

The Effect of ESG and Financial Performance on Company Value with Analyst Coverage as a Moderator

Rizki Eka Oktaviani, Nur Anisah*

Faculty of Economics and Business, Accounting Study Program, Institut Teknologi dan Bisnis PGRI Dewantara, Jombang, Indonesia

Jl. Prof. M. Yamin No. 77, Pandanwangi, Jombang, East Java 61471, Indonesia

Email: ¹2262111@itebisdewantara.ac.id, ^{2,*}nur_anisah@itebisdewantara.ac.id

Correspondence Author Email: nur_anisah@itebisdewantara.ac.id

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Abstract—The value of manufacturing companies listed on the IDX continues to fluctuate despite improvements in Environmental, Social, Governance practices, financial performance. This condition indicates uncertainty regarding the effectiveness of ESG, financial performance in enhancing firm value. This study aims to examine the effect of ESG, financial performance on firm value, analyst coverage as a moderating in manufacturing companies listed on the IDX during the 2023–2024 period. The study employs a quantitative approach using secondary data. The population consists of 201 manufacturing companies, while the sample comprises 55 firms selected through purposive sampling, limited to companies with complete ESG scores, financial data, analyst coverage information during the observation period. ESG measured using ESG scores from LSEG ESG Refinitiv, financial performance is proxied ROA, firm value measured using PBV, analyst coverage measured by the number of analysts issuing recommendations. Data analysis techniques include classical assumption tests, Moderated Regression Analysis, t-tests. The results indicate that both ESG, financial performance have a significant positive effect on firm value. Analyst coverage strengthens the relationship between financial performance and firm value, but does not consistently moderate the relationship between ESG and firm value. These findings suggest the market is more responsive to quantitative financial metrics than nonfinancial ESG information. This study contributes empirically to the literature on ESG, financial performance, firm value, and provides practical implications for corporate management, investors, stakeholders in investment decisionmaking.

Keywords: Analyst Coverage; Company Value; ESG; Financial Performance; Manufacturing Sector

1. INTRODUCTION

Company value is a key indicator that reflects market perceptions of a company's performance, growth prospects, sustainability (Inggrida et al., 2023). In the context of capital markets, company value is determined not only by historical financial performance, but also by investor expectations of the company's ability to manage risk and create long-term value. Global market developments show a paradigm shift in company valuation, where non-financial factors are gaining equal attention to traditional financial indicators (Zhang & Wang, 2024). This shift is increasingly relevant to the manufacturing sector, which contributes significantly to the national economy and has a high environmental social impact. In recent years, corporate assessments have shifted focus from conventional financial indicators to include sustainability aspects reflected in ESG factors. ESG is seen as an indicator of corporate governance quality and long-term orientation, particularly in emerging markets such as Indonesia (Aydo & Ergun, 2022). Increased attention to ESG is also driven by global initiatives such as the UN Principles for Responsible Investment, which emphasise the importance of integrating ESG factors into investment decision-making. The UN Principles for Responsible Investment (UN-PRI) noted that by 2024, more than 5,261 global financial institutions with \$139.6 trillion in assets under management had integrated ESG principles into their investment decision-making processes (UNPRI, 2025).

In Indonesia, the urgency of implementing ESG is increasing with the enactment of reporting regulations issued by OJK Regulation No. 51/POJK.03/2017 on sustainable finance, which requires financial service institutions, public companies, and issuers to prepare and publish sustainability reports (OJK, 2017). The manufacturing sector is a major concern due to its significant contribution to the national economy and its relatively large environmental and social impact. This situation requires manufacturing companies to not only demonstrate good financial performance, but also a credible commitment to sustainability in order to maintain their value in the eyes of investors (Harjanto, 2025).

A number of previous studies have examined the relationship between ESG and company value, but the results are still inconsistent. (Putri et al., 2021) found that ESG performance has a positive effect on company value because it enhances reputation and investor confidence. Similar findings were also reported by (Rahayu & Sanjaya, 2024) and (Lahaya and Triadita, 2024), who confirmed that ESG can increase company value in manufacturing companies. However, research by (Angir & Weli 2024) shows that ESG does not always have a significant impact on company value due to limitations in the quality of disclosure and high information asymmetry in the Indonesian capital market.

