

THE EFFECT OF ESG, ICD, AND PROFITABILITY ON FIRM VALUE WITH CORPORATE GOVERNANCE INDEX MODERATION

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ABSTRACT

Transformation paradigm business from orientation profit going to sustainability put Environmental Social Governance (ESG), Intellectual Capital Disclosure (ICD), and profitability as indicator important in evaluate firm value. This study aims For analyze the influence of ESG, ICD, and profitability to firm value, as well as role Corporate Governance Index (CGI) as variables moderation in companies sector energy listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. This study uses approach quantitative with method Partial Least Squares–Structural Equation Modeling (PLS-SEM). Research result show that ESG and profitability influential positive and significant to firm value, while ICD does not influential to firm value. CGI is also proven can strengthen connection between profitability to firm value whereas for ESG and ICD variables that are influenced by CGI not influential to firm vs. firm vs. firm. These findings underscore the importance of non-financial disclosure and corporate governance in shaping investor perceptions and improving market performance. The practical implications of this research are that companies need to strategically integrate ESG and ICD into their sustainability reports, while investors and regulators can utilize these indicators for more informed, sustainability-based decision-making.

Keywords : Environmental Social Governance (ESG), Intellectual Capital Disclosure (ICD), Profitability , Firm Value , Corporate Governance Index (CGI).

INTRODUCTION

In the era of globalization and increasingly complex business competition, the paradigm for assessing corporate performance has undergone a significant shift. Companies are no longer solely focused on profit achievement; they are now also assessed on their ability to manage environmental, social, and good governance issues, known as Environmental Social Governance (ESG). ESG has become a crucial indicator in assessing corporate sustainability, particularly in the energy sector, which faces high environmental risks and is under global scrutiny of energy transition practices (Capizzi et al., 2021; Moolkham, 2025). As the knowledge-based economy evolves, intangible assets such as Intellectual Capital (IC) are increasingly recognized as strategic factors in creating long-term value. Intellectual Capital Disclosure (ICD), encompassing human capital, structure, and relationships, is a way for companies to communicate their innovative capacity to stakeholders (Darmayanti et al., 2023; Pratami & Aryati, 2023; Vitolla et al., 2023). However, the influence of ESG and ICD on firm value still shows mixed results in the literature. Furthermore, profitability , as a conventional financial indicator, is also considered to strengthen a company's market position, although several studies have found contradictory results (Lati et al., 2024; Setyowati et al., 2023).

The Corporate Governance Index (CGI) is believed to act as a moderating variable that strengthens the influence of ESG, ICD, and profitability on firm value. The CGI reflects the extent to which corporate governance principles such as transparency, accountability, and fairness are consistently applied (V.D. Pujiningsih, 2020; Ribeiro & de Souza, 2023). Strong governance not only increases the credibility of the information provided by a company but can also strengthen investors' perceptions of its business sustainability (Clarissa & Murhadi, 2025; Noviyanto et al., 2024). This study aims to analyze the influence of ESG, ICD, and profitability on firm value, with the CGI as a moderating variable. The study was conducted on energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. In addition to providing in-depth empirical understanding, this study also makes a theoretical contribution by filling a gap in

the literature, namely the limited number of studies that integrate these three main variables into a single, coherent model. Another novelty is the use of CGI as a holistic moderating variable, beyond just board composition or independent commissioners. Finally, this study uses recent data reflecting post-pandemic dynamics, where sustainability and governance issues are increasingly becoming a key focus in assessing market performance.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder Theory was proposed by Freeman (1984), who stated that companies not only have responsibilities to shareholders, but also to all stakeholders, including employees, customers, communities, and the environment. In this context, the application of Environmental Social Governance (ESG) principles is a concrete form of corporate accountability to stakeholders (Zulkarnaen, 2024). ESG is not only used for reporting, but also as a strategic management tool to create balanced long-term value for all parties. Stakeholder theory also supports the importance of Intellectual Capital Disclosure (ICD), because intellectual capital disclosure reflects a company's attention to human resources and external relationship networks that are part of its stakeholders (Pratami & Aryati, 2023). Similarly, with profitability. profit is not only seen as a measure of internal efficiency, but also as a company's tool to provide economic benefits to stakeholders.

