



ESG Disclosure, Firm Size, Leverage, and Firm Value: Evidence from Indonesia's Food and Beverage Sub- Sector

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ABSTRACT

This research seeks to assess how ESG reporting, the size of a company, and debt levels affect its overall value in companies within the food and beverage subsector listed on the Indonesia Stock Exchange. The approach taken in this study is targeted sampling, which produced 150 observations from 50 companies during the 2022–2024 period. The data analysis process was carried out using panel data regression analysis with the assistance of EViews 12 software. The findings of this study show that ESG disclosure has a negative and insignificant effect on firm value, firm size also has a negative and insignificant effect on firm value, while leverage has a positive and significant effect on firm value. It can be concluded that, in relation to the food and drink segment within Indonesia between 2022 and 2024, the management of capital structure through leverage is a more important factor in increasing firm value compared to ESG disclosure and firm size..

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Abstract: This research seeks to assess how ESG reporting, the size of a company, and debt levels affect its overall value in companies within the food and beverage subsector listed on the Indonesia Stock Exchange. The approach taken in this study is targeted sampling, which produced 150 observations from 50 companies during the 2022–2024 period. The data analysis process was carried out using panel data regression analysis with the assistance of EViews 12 software. The findings of this study show that ESG disclosure has a negative and insignificant effect on firm value, firm size also has a negative and insignificant effect on firm value, while leverage has a positive and significant effect on firm value. It can be concluded that, in relation to the food and drink segment within Indonesia between 2022 and 2024, the management of capital structure through leverage is a more important factor in increasing firm value compared to ESG disclosure and firm size..

Keywords: ESG Disclosure; Firm Size; Firm Value; Food and Beverage; Leverage;

1. Introduction

Company worth is an essential measure for reflecting management's ability to efficiently distribute available resources and the possibilities for the company's growth ahead in competitive markets. Rising firm value shows investors' trust in the performance and long-run viability of the firm, so affecting stock market values and investment decisions. Many investors, as stated by Li et al. (2023), use company value among their main criteria for evaluating the possible returns and risks connected with their portfolios. Several factors both internal and outside the organizational structure affect the basic determinants of firm value. Profitability metrics, firm size indicators, capital structure composition, dividend distribution policies, Corporate Social Responsibility (CSR) initiatives or Environmental, Social, and Governance (ESG) reports, and corporate governance systems are among the many variables often investigated in previous empirical studies. Empirical evidence shows that investors' views of corporate sustainability paths and future profit generating capacity are greatly affected by these multidimensional variables.

Due to sector-specific features including supply chain sustainability, packaging use patterns, waste management strategies, and environmental effects resulting from manufacturing processes, business value assessment becomes more difficult within the Indonesian capital market context, notably in the food and beverage (F&B) subsector listed on the Indonesia Stock Exchange (IDX). Information published by the Environmental and Forestry Ministry indicate that Indonesia still struggles greatly with food garbage and plastic trash disposal. Statistical data from 2023 shows food waste residuals dominating national waste composition, accounting for roughly 41–42%; plastic trash comprises around 18–19% of all generated trash streams. Because sustainability reporting quality can act as a signaling mechanism for investors assessing long-term risk profiles and growth potential, this environmental degradation condition highlights how important it is to research ESG disclosure effects on firm value inside the F&B industry.

Previous scholarly investigations have employed diverse methodological approaches to explore the connection between ESG reporting and company worth across various institutional contexts. Susilowati et al. (2025) employed fixed effects estimation in panel data

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regression analysis to explore how ESG disclosure influences company value in Indonesia's market, revealing that ESG reporting has a meaningful and positive impact on the value of a company and can function as an intermediary variable mediating the relationship between profitability performance and market valuation. This empirical finding receives corroboration from Anisa and Panuntun (2025), who discovered through multiple regression analysis that ESG disclosure enhances investor confidence and risk perception, although its valuation impact becomes more pronounced when supported by superior profitability levels and operational efficiency metrics.

Similarly, Setioko et al. (2024) employed Structural equation modeling (SEM) using the partial least squares (PLS) method shows that the size of a company has a substantial positive effect on its value, reasoning that larger enterprises possess stronger institutional legitimacy, enhanced market visibility, and more efficient access to diverse funding sources including debt and equity capital. In parallel methodological trajectory, Mauren and Syarif (2022) implemented mediation analysis indicating that as company assets expand proportionally, investor confidence correspondingly increases through improved financial stability signals, which in turn contributes substantially to firm value appreciation. A comparable empirical perspective was presented by Li et al. (2024), who employed propensity score matching (PSM) methodology combined with difference-in-differences (DiD) estimation to find that large-scale companies demonstrate systematically better ESG performance metrics, thereby rendering them more attractive investment targets for institutional investors focused on sustainable value creation.