Other challenges also arise from the financial performance side. In the manufacturing sector, fluctuations in production costs, exchange rate volatility, and global uncertainty put pressure on company profitability. These conditions have a direct impact on market perception and the Price to Book Value (PBV) ratio as an indicator of company value. Therefore, the relationship between financial performance and company value is not always straightforward, as it is greatly influenced by how the market assesses financial efficiency and long-term sustainability (Sunardi & Edastami, 2024). The interaction between macroeconomic and microeconomic factors creates uncertainty that requires an integrated and adaptive management strategy between financial and non-financial aspects.

Research by (Adrian & Maharani 2025) and (Fauzi 2022) shows that financial performance measured through profitability ratios has a positive effect on company value. However, several other studies have found that this effect is

inconsistent and depends on market conditions and corporate governance mechanisms Rizkiartri and Handayani (2024). This shows that financial performance alone is not sufficient to comprehensively explain variations in company value. The main limitation of previous studies lies in the lack of attention to the role of information mechanisms in strengthening ESG signals and financial performance. In the context of capital markets, financial analysts play an important role as information intermediaries that bridge companies and investors. Analyst coverage can reduce information asymmetry by interpreting, validating, and disseminating company information to the market (Lang and Lundholm, 1996). Research by (Zhang & Wu 2023) shows that the presence of analysts influences the quality of a company's ESG performance, while (Abady & Hidayah 2025) prove that analyst coverage can moderate the relationship between ESG controversies and company value in Southeast Asia.

However, research that simultaneously examines the influence of ESG, financial performance on company value by including analyst coverage as a moderating variable is still relatively limited, particularly in the manufacturing sector in Indonesia. Most studies only examine the direct influence of ESG or financial performance on company value without considering how this information is interpreted and perceived by the market. This research gap highlights the need for a more comprehensive approach to understanding the mechanisms of corporate value formation in the era of sustainability. The urgency of this research is further reinforced by increasing investor demands for ESG transparency and global pressure for sustainable business practices. Without the support of analysts as credible disseminators of information, ESG disclosures have the potential to be perceived as symbolic and not having a real impact on increasing company value (Yi & Ahn, 2023). Therefore, this study offers a solution by integrating ESG, financial performance, and analyst coverage into a single empirical framework to explain the current conditions of company value creation.

This study aims to analyse the influence of ESG and financial performance on company value and to examine the role of analyst coverage as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange for the period 2023–2024. The contribution of this study is expected to enrich the literature on sustainable finance in emerging markets, expand the application of signalling theory in the context of ESG, and provide practical implications for company management, investors, analysts, and regulators in improving the effectiveness of sustainability strategies and market information quality. The main theories used in this study, namely Stakeholder Theory, Signalling Theory, Agency Theory, and Asymmetric Information Theory, are used to explain the relationship between ESG, financial performance, analyst coverage, and company value. Stakeholder Theory (Freeman, 1984) emphasises that companies are not only responsible to shareholders, but also to all stakeholders. In this context, the implementation and disclosure of ESG reflects the company's efforts to meet environmental, social, and governance expectations, which can enhance the company's legitimacy and reputation. Positive responses from stakeholders, including investors and analysts, ultimately contribute to an increase in company value.

Signalling Theory (Spence, 1973) explains that management sends signals to the market through information disclosure to reduce investor uncertainty. Good financial performance and ESG disclosure serve as positive signals regarding the quality of management and the company's long-term prospects. The effectiveness of these signals is strengthened when the information is reinforced by analyst coverage, which helps disseminate and interpret the signals to the capital market. Agency Theory (Jensen & Meckling, 1976) views the potential for conflicts of interest between managers and shareholders. Transparent ESG disclosure and financial performance can reduce agency conflicts by increasing management accountability. In addition, the presence of analysts as external supervisors also limits opportunistic behaviour by management, thereby increasing investor confidence and company value.

Furthermore, Asymmetric Information Theory (Akerlof, 1970) explains that information asymmetry between management and investors can lead to misjudgements about the company. ESG disclosure, financial performance, and analyst coverage serve to reduce information asymmetry by providing more comprehensive and credible information. With reduced information gaps, investors can assess companies more accurately, which is reflected in increased company value. These four theories provide a complementary conceptual framework for understanding how financial and non-financial information influences investor perceptions and market valuations.