Signaling Theory

Signaling theory was introduced by Spence (1973) in the context of asymmetric information between company management and investors. According to this theory, companies need to provide positive signals to the market regarding their future prospects (Huang et al., 2025). ESG and ICD are forms of non-financial signals, while profitability is a form of financial signal that can indicate a company's good performance and prospects (Connelly et al., 2024). ESG and ICD disclosures can signal a company's commitment to sustainability and innovative capacity, while profitability, as a financial signal, demonstrates a company's operational efficiency. Signaling theory also supports the use of the Corporate Governance Index (CGI) as a supporting signal, indicating that disclosed information has undergone a good governance process, making it more credible to investors.

Environmental Social Governance (ESG)

Environmental Social Governance (ESG) measures corporate responsibility across three main aspects: environmental, social, and governance. Research by Capizzi et al. (2021) shows that ESG ratings are an important indicator in evaluating corporate risk and sustainability, although divergence remains between rating agencies. Research by Moolkham (2025) found that ESG significantly impacts firm value in Thailand, and investors tend to have more confidence in companies with high ESG ratings. However, research by Clarissa et al. (2025) shows that not all ESG components have a positive impact. Governance scores even found own influence negative to mark company.

Intellectual Capital Disclosure (ICD)

Intellectual Capital Disclosure (ICD) is disclosure information about asset not tangible like human capital, structural capital, and relational capital (Darmayanti et al., 2023). Research by Vitolla et al. (2023) states that intellectual capital is a competitive advantage in the digital economy era. Research by Pratami & Aryati (2023) also proves that ICD disclosure significantly increases company value. However, research by Issabella (2021) and Kholmi et al. (2020) concluded that investors in Indonesia have not fully appreciated ICD, so its impact on company value is not yet statistically significant.

Profitability

Profitability is a key indicator in assessing a company's efficiency and financial performance. Commonly used measures are Return on Assets (ROA) and Return on

Equity (ROE), which reflect a company's ability to generate profits from its total assets or equity. Research by Mubyarto (2020) states that profitability plays a crucial role in shaping investor perceptions of a company's managerial success and future potential. Higher profitability leads to higher market value, as profit is seen as a signal of stability and trust. However, several studies have shown conflicting results. Research by Lita et al. (Lati et al., 2024) found that profitability negatively impacts firm value in the mining sector . This is due to the high operational costs and environmental risks inherent in the sector, which mean that profits do not always reflect long-term efficiency. Research by Setyowati et al. (2023) also underscores that the effect of profitability is highly dependent on industry characteristics and the quality of corporate governance. Therefore, other moderating variables are needed to achieve greater stability and consistency.

Firm Value

Firm value is a key indicator for measuring the extent to which the market values a company's performance and long-term prospects (Yulinda & Widyatama, 2025) . This value reflects investors' perceptions of the company's level of profitability, sustainability, and risk management. Generally, firm value measured through ratio finance like Price to Book Value (PBV), Tobin's Q, and Earnings Per Share (EPS). According to Setyawan and Christopher (2022), company with mark tall signify positive market expectations to ability company create future profits as well as continuity business . Therefore that, the increase firm value become objective main management finance in frame maximize welfare holder share. Study previously show that firm value influenced by factors finance like profitability and capital structure, as well as non- financial factors such as ESG and governance company. Dewi Santoso and Widjaja (2022), found that in the consumer goods sector, firm value is significantly influenced by capital structure and liquidity, while profitability is insignificant. On the other hand, Pratami and Aryati (2023) stated that Intellectual Capital disclosure positively contributes to firm value because it strengthens market confidence in a company's innovation. Meanwhile, research by Ribeiro & de Souza (2023) demonstrated that companies with a high Corporate Governance Index (CGI) tend to have higher firm value because investors have greater confidence in the company's integrity and accountability. This suggests that firm value is multidimensional and influenced by the interaction between financial and non-financial factors, as well as the quality of corporate governance.

Corporate Governance Index (CGI)

Corporate Governance Index (CGI) is used for measure how much Good principles Good Corporate Governance (GCG) is implemented in companies. CGI encompasses aspects of transparency, accountability, independence, and fairness in managerial decision-making. Pujiningsih (2020) states that companies with high CGI scores tend to demonstrate a stronger relationship between sustainability and firm value because good governance enhances the credibility of non- financial disclosures such as ESG and ICD. CGI is also considered capable of improving internal efficiency and reducing conflicts of interest between management and shareholders. Ribeiro & de Souza (2023) show that CGI directly impacts market performance, with companies with strong corporate governance being more trusted by investors. CGI can also act as a moderating variable, potentially strengthening the influence of ESG, ICD, and profitability on firm value. When a company has strong corporate governance, the signals sent through non-financial disclosures or earnings become more credible and effective. Therefore, CGI not only has a direct impact but also amplifies the influence of other factors that determine firm value.