Regarding leverage analysis and capital structure optimization, Radja et al. (2020) implemented quantitative methods utilizing ordinary least squares (OLS) regression to examine debt utilization patterns in Indonesia's consumer goods sector, empirically documenting that strategic debt usage generates a considerable favorable impact on company worth by leveraging advantages of an ideal capital structure. Conversely, Mauren and Syarif (2022) through path analysis confirmed that leverage utilization contributes positively to enhancing firm value when prudently managed within acceptable debt-to-equity boundaries and aligned with industry benchmarks. However, alternative empirical investigations such as those rigorously conducted by Arhinful and Radmehr (2023) employing panel data fixed effects models, and Estiasih (2024) utilizing generalized method of moments (GMM) estimation, demonstrated that excessive leverage deployment can systematically diminish financial performance metrics due to escalating interest expenses and financial distress costs, thereby adversely affecting firm value through increased default risk premiums and reduced financial flexibility.

While previous empirical investigations have made substantial contributions to understanding the intricate connection between ESG reporting systems and the assessment of company worth, several critical methodological limitations warrant rigorous consideration and systematic evaluation. First and foremost, many existing studies rely on simple cross-sectional OLS models that do not fully take advantage of panel data formats, for instance managing unobserved traits specific to each firm and reflecting changes over time. Expanding on this constraint, the current research utilizes a panel data methodology with a random effects framework to offer stronger proof regarding the connection between ESG reporting and company value within the food and beverage industry. The fundamental strength of these conventional econometric approaches resides in their mathematical simplicity, computational tractability, and straightforward interpretability, thereby allowing researchers to establish clear directional relationships and statistical significance levels between independent and dependent variables with relative ease. However, their primary methodological weakness manifests in the inherent inability to systematically account for potential multiplicative interaction effects, non-monotonic relationships, time-varying coefficients, and complex moderating variables operating simultaneously within the causal framework, which may consequently lead to oversimplified conclusions about the true underlying nature of these multifaceted relationships and potentially biased parameter estimates.

Second, the substantial majority of prior investigations have concentrated analytical focus on single-country contexts or highly specific temporal periods, thereby significantly limiting the external validity and generalizability of empirical findings across different institutional environments, regulatory frameworks, cultural contexts, and macroeconomic conditions. While this methodologically focused approach undeniably provides analytical depth and contextual richness in understanding country-specific or period-specific phenomena through detailed institutional analysis, it simultaneously restricts researchers' ability to draw universal conclusions about ESG disclosure's impact on firm value across

diverse market structures, development stages, and governance systems. The context-dependency of findings raises fundamental questions about the portability and applicability of research conclusions to other geographical regions, alternative institutional settings, or different time periods characterized by varying economic conditions and regulatory environments.

Third, previous empirical studies have predominantly examined ESG disclosure as a composite aggregate measure, without systematically disaggregating and analyzing the individual contributions of environmental (E), social (S), and governance (G) elements to total firm value creation. Although this holistic aggregation approach offers a comprehensive panoramic view of overall sustainability performance and provides parsimony in empirical modeling, it simultaneously obscures and masks the distinct, potentially heterogeneous mechanisms through which each separate ESG pillar independently influences firm value, thereby potentially concealing important nuances in stakeholder perceptions, market responses, and value creation pathways. The aggregation problem becomes particularly salient when considering that investors may differentially weight environmental concerns versus governance quality, or when specific industries face asymmetric pressures across ESG dimensions.

Fourth, Endogeneity issues such as reversed causation, missing variable influence, and measurement error remain inadequately addressed in numerous existing studies. Firms with higher market valuations may possess greater financial resources organizational ability to engage in extensive ESG disclosure programs, which can lead to possible reverse causation that complicates causal analysis. Additionally, unobserved firm heterogeneity in managerial quality, corporate culture, or strategic orientation may simultaneously drive both ESG disclosure decisions and firm value outcomes, generating spurious correlations that do not reflect true causal relationships.

Despite the increasing collection of research on environmental, social, and governance issues disclosure and company worth, several critical gaps persist in the current understanding. First, there remains considerable inconsistency in research findings regarding the connection between ESG reporting and company worth in various sectors and geographical contexts. While some studies report significantly positive relationships, others find neutral or even negative effects, suggesting that contextual factors and industry-specific characteristics play crucial moderating roles that have not been adequately explored.