In the context of emerging markets such as Indonesia, the role of analysts as an external monitoring mechanism needs to be understood contextually. Analysts in the Indonesian capital market tend to focus more on large-cap companies and short-term financial indicators such as profitability, rather than non-financial and long-term ESG aspects. This indicates that analysts' attention to ESG issues is still relatively limited, making them more effective in reinforcing financial performance information than ESG information. This condition explains the research findings that analyst coverage can moderate the relationship between financial performance and company value, but does not consistently moderate the relationship between ESG and company value, in line with the theory of information asymmetry.

2. RESEARCH METHODS

2.1 Basic Research Framework

This study uses a descriptive-verify quantitative approach. (Sugiyono, 2023) defines the quantitative approach as a research method based on positivism philosophy, which is used to study a specific population or sample, with data collection using research instruments and statistical data analysis to test predetermined hypotheses. A descriptive-verify design is used to answer the two main objectives of the study, namely to describe empirical phenomena related to financial performance, ESG, and company value in the manufacturing sector on the IDX (descriptive aspect), and to

verify or test the influence between variables that have been formulated theoretically (verificative aspect). In line with this definition, this study uses a quantitative approach because it focuses on testing the influence between variables that can be measured numerically and analysed using statistical methods to test the correlation between variables.

The population is the entire area of generalisation (both objects and subjects) that has similar characteristics, which is determined by the researcher as the focus of the study to be analysed and studied, which then becomes the basis for drawing conclusions (Sugiyono, 2023). The research population used 201 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the selected research period of 2023-2024. Based on purposive sampling criteria, a research sample of 55 companies was obtained that met the requirements for completeness of ESG data, financial reports, and availability of analyst coverage information during the observation period. The selection of the manufacturing sector was based on its significant contribution to the national economy and its high exposure to environmental and social issues, making it relevant for testing ESG performance and company value.

The type of data used in this study is secondary data. Secondary data is data sourced from official publications rather than obtained through primary data collection such as direct surveys of respondents (Sugiyono, 2023). This study uses a quantitative approach by utilising secondary data sourced from official publications. Quantitative data in the form of figures was obtained from company annual reports and sustainability reports, the LSEG ESG Refinitiv database, the Indonesia Stock Exchange, and secondary platforms such as IDN Financials, Yahoo, and Investing.com. The type of data used is panel data, which is a combination of data across manufacturing companies listed on the IDX and time series data for the period 2023–2024. The use of panel data allows for a more comprehensive analysis in capturing variations between companies and over time. The use of this secondary data is considered objective and reliable because the data has undergone an audit process and has been published by the relevant authorities.

There are three types of variables used in this study, namely independent variables, dependent variables, and moderating variables. Independent variables include Environmental, Social, and Governance (ESG) and financial performance. ESG (Environmental, Social, and Governance) is an assessment framework that combines three important aspects in company operations, namely environmental, social, and governance, which are increasingly taken into account by investors and stakeholders because they indicate the sustainability of the company (Angir & Weli, 2024). ESG can measure the extent to which a company manages environmental risks (such as carbon emissions and water use), social issues (such as employee relations and human rights), and governance (such as board structure, business ethics, and shareholder rights). In this study, ESG is measured using the ESG Score obtained from Refinitiv/LSEG ESG with Environmental, Social, Governance indicators = ESG Score (ratio scale 0–100) from LSEG ESG Scores, which covers three dimensions, namely E (Environment), S (Social) and G (Governance).

Financial performance is a description of a company's financial condition obtained through the process of analysing financial statements to assess the extent to which the company carries out its operational activities effectively and in accordance with sound financial principles (Simangunsong & Solikhin, 2022). Financial performance reflects a company's ability to generate profits and manage resources efficiently. In this study, financial performance is proxied by a profitability ratio, namely Return on Assets (ROA), which is formulated as follows:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100 \quad (1)$$

The dependent variable in this study is company value, which is the market's perception of the company's performance and future prospects, the level of risk faced, and the effectiveness of management in carrying out its business activities (Kusumaningru & Iswara, 2022). Company value reflects the level of investor confidence formed from the financial and non-financial information disclosed by the company. In this study, company value is measured using a market-based indicator, namely Price to Book Value (PBV), with the following formula:

$$\text{Price to Book Value} = \frac{\text{Closing Share Price}}{\text{Total Equity}} \quad (2)$$