HYPOTHESIS

Environmental Social Governance (ESG) is a major concern for global investors because it reflects a company's social, environmental, and governance responsibilities. ESG is considered a positive signal indicating long-term sustainability and adherence to ethical business principles (Capizzi et al., 2021) . Research by Moolkham (2025) shows that ESG has a positive influence on firm value , particularly in the energy sector, which

carries high environmental risks. Therefore, it is assumed that the higher a company's ESG score, the higher its value.

H₁: Environmental Social Governance influential positive to firm value.

Intellectual Capital Disclosure (ICD) is a form of disclosure of intangible assets such as employee knowledge, internal company systems, and external relationships with partners or customers. In the digital era and knowledge-based economy, ICD is a positive signal for a company's long-term prospects (Vitolla et al., 2023). Pratami and Aryati (2023) found that ICD has a positive influence on firm value because investors tend to view companies that disclose intellectual capital as innovative, dynamic, and future-oriented entities. Although not all markets in Indonesia optimally value ICD, global trends indicate that this disclosure is increasingly appreciated by stakeholders. Therefore, companies that properly disclose ICD are believed to have higher market value.

H₂: Intellectual Capital Disclosure influential positive to firm value.

Profitability reflects management's efficiency in generating profits and is a key indicator of a company's financial health. The higher the profitability level, the greater investor confidence in the company's growth prospects. This aligns with signaling theory, which argues that profit is a positive signal to the market (Mubyarto, 2020). Setyowati et al. (2023) also stated that profitability significantly influences firm value because high profits provide room for dividends and business expansion. Therefore, profitability is not only an internal measure but also an external signal of a company's potential and stability. Therefore, the higher a company's profitability, the higher its market value, or firm value.

H₃: Profitability influential positive to firm value.

The Corporate Governance Index (CGI) describes to what extent the company apply principles Good Corporate Governance (GCG) such as transparency, accountability, responsibility Responsibility, independence, and fairness. CGI plays a crucial role in strengthening the influence of ESG on firm value. When corporate governance is strong, ESG implementation is perceived as more credible and not merely a formality (R. Pujiningsih, 2020). In this context, CGI acts as a moderating variable that strengthens the relationship between ESG and firm value. This means that companies with high ESG scores will experience a more significant increase in firm value if supported by good governance practices. This aligns with the findings of Ribeiro and de Souza (2023) who stated that strong corporate governance strengthens the influence of sustainability strategies on investor perceptions.

H₄: Corporate Governance Index is capable moderate Environmental Social Governance to firm value.

Intellectual Capital Disclosure as non- financial information need good governance system so that it can understood and trusted by the market. Disclosure of intellectual capital that is not supported by strong governance risks being perceived as invalid or manipulative. In this regard, CGI plays a role in strengthening the credibility of ICD disclosures (Ribeiro & de Souza, 2023). Companies with high governance typically have transparent, accountable, and auditable reporting systems. Therefore, when ICD disclosures are made within a good governance framework, their impact on company value will be greater. CGI helps investors trust that disclosed information, including ICD, reflects the company's true condition.

H₅: Corporate Governance Index is capable moderate Intellectual Capital Disclosure to firm value.

High profitability Not yet Of course increase firm value in a way maximum If No Supported by good governance. Weak governance can raise doubts about the source of profits, such as earnings management practices. Therefore, CGI serves as a guarantee that a company's reported profits are obtained ethically and accountably (M. Farhan et al., 2022). In this case, CGI moderates the relationship between profitability and firm value. Companies with high CGI scores will experience a stronger positive influence from

profitability on firm value. Investors will have more confidence in the sustainability of profits and the efficient use of resources if the company implements good governance principles.

H₆: Corporate Governance Index is capable moderate Profitability to firm value.

