector, bigger is not always better. The operational structures of companies with large assets are sometimes more complex, and the costs of production, distribution, labor, and asset maintenance are often higher. Increasing company scale has the potential to reduce efficiency and undermine investor perceptions of the company's future if these assets

are not utilized effectively. The findings of this study are in line with previous research findings that show a positive relationship between company size and company value (Anggita, Khosyi Tiara, 2021; Gz & Lisiantara, 2022; Rakhman Liaw Bun Fa Hafizah Rifiyanti, 2021; Susesti & Wahyuningtyas, 2022).

Simultaneous Influence of ESG, Profitability (ROA) and Company Size on Company Value

The adjusted R-squared value = 0.226635 after controlling for confounding variables shows that ESG, profitability, and firm size explain 22.66 percent of the variance in firm value (Tobin's Q), while other variables explain the remaining 77.34 percent. Furthermore, the F-test yields a statistical value (probability value) of $0.000166 < 0.05$. This means that ESG, profitability, and firm size all have a significant impact on firm value simultaneously, as stated in the fourth hypothesis (H4). This shows that overall, sustainability policies do help create value for the company, although the impact of these variables does not always point in the same direction.

CONCLUSION

Of all manufacturing companies listed on the Indonesia Stock Exchange in the food and beverage subsector between 2020 and 2024, this study found that ESG had no significant impact on firm value, but profitability had a positive effect, and firm size had a negative effect. Furthermore, the combined impact of these three factors on firm value was significant. This suggests that sustainability, financial performance, and business characteristics all play a role in investors' assessment of a company. While ESG did not have a significant impact in isolation, it helped explain changes in firm value when combined with profitability and firm size.

The findings of this study imply that companies need not only to improve ESG disclosure but also to ensure that the implementation of sustainability practices delivers tangible economic benefits and enhances investor confidence. Furthermore, companies need to maintain profitability through efficient asset management, as this has been proven to increase company value. Furthermore, companies with large asset sizes need to optimize asset utilization effectiveness to prevent growth from lowering market valuation. Therefore, increasing company value is determined not only by asset size or sustainability disclosure, but also by the company's ability to generate strong financial performance and manage resources efficiently.

Limitations of this study include the small sample size of 14, the short observation period (five years, from 2020 to 2024), and the reliance on only three independent variables. The researchers recommend that future research include other variables such as debt ratio, dividend policy, firm growth, liquidity, corporate governance, and macroeconomic factors, in addition to increasing the sample size and extending the observation period for more in-depth analysis. The findings of this study corroborate previous research showing that while sustainable business

practices are important, increasing firm value also requires skillful management of the firm's size and resources, as well as a high level of profitability.

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