The moderating variable used is analyst coverage, which is the level of attention or coverage that a company receives from financial analysts, measured by the number of analysts or research institutions that monitor, assess, and provide investment recommendations on the company's shares (Abady & Hidayah, 2025). The existence of analyst coverage plays a role in reducing information asymmetry between management and investors, as well as strengthening or weakening the influence of ESG and financial performance on company value through the dissemination and interpretation of more extensive information in the capital market. Analyst coverage is measured as follows:

$$AC = N_{\text{analyst}} + 1 \quad (3)$$

The number of analysts covering a company during a specific period based on published research reports or stock recommendations. Add 1 so that if the number is 0, the Ln result does not produce an error. According to Sugiyono (2023), a research framework is defined as a set of concepts or conceptual models designed to describe the relationships between variables that are the focus of a study. This framework serves as the basis for the formulation of research hypotheses. This research framework was developed to explain the relationship between Environmental, Social, and Governance (ESG) and financial performance on company value, with analyst coverage as a moderating variable. Company value reflects the market's perception of a company's performance, prospects, and risks, which are influenced by both financial and non-financial information. ESG is seen as a form of non-financial disclosure that demonstrates a

company's commitment to sustainability and good governance, while financial performance represents a company's ability to manage assets and generate profits. Analyst coverage acts as an external mechanism that helps disseminate and interpret this information to investors, thereby potentially strengthening or weakening the influence of ESG and financial performance on company value. This framework is based on Stakeholder Theory, Signaling Theory, Agency Theory, and Asymmetric Information Theory, which together explain how company information influences investor decisions and assessments in the capital market.

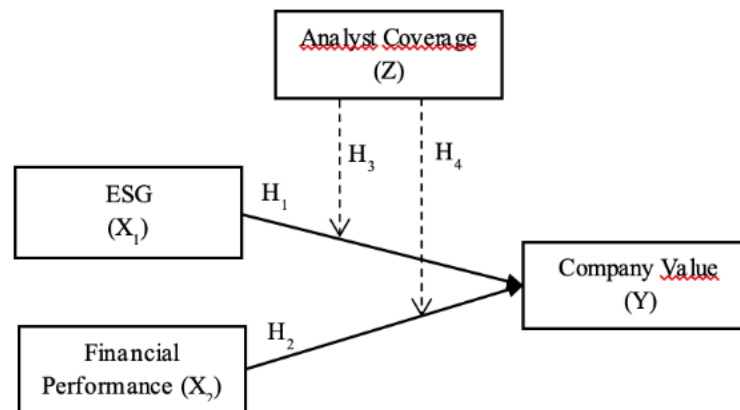


Figure 1. Conceptual Framework

Based on the conceptual framework, we will formulate 4 hypotheses, as follows:

H1: ESG scores have a significant effect on company value in the BEI manufacturing sector

H2: Financial performance has a significant effect on company value in the BEI manufacturing sector.

H3: Analyst Coverage moderates (strengthens or weakens) the relationship between ESG and company value in the BEI manufacturing sector.

H4: Analyst Coverage moderates (strengthens or weakens) the relationship between financial performance and company value in the BEI manufacturing sector.

2.2 Method of Analyst

a. Descriptive Statistic

Descriptive statistics are used to provide an overview of the characteristics of research data before further analysis is conducted. These statistics include the minimum, maximum, mean, and standard deviation of each research variable, thereby illustrating the distribution of data and the level of variation between observations. The results of the analysis show that the application of ESG in manufacturing companies varies greatly, reflecting differences in environmental, social, and governance policy commitments between companies. The financial performance variable (ROA) is generally positive, indicating the company's ability to generate profits, although the level of asset management efficiency still varies. Meanwhile, variations in analyst coverage indicate differences in the level of market attention and information monitoring for each issuer. For the company value variable (PBV), the average value above one indicates positive market appreciation, although there are differences in investor perceptions of company risk and prospects. Overall, the research data has sufficient variation to be used for regression analysis and further hypothesis testing.

b. Classic Assumption Test

The classical assumption test aims to ensure data quality and confirm that the resulting regression equation meets the criteria of linearity and validity.

1. Normality Test

This test aims to examine whether each research variable is normal. To test normality in this study, the One Sample Kolmogorov Smirnov method was used. The criteria for drawing conclusions are:

- a) If $\text{asyp, sig (2-tailed)} > \alpha (0.05)$, then the data is normally distributed.
- b) If $\text{asyp, sig (2-tailed)} < \alpha (0.05)$, then the data is not normally distributed.