Corporate Governance Index (CGI) on a regular basis direct show quality management in manage company with principles of good governance. Companies that implement GCG effectively consistent more Possible get trust from investors, because considered low risk to deviation. manipulation report finances, and conflict interests. This improves the company's reputation and stability (R. Pujiningsih, 2020) . Ribeiro & de Souza (2023) found that companies with a high Corporate Governance Index (CGI) have better market value and more stable stock performance. Good governance is a competitive advantage that ensures business continuity and directly increases firm value. Therefore, CGI is expected to have a positive relationship with firm value.

H₇: Corporate Governance Index has an effect positive to firm value.

METHODS

This study use approach quantitative associative with objective For test influence Environmental Social Governance (ESG), Intellectual Capital Disclosure (ICD), and Profitability to firm value, as well as analyze role Corporate Governance Index (CGI) as variables Moderation. A quantitative approach was chosen because this study aims to statistically test the relationship between variables using numerical data. This study is causal-comparative in nature because it attempts to explain the cause-and-effect relationship between the independent and dependent variables and to test the moderating effect of CGI in strengthening or weakening this relationship. The population in this study was all energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period. The sampling technique used was purposive sampling, which is the selection of samples based on certain criteria that align with the research objectives. These criteria include: (1) energy sector companies that have consistently been listed on the IDX for five consecutive years; (2) companies that published annual reports and sustainability reports during the study period; and (3) companies that use USD currency in their reporting.

The type of data used in this study is secondary data, obtained from annual reports, sustainability reports, the official website of the Indonesia Stock Exchange and the websites of each company. Data collection was conducted through documentation, namely by reviewing company documents and relevant external sources. The data collected included information on ESG values, ICD disclosure scores, profitability ratios (ROA), firm value (PBV), and Corporate Governance Index (CGI) scores.

The data analysis technique in this study used the Partial Least Squares–Structural Equation Modelling (PLS-SEM) approach with the assistance of SmartPLS software. This method was chosen because it is capable of analyzing structural models with complex latent variables and does not require the assumption of data normality. The analysis process was carried out in two stages: outer model testing to evaluate the validity and reliability of indicators, and inner model testing to examine the relationships between variables in the research model, including testing the moderating effect of CGI on the relationships between ESG, ICD, and profitability with firm value.

Table 1. Operational Definition of Research Variables

Variabel	Formula	Scale
ESG	ESG Score = number of items disclosed / total items	Ratio
ICD	ICD index = number of items disclosed / total items	Ratio
Profitability	ROA = Net Profit / Total Assets	Ratio

Firm Value	PBV = Stock Price / Book Value	Ratio
CGI	CGI score = number of items revealed / total items	Ratio

Source: Processed (2025)

Data processing and analysis were performed using SmartPLS version 4 software. The analysis process included evaluating the outer model through convergent validity, discriminant validity, and construct reliability tests, followed by evaluating the inner model, which included testing the R² value, effect size (f²), and path coefficient significance using bootstrapping techniques at a 5% significance level. The results of this analysis will be used to test the hypothesis.

RESULTS

Results of the outer and inner model tests

Results of the Convergent Validity Test Based on Loading Factor and AVE (Table 2). Loading Factor > 0.7 and AVE > 0.5, indicating that all indicators are valid. Table 3 shows that the reliability test results are > 0.70, indicating that the Cronbach's Alpha and composite reliability values meet the indicator's reliability requirements. It can also be concluded that all indicators used in the study have met the requirements.

Table 2. Convergent Validity Test Results Based on Loading Factor and AVE

Variabel	Indikator	Kriteria	Loading Factor	AVE	Evaluasi
ESG	ESG Score	Loading Factor > 0.7	1.000	1.000	Valid
ICD	ICD Score		1,000	1,000	Valid
Profitability	ROA	AVE >0.5	1,000	1,000	Valid
Firm Value	PBV		1.000	1.000	Valid
CGI	CGI Score		1,000	1,000	Valid

Source: Processed Data, 2025

Table 3. Reliability test results

Variable	Kriteria	Cronbach's Alpha	Composite Reliability	Evaluation
ESG	> 0.70	1.000	1.000	Reliabel
ICD		1.000	1.000	Reliabel
Profitability		1.000	1.000	Reliabel
Firm Value		1.000	1.000	Reliabel
CGI		1.000	1.000	Reliabel