Second, the Food and Beverage (F&B) sector presents unique challenges related to sustainability issues, ranging from supply chains, packaging utilization, waste management, to environmental impacts from production processes. Indonesia continues to face serious problems related to plastic waste and food waste. Information from the Department of Environment and Forestry indicates that in 2023, national waste was dominated by food waste accounting for approximately 41-42% and plastic waste accounting for approximately 18-19% of total waste generated. This condition emphasizes the importance of research on the effect of ESG reporting on company worth in the food and beverage industry, as the quality of sustainability disclosure can serve as a signal for investors in evaluating long-term risks and prospects.

Third, real-world cases further reinforce the urgency of this issue. For instance, in 2024, PT eFishery, an agritech startup focusing on food, experienced serious problems related to allegations of financial statement manipulation concerning Governance aspects. This situation triggered public questions regarding corporate transparency and became the focus of national media attention (CNBC Indonesia, 2024). Additionally, incidents of liquid waste pollution from a beverage factory in Tangerang that contaminated rivers and caused environmental damage (Detik, 2022) demonstrate the importance of the Environmental dimension in F&B company management. Furthermore, reports from Greenpeace and global plastic monitoring programs have highlighted Nestlé regarding its impact on single-use plastic pollution. Nestlé indicated that in 2018, the company used approximately 1.7 million tons of plastic for packaging, most of which consisted of single-use packaging that can adversely affect the environment. These observations demonstrate that a company's dependence on single-use plastic packaging can generate pressure from the public and stakeholders, potentially creating risks to corporate image and influencing consumer and investor perceptions in the long term.

To tackle these areas lacking research, this study suggests a thorough examination focusing on three primary variables: ESG disclosure, firm size, and leverage. The selection of these three variables is based on the consideration that sustainability factors, operational capacity, and financial performance are critical aspects that directly reflect a company's

competitiveness and long-term value. This study utilizes panel data regression using a random effects framework to examine the connection among ESG reporting, company size, debt levels, and company worth. Employing a random effects model enables the framework to consider unobserved attributes unique to each firm that are believed not to have any correlation with the independent variables, while utilizing variations in the data across different sections and over time. The study will focus on the food and beverage industry listed on the Indonesian Stock Exchange, offering important insights into the effects of ESG disclosure on company value in a sector that faces major sustainability obstacles.

The Food and Beverage (F&B) sector was established as the research focus because this industry is essential for Indonesia's economy, demonstrates resilience against crises, and faces high demand from society regarding product quality and business sustainability (Achyani et al., 2024). This situation makes the F&B sector important to analyze in relation to firm value. The proposed approach integrates both financial and performance indicators beyond financial aspects to offer a holistic assessment of value creation mechanisms, addressing the limitations of previous studies that examined these factors in isolation.

This study offers numerous important additions to the current body of work and practice. To begin with, it offers practical proof regarding the connection between ESG reporting and the value of a company specifically within the Indonesian F&B sector, an industry characterized by substantial environmental and social impacts but relatively understudied in the sustainability literature. Second, the study extends theoretical understanding by presenting factual information regarding how ESG disclosure, firm size, and leverage relate to company worth in the food and drink sector, offering nuanced insights into how company traits influence firm value. Third, from a practical perspective, this research offers valuable guidance for F&B companies in developing effective ESG disclosure strategies that can enhance firm value while simultaneously addressing stakeholder concerns about sustainability. Fourth, the findings contribute to policy discussions by providing evidence-based recommendations for regulatory frameworks governing sustainability reporting in emerging markets. Finally, this study responds to calls for more context-specific research on ESG disclosure by focusing on an industry and geographical setting where sustainability challenges are particularly acute, thus improving the relevance and usefulness of research outcomes for practitioners and also policymakers.

2. Preliminaries or Related Work or Literature Review

Research Objectives and Benefits

The theoretical basis for this investigation is illustrated in the figure below: This study intends to analyze how ESG disclosure, company size, and debt impact the value of food and beverage firms that are traded on the Indonesia Stock Exchange (IDX). The research aims to deliver theoretical contributions to the evolution of financial accounting and sustainability reporting literature, particularly regarding the role of non-financial information and company traits influence the value of a business. Moreover, the findings of this research are anticipated to offer several practical implications. For management, the results can serve as a reference in designing ESG disclosure strategies, managing company size, and optimizing financial structure to enhance business worth. For investors, the research offers additional information for evaluating companies' long-term prospects by considering ESG disclosure quality, company scale, and leverage levels in their investment decisions. For regulators and standard-setters, the study can provide input for formulating and improving regulations related to ESG reporting and corporate governance in the Indonesian capital market.