2. Multicollinearity Test

Conducted to ensure that there is no substantial correlation between independent variables. Detection is carried out using the Tolerance and Variance Inflation Factor (VIF) values with the formula:

$$VIF = \frac{1}{\text{Tolerance}} = \frac{1}{1-R^2} \quad (4)$$

Where R^2 is the coefficient of determination between independent variables. The criteria for multicollinearity are if the Tolerance value is > 0.10 or $VIF < 10$.

3. Heteroscedasticity Test

Aims to evaluate the variance of residuals between observations. This test is performed by regressing the absolute residual values ($|e_i|$) against the independent variable with the equation model:

$$|e_i| = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_k X_{ki} + \mu_i \tag{5}$$

4. Autocorrelation Test

Used to detect correlation between disturbance errors in period t and the previous period $(t-1)$ using the Durbin-Watson (DW) test. The test criterion is that there is no autocorrelation if the DW value is between: $DU < DW < 4 - DU$

c. Regression Analysis Model

This study uses a regression model approach to measure the effect of independent variables (ESG, Financial Performance, Analyst Coverage) on the dependent variable (Company Value).

1. Moderated Regression Analysis (MRA)

This study also applies MRA to test the effect of moderating variables. MRA aims to determine whether moderating variables strengthen or weaken the relationship between independent and dependent variables. The moderation regression equation is formulated as follows:

$$Y = \alpha + \beta_1 X + \beta_2 Z + \beta_3 (X.Z) + \epsilon \tag{6}$$

Where Z is the moderating variable and $(X.Z)$ is the interaction between the independent and moderating variables. If the interaction coefficient (β_3) is significant ($\text{Sig} < 0.05$), then the variable is proven to moderate the relationship between variables.

2. Hypothesis Testing (Partial t-test)

The t-test is used to determine the significance of the influence of each independent variable individually on the dependent variable. The t-test formula used is:

$$t = \frac{r\sqrt{n-2}}{1-r^2} \tag{7}$$

Where r is the correlation coefficient, r^2 is the coefficient of determination, and n is the sample size.

3. RESULTS AND DISCUSSION

In this section, the analysis results are presented in stages, beginning with an overview of the data through descriptive statistics, followed by verification of data quality through classical assumption tests, Moderated Regression Analysis (MRA) tests, and concluding with hypothesis testing. This step is taken to ensure accurate data interpretation and transparency in the process of proving research hypotheses. Before proceeding to hypothesis testing, descriptive statistical analysis was first conducted to map the characteristics of the sample data of manufacturing companies listed on the IDX with predetermined criteria. Descriptive statistical analysis was conducted to provide an overview of the characteristics of the variables studied in this research. In the descriptive statistical analysis, the characteristics of the sample data used in this study were presented, including the number of observations (N), minimum value, maximum value, sample mean, and standard deviation.

Table 1. Descriptive Statistical Test

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
X1 (ESG)	55	42.00	180.00	102.5273	30.45267
X2 (Financial Performance)	55	-27.42	80.33	13.0175	18.52407
Z (Analyst Coverage)	55	2.00	54.00	13.2545	13.51709
Y (Company Value)	55	-2.23	61.39	4.5227	8.90148
Valid N (listwise)	55				

The descriptive analysis table presents the results of Descriptive Statistics analysis for the variables used in this study. Based on the processed data, the valid N value of 55 indicates that all data on the four variables are complete and can be used in further analysis (no data is missing). The following is a detailed description of the data distribution for each variable. The descriptive statistics results show that the independent variable $X1$ (ESG) has a minimum value of 42.00 and a maximum value of 180.00. This fairly wide data range indicates that there are significant differences between the sample companies in terms of their $X1$ implementation or scores. The mean value is recorded at 102.53 with a standard deviation of 30.45. Given that this standard deviation value is quite large (almost 30% of the mean value), this indicates that the $X1$ data has high variation or is heterogeneous. This means that there are significant differences between companies with low $X1$ scores and companies with high scores in this research sample.

For the independent variable $X2$ (financial performance), the data shows a minimum value of -27.42 and a maximum of 80.33. The existence of this negative value provides crucial information that within the research sample there are companies that experienced a decline in performance or a deficit during the observation period. The average value of 13.02 indicates that, in aggregate, the majority of companies in the sample were still able to record positive performance. The standard deviation of 18.52 shows a fairly high level of data fluctuation. This is reasonable considering that the sample consists of various industrial sectors with different profitability characteristics.