Source: Processed Data, 2025

Table 4. Hypothesis Test Results Through Bootstrapping

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Y	0.646	0.656	0.186	3.480	0.001
X2 -> Y	-0.176	-0.17	0.203	0.865	0.387
X3 -> Y	0.219	0.234	0.077	2.827	0.005
X1*Z -> Y	-0.035	-0.037	0.225	0.155	0.877
X2*Z -> Y	-0.170	-0.156	0.185	0.919	0.359

X3*Z -> Y	0.202	0.212	0.086	2.352	0.019
Z -> Y	-0.173	-0.18	0.204	0.852	0.395

Source: Processed Data, 2025

the influence of environmental social governance on firm value

Based on the results in Table 5, the significant value formed in the Environmental Social Governance variable is smaller than 0.05, which is 0.001. From these results, it can be seen that the T-statistic value is $3.480 > 1.982$ and the P value is $0.001 < 0.05$ so that H1 is accepted and it can be concluded that the Environmental Social Governance variable has a significant influence on Firm Value in energy sector companies in Indonesia listed on the Indonesia Stock Exchange. The results of this study are supported by several relevant studies showing that Environmental Social Governance (ESG) significantly impacts firm value. Research by Moolkham (2025b) found that companies with high ESG ratings from the Thai capital market showed a significant increase in firm value. ESG is considered capable of increasing investor confidence because it is considered an indicator of sustainable performance. Furthermore, research conducted by Noviyanto et al. (2024) shows that ESG has a positive influence on company value in the infrastructure and energy sectors in Indonesia. This study emphasizes that integrating ESG into operational strategy can improve a company's image and competitiveness. Meanwhile, a study by Handajani & Murhadi (2025) reinforces this finding by stating that ESG practices, particularly those focused on social and environmental aspects, have a significant impact on company value, particularly when supported by good external audit quality. Research by Alareeni & Hamdan (2020) in the context of GCC (Gulf Cooperation Council) countries, where ESG plays a significant role in increasing a company's market value, especially when accompanied by a quality board of commissioners. Research by Putri & Setiawan (2021) also states that ESG disclosure in energy and mining companies in Indonesia can increase company value by improving transparency, reputation, and accountability to stakeholders.

This research aligns with Stakeholder Theory and Signaling Theory. Stakeholder Theory states that companies must Taking into account the interests of all stakeholders, such as the community, employees, consumers, and the government (Del Gesso & Lodhi, 2024; Gutterman, 2023). By implementing ESG, companies demonstrate social responsibility and a commitment to sustainability, which can increase their legitimacy in the public eye. Meanwhile, in Signaling Theory, ESG acts as a positive signal sent by companies to investors (Connelly et al., 2024). This signal reflects the company's sound risk management, sustainable performance, and high business ethics, thereby attracting market attention and increasing share value. Thus, these two theories complement each other in explaining why and how ESG can increase firm value, as well as why its influence is significant in the context of social responsibility and long-term investment strategies. Environmental, Social, and Governance (ESG) principles are increasingly recognized as a strategic factor in increasing company value. Based on analysis, previous research findings, and theoretical foundations, ESG not only serves as an instrument for regulatory compliance but also influences market perceptions and investment decisions. Therefore, companies operating in the energy sector need to comprehensively and continuously integrate ESG principles into their business and operational processes. Substantive and high-quality ESG implementation will create long-term value, strengthen competitiveness in the global market, and reflect a commitment to sustainable economic, social, and environmental development.

The Influence of Intellectual Capital Disclosure on Firms Value

The results of the study show that Intellectual Capital Disclosure (ICD) does not have a significant effect on Firm Value in energy sector companies on the IDX. This is evidenced by a P-value of 0.387 (>0.05) and a T-statistic of 0.865 (<1.982), the result rejected. This means that intellectual capital disclosure has not effectively influenced a company's

market value. These findings align with Octaviany (2021) , who stated that investors do not yet understand the importance of intellectual capital. Saraswati & Nugroho (2023), added that the low quality and inconsistent reporting standards reduce the impact of ICD, while Setyowati et al. (2023) emphasized the need for strong governance for ICD to have a positive impact. Internationally, Alfraih (2020) found that in Kuwait, investors focus more on financial indicators, while Zhou et al. (2022) showed that the influence of ICD depends on the industry and market literacy. Based on Stakeholder Theory , ICD should meet stakeholders' information needs (Vitolla et al., 2023). However, limited standards and market literacy lead to underutilization of ICD. From a Signaling Theory perspective, ICD has the potential to be a positive signal (An Hoang et al., 2024), but fails to translate to the market without transparency and governance support. Thus, ICD is not yet a primary consideration for investors in assessing the value of energy sector companies in Indonesia. Improvements in the quality, consistency, and credibility of disclosures are needed so that ICD can serve as a strategic signal that supports future company value.