ESG Disclosure

Many research show that disclosing ESG helps to increase company worth since it lessens information asymmetry and builds investor faith in a company's future prospects. Companies with more thorough ESG reporting usually come off as more open and ethical, therefore improving investor interest and reputation. Other studies, however, show inconclusive or mixed results, suggesting that the impact of ESG disclosure on firm value may vary according on features of the industry, governmental regulations, and the standard of quality rather than the quantity of the disclosed data. These inconsistencies point up the need of more empirical data, especially in industries that are very sensitive to social and environmental problems like food and beverage. The conceptual structure applied in this research is illustrated in the following figure.

Firm Size

Often found in earlier studies is a beneficial connection between firm value and the scale of its operations. Better external financing, more stakeholder negotiation power, and more capital market exposure for bigger businesses can all help to justify greater market valuation. Furthermore appealing to investors are big companies because their operational efficiency may be enhanced and their expenses lowered thanks to economies of scale. Some research, however, show that the size of a company does not always have a big impact on its value since investors might give more weight on other performance metrics including profitability, growth potential, and risk profile.

Leverage

Empirical evidence on firm value and leverage is inconsistent. Tax advantages and the disciplinary function of debt, which promotes more efficient management decisions, some research indicate that an ideal level of debt can boost firm value. From this angle, leverage might indicate management's trust in the future possibilities of the company. By contrast, other studies show that more financial hardship risk, a greater interest burden, and less financial flexibility as well as worse firm value as a consequence of excessive leverage. These conflicting results point to the great reliance of leverage's impact on company value on the entities capacity to handle debt inside a reasonable range and on the particular sector backdrop.

The theoretical model used in this research is illustrated in the figure below:

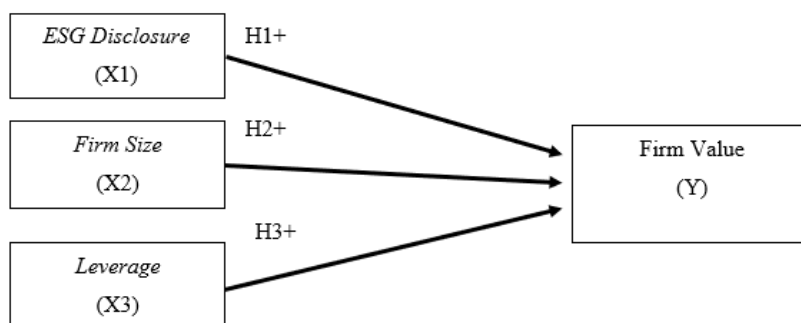


Figure 1. Model.

The hypotheses from the model developed above are as follows:

H1: ESG disclosure has a significant positive effect on firm value.

H2: Firm size has a significant positive effect on firm value.

H3: Leverage has a significant positive effect on firm value.

3. Research Method

Using a method that focuses on numbers and detailed descriptions along with a targeted sampling technique, this research Processed using EViews version 12, the information comes from secondary sources gotten from the official site of the Indonesia Stock Exchange (IDX) as well as the official websites of the corresponding firms.

From among all the food and drink sub-sector businesses registered on the IDX from 2022 to 2024. There are 42 companies in total were chosen as the research sample based on the following criteria: (1) food and drink sub-sector firms listed on the IDX in 2022–2024; (2) businesses that did not carry out an Initial Public Offering (IPO) on the IDX in 2022 or beyond; (3) companies that constantly issued complete annual reports during 2022–2024; (4) companies that were profitable during 2022–2024; and (5) businesses that give their financial statements in Indonesian Rupiah (IDR).

Table 1. Variables Measurement.

Variable	Proxy	Scale	Sources
Tobin's Q	$Tobin's Q = \frac{Market Value Of Equity + Total Debt}{Total Assets}$	Ratio	Susilowati dkk. (2025)
ESG Disclosure (ESGD)	$ESG = \frac{Total ESG Disclosure}{32}$	Ratio	Achyani dkk. (2024)
Firm Size (SIZE)	$SIZE = \ln Total Assets$	Ratio	Setioko dkk. (2024)

Leverage	$DAR = \frac{\text{Total Liabilities}}{\text{Total Asset}}$	Ratio	Radja <i>et al.</i> (2020)
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4. Results and Discussion

Description Test Analysis

This research includes a sum of 126 observations spanning from 2022 to 2024, as determined by the sampling criteria used. Table X presents descriptive statistics for each variable; in this case, the company's value (Y) is the dependent variable while ESG disclosure (X1), company size (X2), and debt (X3) are independent variables.