Furthermore, the moderating variable Z (analyst coverage), which functions as a moderator, has a minimum value of 2.00 and a maximum of 54.00. The average value of 12.45 indicates that, on average, companies are covered by around 12 to 13 analysts or have a Z score at that level. However, considering the maximum value of 54.00, there are several leading companies that receive far above average attention. The standard deviation of 13.90 confirms that the distribution of analyst attention or the Z variable is not evenly spread, but rather concentrated on certain companies.

The dependent variable Y (company value) shows a minimum value of -2.23 and a maximum value of 61.39. This extremely wide range illustrates the valuation gap between companies in the market. The mean of 4.52 with a standard deviation of 8.90 (which is greater than the mean) indicates the presence of outliers or several companies with very high valuation values that pull the mean value up, while the majority of companies may be below that mean. This condition requires special attention in classical assumption testing, especially normality. Before testing the hypothesis through regression analysis, a series of classical assumption tests were conducted to ensure that the resulting regression model met the criteria and requirements. The classical assumption tests used in this study were normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The results of the classical assumption tests can be explained as follows.

Table 2. One- Sample Kolmogorov Normality test

One-Sample Kolmogorov-Smirnov Test		
		LN Res
N		55
Normal Parameters ^{a,b}	Mean	1.1512
	Std. Deviation	2.87200
	Most Extreme Differences	
	Absolute	.107
	Positive	.074
	Negative	-.107
Test Statistic		.107
Asymp. Sig. (2-tailed)		.175 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

The normality test aims to test whether in the regression model, the confounding variables or residuals have a normal distribution. This study uses the One Sample Kolmogorov-Smirnov test. Based on the test results, an Asymp. Sig. (2-tailed) value of 0.175 was obtained. Referring to the testing criteria, because the significance value of 0.175 is greater than the significance level of 0.05 ($0.175 > 0.05$), it can be concluded that the residual data is normally distributed. Thus, the normality assumption is fulfilled and parametric analysis can be continued.

Table 3. Multicollinearity test

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	-5.796	3.651		-1.588	.119
X1 (ESG)	.058	.036	.197	1.611	.113
X2 (Financial Performance)	.198	.056	.413	3.527	.001
Z (Analyst Coverage)	.138	.082	.209	1.689	.097

a. Dependent Variable: Y

Multicollinearity testing was conducted to ensure that there was no strong correlation between independent variables in the regression model. Detection was carried out by looking at the Tolerance and Variance Inflation Factor (VIF) values. The results of data processing show that all independent variables have Tolerance values above 0.10 and VIF values well below 10. This indicates that there is no correlation between the independent variables. Thus, this regression model is free from multicollinearity, which means that the resulting regression coefficients can be estimated with good precision.

Table 4. Heteroscedasticity test

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	-3.783	1.199		-3.154	.003
X1 (ESG)	.041	.012	.435	3.492	.001
X2 (Financial Performance)	.022	.018	.140	1.177	.244
Z (Analyst Coverage)	.033	.027	.157	1.244	.219

a. Dependent Variable: LN Res

The heteroscedasticity test aims to test whether there is variance inequality in the regression model from one observation to another. The result of the heteroscedasticity test for variable X1 has a significance of 0.113. Variable X2 has a significance of 0.244. Variable Z has a significance of 0.219. The independent variables have a significance value greater than 0.05, so it can be concluded that there is no heteroscedasticity or that the assumptions of the heteroscedasticity test have been met.

Table 5. Autocorrelation test

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.565 ^a	.319	.279	7.55813	2.279	

a. Predictors: (Constant), z, x2, x1
b. Dependent Variable: Y

Given that the data used is a combination of time series and cross section, the autocorrelation test is relevant for detecting correlations between disturbance errors in period t and period t-1. Based on the autocorrelation test, it can be seen that the Durbin-Watson value, given that the sample size (N) is 55 and the number of variables (K) is 4, obtained the critical value from the Durbin-Watson table, namely the lower bound (DL) of 1.4093 and the upper bound (DU) of 1.6406. From these values, the autocorrelation-free range can be determined to be between DU (1.6406) and 4-DU (2.3594). The data processing results show a calculated Durbin-Watson (DW) value of 2.279, which is within the range of no autocorrelation ($1.6406 < 2.279 < 2.3594$). Therefore, it can be concluded that this regression model is free from deviations from the classical assumption of autocorrelation, both positive and negative autocorrelation, so that the model is declared valid and suitable for use in further hypothesis testing.