The Influence of Profitability on Firms Value

The results of the study show that Profitability has a significant effect on Firm The value of energy sector companies on the IDX is indicated by a T- statistic of $2.827 > 1.982$ and a P- value of $0.005 < 0.05$, thus accepting. This aligns with Mubyarto's (2020) research , which found that ROA positively influences firm value because it reflects asset efficiency. Setyowati et al. (2023), also emphasized profitability as the primary determinant of firm value, while Farhan et al. (2022) showed that its influence is strengthened by good governance. Furthermore, Faoziyanti & Renny (2024) emphasized that consistent profits increase investor confidence and expectations regarding dividends and growth. Based on Stakeholder Theory , high profitability demonstrates a company's ability to meet the interests of shareholders, employees, and the government (Gutterman, 2023). Meanwhile, according to Signaling Theory , profitability serves as a positive signal regarding management performance and investment risk (Connelly et al., 2024). Thus, profitability has been proven to be a fundamental factor in shaping firm value and a strategic communication tool for companies to the market. Energy companies need to make profitability a strategic priority not only to increase short-term value but also to strengthen competitiveness in the face of economic fluctuations and the energy transition.

Corporate Governance Index is able to moderate Environmental Social Governance to firm value.

Research result show that Environmental Social Governance (ESG) with Corporate Governance Index (CGI) as moderation No influential significant to Firm Value in the sector energy on the IDX (T-statistic $0.155 < 1.982$; P-value $0.877 > 0.05$). This indicates that although ESG and CGI are often considered as indicator sustainability and good governance , their integration Not yet automatic increase market perception , possibility Because quality implementation that is still weak or lack of investor attention (Handajani & Murhadi, 2025). In line with study previously, Corporate Governance No always strengthen the influence of ESG. Pujiningsih (2020) found that GCG does not moderate the relationship between sustainability reporting and firm value. Octaviany (2021) also stated that GCG has not been effective in enhancing the role of ESG, while Clarissa & Murhadi (2025) emphasized that only audit quality has a positive impact. Yusra & Dewi (2022) added that low governance quality results in suboptimal ESG, and Setiawan & Christopher (2022) emphasized that GCG is effective only when supported by high profitability. From a Signaling Theory perspective , ESG signals do not translate into added value without consistent implementation (Connelly et al., 2024). Stakeholder Theory also emphasizes that ESG and CGI should work synergistically for corporate legitimacy (Del Gesso & Lodhi, 2024). However, weak governance practices prevent CGI from moderating the influence of ESG. Therefore, CGI has not been able to strengthen the influence of ESG on firm value. Substantive improvements in transparency, accountability, and ESG-CGI integration are needed so that governance is not merely a formality but truly functions as a driver of sustainable corporate value.

Corporate Governance Index is able to moderate intellectual Capital Disclosure on firm value.

Research result show that Intellectual Capital Disclosure (ICD) with Corporate Governance Index (CGI) as moderation No influential significant on Firm Value in the sector energy in BEI (T-statistic $0.919 < 1.982$; P-value $0.359 > 0.05$), so that result rejected. This is in line with Octaviany (2021) stated that CGI failed moderate ICD relationship to Firm Value because low investor attention to non- financial information. Masiyah et al. (2020) emphasize that the ICD is only effective when there is effective oversight, while Alfraih (2020) shows that investors in developing countries focus more on traditional financial reports. Siregar & Nahar (2022) add that the CGI is effective as a moderator only when accompanied by comprehensive transparency. From a Stakeholder Theory perspective , ICD should meet stakeholders' information needs (Vitolla et al., 2023) , but the failure of CGI indicates a gap between disclosure and stakeholder expectations . Signaling Theory also explains that ICD should be a positive signal about intangible assets (An Hoang et al., 2024) , but without strong governance support, this signal loses credibility in the eyes of investors. Thus, CGI has not been able to strengthen the influence of ICD on firm value. Companies need to improve transparency, accountability, and integration between non-financial reporting and governance for ICD to truly function as a valuable strategic signal for investors.