Table 2. Descriptive Statistic.

Variable	Average	Med	Max	Min	Standard Deviation
Tobin's Q	1.708285	1.249950	10.89010	0.157700	1.502193
ESGD	0.877257	0.875000	0.968800	0.718800	0.057442
Firm Size	29.20270	29.33570	32.93790	24.97490	1.748656
Leverage	0.349806	0.381550	0.832300	0.000400	0.209565

Source: Processed by the Authors with EVIEWS version 12.

This study employs firm value as the dependent variable (Y), using Tobin's Q as the measurement proxy. The average firm value based on 126 observations is 1.249950, the median is 1.249950. PT Salim Ivomas Pratama Tbk (SIMP) has the lowest value of 0.157700; PT Sekar Laut Tbk (SKLT) achieves the highest value of 10.89010. With skewness and kurtosis numbers of 2.887639 and 14.90633, respectively, this variable has a standard deviation of 1.502193, pointing to a right-skewed distribution with the presence of multiple businesses with relatively high company value relative to the rest of the sample.

ESG disclosure, measured using an index based on the Global Reporting Initiative (GRI) 2016 guidelines, represents the primary independent variable (X1) in this research. The average ESG disclosure across 126 observations stands at 0.877257; the median is 0.875000. PT Multi Bintang Indonesia Tbk (MLBI) has the least ESG disclosure value, 0.718800; PT Garudafood Putra Putri Jaya Tbk (GOOD) has the maximum value, 0.968800. The skewness of this variable is -0.911734; kurtosis is 3.939667; its standard deviation is 0.057442. While the negative skewness implies that more businesses tend to have ESG disclosure values above the mean, the rather small standard deviation indicates that the level of ESG reporting among the sampled entities is somewhat clustered.

The scale of the company, determined by the natural log of overall assets, serves as the second independent variable (X2) in this study. According to 126 observations, the median is 29.33570 and the mean firm size is 29.20270. PT Wahana Inti Makmur Tbk (NASI) registers the minimum business size value of 24.97490; PT Indofood Sukses Makmur Tbk (INDF) achieves the maximum value of 32.93790. With skewness and kurtosis values of -0.359502 and 2.973559, this variable has a standard deviation of 1.748656. Although the negative skewness shows a slight concentration of firms with bigger asset sizes, the closeness between the mean and median indicates a relatively symmetrical firm size distribution without extreme outliers.

The third independent variable (X3), leverage, is evaluated through the Debt to Asset Ratio (DAR). With 126 observations examined, the median is 0.381550 and the mean leverage value is 0.349806. PT Sampoerna Agro Tbk (SGRO) registers the lowest leverage value of 0.000400, whereas PT Eagle High Plantation Tbk (BWPT) achieves the greatest value of 0.832300. With skewness and kurtosis coefficients of 0.176681 and 2.299842, respectively, this variable has a standard deviation of 0.209565. The small positive skewness means that a number of companies have relatively greater leverage than the majority of the sample, while the moderate standard deviation denotes some diversity in leverage levels among businesses.

Panel Model Test Selection

As seen in Table 3, the cross-section Chi-square statistic yields a p-value of 0.0000, which falls below the 0.05 significance threshold. Consequently, the Fixed Effect Model (FEM) is selected as the appropriate model. Following the Hausman test,

Table 3. Chow Test.

Test type	Stat	Degrees of Freedom	P-value
Cross-section F	16.858003	(41,81)	0.0000
Criss-section Chi-square	284.100527	41	0.0000

Source: Processed by the Authors with EVIEWS version 12.

As presented in Table 4, the cross-section random effect yields a p-value of 0.6883, which surpasses the 0.05 critical value. This outcome confirms that the Fixed Effect Model (FEM) is preferable to the Random Effect Model (REM) according to the Hausman test. Subsequently, the Lagrange Multiplier (LM) test is performed to assess the suitability of either the Common Effect Model (CEM) or the Random Effect Model (REM) for this investigation.

Table 4. Hausmen Test.

Test Outcomes	Chi-Sq Statistic	Chi-Sq.d.f.	Prob.
Cross-section random	1.473753	3	0.6883

Source: Processed by the Authors with EVIEWS version 12.