Table 6. Hypothesing Test (T-Test)

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-6.165	3.709		-1.662	.102
X1 (ESG)	.077	.034	.264	2.242	.029
X2 (Financial Performance)	.213	.057	.443	3.758	.000

a. Dependent Variable: Y

Based on the t-test results, variable X1 (ESG) has a regression coefficient value of 0.077 with a t-value of 2.242 and a significance level of 0.029. Since $0.029 < 0.05$, this indicates that X1 (ESG) has a positive and significant effect on the dependent variable (company value), thus accepting the hypothesis that ESG has an effect on company value. A positive coefficient indicates that an increase in ESG value will be followed by an increase in y value, assuming other variables remain constant. Furthermore, variable X2 (financial performance) shows a regression coefficient value of 0.213 with a t-value of 3.758 and a significance level of 0.000 (< 0.05). These results indicate that financial performance has a positive and significant effect on the dependent variable (company value). Compared to x1, variable X2 has a stronger influence, as reflected in the larger standardised beta coefficient value ($\beta = 0.443$). Thus, the hypothesis stating that X2 (financial performance) influences y (company value) is also accepted.

Table 7. Hypothesing Test (T-Test) After Moderation

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	3.720	3.087		1.205	.234
X1 (ESG)	.006	.029	.020	.195	.846
X2 (Financial Performance)	-.085	.045	-.177	-1.899	.063
Z (Analyst Coverage)	-.450	.158	-.683	-2.837	.007
X1Z	.001	.001	.247	.890	.378
X2Z	.026	.003	1.197	9.181	.000

a. Dependent Variable: Y

Based on the regression results by including the moderation variable, the significance value of variable X1Z becomes 0.378. Since $0.378 > 0.05$, it is concluded that variable Z (analyst coverage) is unable to moderate the effect of X1 on Y (company value). The presence of analysts or research coverage does not have an impact that changes the relationship between ESG scores and company value. The interaction variable X2Z has a positive and significant coefficient value with a significance level of 0.000 (< 0.05), indicating that analyst coverage acts as a moderating variable that strengthens the relationship between X2 and company value. Thus, it can be concluded that the moderating effect only occurs in the relationship between X2 and company value, while the relationship between X1 and company value is not moderated by analyst coverage.

3.1 Discussion

This section describes the interpretation of the results of hypothesis testing that has been carried out by mapping the empirical findings of the study with theory and relevant previous research results. The analysis focuses on how each independent variable plays a role in influencing the dependent variable based on the statistical test results obtained. Hypothesis testing in this study uses the t-statistic test to see the effect of each independent variable on the dependent variable partially, which is determined by the significance value obtained from each independent variable. The results of hypothesis testing show that the ESG variable (X1) has a positive and significant effect on Company Value (Y), as indicated by a significance value of $0.029 < 0.05$ and a positive regression coefficient. Thus, the hypothesis stating that ESG disclosure affects company value is accepted. This finding supports Stakeholder Theory (Freeman, 1984), which states that companies are not only responsible to shareholders but also to all stakeholders (the community, the environment, employees). In this context, ESG implementation is no longer considered a cost centre but rather a long-term strategic investment capable of creating competitive advantage. The results of this study are in line with the findings of (Lahaya & Triadita 2024), who concluded that environmental disclosure has a positive and significant effect on company value, social disclosure has no effect on company value, and governance disclosure has a positive and significant effect on company value. Other research by (Angir & Weli 2024) shows that ESG disclosure does not affect information asymmetry. Similarly, information asymmetry does not affect company value or mediate the relationship between ESG disclosure and company value. However, it should be noted that ESG disclosure has a negative impact on company value. This proves that in the capital market, investors have matured in assessing non-financial aspects as crucial factors in long-term business sustainability.