Corporate Governance Index is able to moderate Profitability to firm value.

Research result show that Profitability with Corporate Governance Index (CGI) as moderation influential significant to Firm Value in the sector energy in BEI (T-statistic $2.352 > 1.982$; P-value $0.019 < 0.05$), so that result accepted. Findings This in line with research by Farhan et al. (2022) which states that CGI strengthens the influence of ROE on firm value , and Setiawan & Christopher (2022) who found that profitability tall accompanied by good CGPI score increase market value . Faoziyanti & Renny (2024) also emphasized that CGI strengthens connection profitability with mark company through improvement Investor confidence. Indarto (2023) demonstrated that effective governance increases earnings credibility, while Nasution & Aditya (2020) highlighted the role of independent boards of commissioners in strengthening the influence of earnings on investor interest. These results can be explained through Stakeholder Theory , where good governance ensures that increased profitability reflects compliance with the interests of various parties, thus strengthening its impact on firm value (Gutterman, 2023). From a Signaling Theory perspective , profitability serves as a positive signal about a company's efficiency, and this signal becomes more credible when supported by accountable governance practices (e.g., through an audit committee and an independent board) (Connelly et al., 2024). Thus, CGI has been shown to strengthen the influence of Profitability on Firm Value. This confirms that high profits will be more valued by the market if they are obtained through transparent, ethical, and sustainable management. CGI is not only a compliance indicator but also a strategic tool in maximizing the impact of profitability on firm value.

Influence Corporate Governance Index Against firm value.

Research result show that Corporate Governance Index (CGI) does not influential significant on Firm Value in the sector energy in BEI (T-statistic $0.852 < 1.982$; P-value $0.395 > 0.05$), so that result rejected. Findings This in line with Clarissa & Murhadi (2025) which emphasizes that governance only impact If accompanied by quality audits , as well as Pujiningsih (2020) stated that CGI does not moderate influence report sustainability on firm value. Setiawan & Christopher (2022) also emphasized that Corporate Governance Perception Index only effective with profitability high , while Yusra & Dewi (2022) find weakness the role of the board of commissioners and audit committee as reason CGI's failure to affect market value. Stakeholder Theory explain that governance is form not quite enough answer company to stakeholders interests , but practices that are symbolic make legitimacy and trust public weak (Gutterman, 2023). From a Signaling Theory perspective , governance should be a positive signal about the oversight system (Connelly et al., 2024), but it fails to resonate with the market if it is not accompanied by

tangible performance. Thus, CGI has not been able to directly increase firm value. Companies need to strengthen accountability, transparency, and independence of governance so that governance is not merely a regulatory formality but truly functions to build credibility and increase company value sustainably.

CONCLUSION

This study in a way overall find that factor financial and non- financial own different influences to Firm Value in the company sector energy in Indonesia. Variables Profitability proven influential significant to mark companies, and influence the more strong when moderated by the Corporate Governance Index (CGI). This indicates that high profits are more valued by the market when achieved through good, transparent, and accountable governance. Conversely, Intellectual Capital Disclosure (ICD) and Environmental, Social, and Governance (ESG), either directly or moderated by the CGI, have no significant effect on Firm Value. These results indicate that investors in the energy sector still place greater emphasis on financial indicators than non-financial information. Weak disclosure quality, the lack of uniform reporting standards, and low market attention to intangible assets mean that ICD and ESG are not yet viewed as credible signals in forming company valuations.

CGI also does not directly have a significant effect on Firm Value, so corporate governance is not yet a primary consideration for investors unless it is integrated with strong financial performance. This confirms that the implementation of corporate governance is not a major factor in the success of the company. still tends to be administrative in nature, not yet substantial in increasing market confidence.

Based on Stakeholder Theory, this study emphasizes that governance practices and non-financial disclosures must be implemented more substantially to meet stakeholder expectations. Meanwhile, according to Signaling Theory, profitability signals are more easily interpreted by the market as indicators of company value than ICD and ESG, which are considered less credible.

In general, this study concludes that profitability is a fundamental factor in increasing firm value, while ESG is only influential if it is not influenced by CGI and ICD. CGI is not effective unless it is integrated with strong financial performance and quality governance. Therefore, energy sector companies need to balance profit achievement with more transparent, accountable, and sustainable governance practices to maximize the potential for increasing company value in the eyes of investors

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