Statistical test results show that variable X2 (Financial Performance) has a positive and significant effect on company value, with a significance value of 0.000 and a positive regression coefficient (β) of 0.443. This finding is consistent with classical financial theory and hypotheses, particularly Signaling Theory, whereby solid financial performance sends a positive signal about a company's future prospects. The economic rationality of investors is clearly reflected here, with the market responding to increased profitability and asset efficiency as a guarantee of more certain returns on investment and low bankruptcy risk. This finding also responds to the research gap in previous literature on the determinants of company value. The results of this study support the findings of (Adrian & Maharani 2025), which show that corporate governance, environmental performance, and financial performance affect company value. Increased company value is not influenced by corporate governance. Meanwhile, environmental performance and financial performance positively influence an increase in company value. These results confirm that company fundamentals, particularly the ability to generate profits or asset efficiency, remain the main indicators that investors look at. When X2 increases, the market responds positively, as reflected in rising share prices and company value. Investor rationality is clearly evident here: financially sound companies promise more certain returns on investment and lower bankruptcy risk. These findings are consistent with previous research that consistently places financial metrics as the main driver of share prices. On the other hand, these findings differ from the results of research by (Rizkiartri & Handayani 2024), which found that managerial ownership (MO) has no significant effect on company value, institutional ownership (IO) has a positive but insignificant effect on company value, independent board of commissioners (IBC) has a positive effect on company value, and that the financial performance of return on assets (ROA) does not significantly affect company value. This insignificance indicates that the level of profit generated from company assets (ROA) was not a key benchmark for investors in determining the value of state-owned enterprises during that period.

Based on the results of Moderated Regression Analysis (MRA), the interaction variable X1Z shows a significance value of 0.378, which is greater than the 0.05 significance level. Therefore, the hypothesis stating that analyst coverage moderates the effect of ESG on company value is rejected. Although the interaction coefficient is positive (0.247), the effect is not statistically strong enough to confirm a moderating role. This finding indicates that analyst coverage has not been able to optimally strengthen the influence of ESG on company value. In the context of the Indonesian capital market as an emerging market, this condition can be explained through *Institutional Theory*, where ESG disclosure is still largely symbolic (*ceremonial adoption*) and driven by regulatory compliance and reputational motives rather than substantive integration into business strategy. Consequently, analysts tend to prioritise financial indicators that are more standardised and verifiable, such as profit projections, dividends, and operational efficiency, compared to ESG information that is perceived as less comparable and difficult to quantify. As a result, ESG information remains underutilised by investors despite extensive analyst coverage, limiting the role of analysts in transmitting ESG signals to the market. This condition is consistent with information asymmetry theory and supports previous findings by (Abady & Hidayah, 2025) which show that analyst coverage does not significantly moderate the relationship between ESG-related information and company value.

Based on the results of Moderated Regression Analysis (MRA), the interaction variable X2Z shows a significance value of 0.000, which is much smaller than the significance level of 0.05. In addition, there is a very significant increase in the regression coefficient to 1.197 compared to before moderation ($\beta = 0.443$). These results prove that the Z variable is able to moderate and strengthen the effect of X2 on Y. The hypothesis stating that Analyst Coverage strengthens the relationship between financial performance and company value is empirically accepted. Theoretically, the significance of this moderating role can be explained through the integration of Signalling Theory and the role of information intermediaries in the capital market. Superior financial performance is a positive fundamental signal, but the effectiveness of this signal in increasing company value is highly dependent on the level of investor confidence. This is where analyst

coverage plays a role as an external verification mechanism; research reports and recommendations from analysts provide additional legitimacy for the sustainability of company profits. The presence of analysts reduces information asymmetry by simplifying complex financial data into information that is easier for the public to understand. As a result, when companies with good financial performance receive widespread attention from analysts, positive investor sentiment will escalate significantly, which ultimately triggers a more aggressive increase in market valuation. These results add novelty and make an important contribution to understanding the influence of financial performance on company value, moderated by analyst coverage.

4. CONCLUSION

This study aims to analyse the effect of Environmental, Social, and Governance (ESG) and financial performance on company value with analyst coverage as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange. The results show that ESG has a positive and significant effect on company value. Financial performance also has a positive and significant effect on company value, reflecting that both financial and non-financial information are key considerations for investors in assessing company performance and prospects. Additionally, the presence of analyst coverage has been proven to have a different moderating role, where analyst coverage can strengthen the relationship between financial performance and company value, but does not consistently moderate the relationship between ESG and company value. These findings indicate that financial analysts are more responsive to quantitative financial performance information than to non-financial ESG information. However, this study has limitations, including a limited observation period, a restricted sample size in the manufacturing sector, and the use of single proxies for financial performance and company value. Future research is recommended to expand the scope and use alternative proxies. Based on these findings, management is advised to not only disclose ESG data but also actively engage with analysts to translate non-financial efforts into quantifiable financial metrics, ensuring these signals are fully priced by the market. Furthermore, investors should conduct independent ESG due diligence, as relying solely on analyst reports may overlook the value-creating potential of sustainable practices.

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