Table 5 demonstrates that the Breusch-Pagan cross-sectional statistic from the Lagrange Multiplier test is 88.83660, accompanied by a p-value of 0.0000, beneath the 0.05 critical value. This outcome confirms the superiority of the Random Effect Model (REM) over the Common Effect Model (CEM). Consequently, this investigation adopts the Random Effect Model (REM) as the most suitable panel data approach.

Table 5. LM Test.

	Cross-section	Test Hypothesis Time	Prob.
Breusch-Pagan	88.83660 (0.0000)	0.896523 (0.3437)	89.73312 (0.0000)

Source: Processed by the Authors with EVIEWS version 12.

Classical Assumption Test

The findings of the classical assumption checks revealed no evidence of autocorrelation, multicollinearity, or heteroskedasticity in the data. Moreover, statistical testing helped to identify the best panel data model. So, the Random Effect Model (REM) was chosen for this study.

Regression Analysis Test

Before performing the regression analysis, the model was tested using panel data model selection procedures. The results from the Chow test, Hausman test, and Lagrange Multiplier (LM) test indicate that the Random Effect Model (REM) provides the optimal fit for the dataset, with the estimation equation specified as follows:

$$\text{Tobin's Q} = 2.561592 - 0.387798 \cdot \text{ESG} - 0.590891 \cdot \text{SIZE} + 0.231911 \cdot \text{DAR}$$

The multiple regression equation illustrates the connection between the dependent variable of firm value (Q) and ESG disclosure (ESG), firm size (SIZE), and leverage (DAR) as the independent variables. A constant of 2.561592 shows the starting point of firm value in conditions where every independent variable has a value of zero. The ESG disclosure coefficient -0.387798 indicates a negative relationship with firm value, suggesting that, ceteris paribus, an improvement in ESG disclosure is accompanied by a reduction in firm value. Similarly, the coefficient for firm size, which is -0.590891, similarly points to a negative effect, indicating that larger firms are associated with reduced firm value, holding other variables constant. In contrast, the leverage coefficient 0.231911 indicates a positive association with firm value, meaning that an increase in leverage is associated with higher firm value. These findings describe how ESG disclosure, firm size, and leverage jointly influence firm value within the sampled companies.

F-statistical test and t-statistical test

Referring to Table 6, the F-statistic's p-value is 0.000320, smaller than the predetermined 0.05 significance level. This result indicates that ESG disclosure, firm size, and leverage simultaneously exert a statistically significant influence on firm value (Tobin's Q).

Table 6. F-Test.

F-statistic	6.695422
Prob(F-statistic)	0.000320

Source: Processed by the Authors with EVIEWS version 12.

As presented in Table 7, several findings can be concluded from an examination of the significance values for each independent variable. First, For the ESG disclosure (ESGD) variable, the estimated coefficient is -0.387798 with a p-value of 0.7799, indicating a value higher than 0.05. This result suggests that ESG disclosure has a negative yet statistically insignificant effect on firm value (Tobin's Q), meaning that changes ESG disclosure do not materially affect firm value.

Second, firm size (SIZE) records a coefficient of -0.590891 accompanied by a p-value of 0.7342, which is also higher than the 0.05 level of significance. These results reveal that firm size has a negative and statistically insignificant relationship with firm value, meaning that firm value is not significantly affected by company size within the study period.

Lastly, For leverage, the estimated coefficient is 0.231911 and the p-value is 0.0000, indicating a value lower than 0.05. These results indicate that leverage is positively and significantly associated with firm value. In other words, companies that employ greater leverage tend to show higher firm value, making leverage the only variable that significantly influences firm value in this research.

Table 7. t-Test.

Variables	Coefficient value	Standard error	t-statistic	p-value
C	2.561592	5.913480	0.433178	0.6657
ESGD	-0.387798	1.384955	-0.280008	0.7799
SIZE	-0.590891	1.736390	-0.340298	0.7342
LEVERAGE	0.231911	0.054509	4.254574	0.0000

Source: Processed by the Authors with EVIEWS version 12.

Multiple regression R² test

Table 8 indicates that the R² is 0.141367, with an adjusted R-squared of 0.120253. This indicates that approximately 12.03% of the variation in firm value (Tobin's Q) can be jointly attributed to ESG disclosure, firm size, and leverage included in the regression model. The remaining 87.97% is attributable to other factors beyond the scope of the model that are not analyzed in this research.

Table 8. Multiple regression R² Test.

R²	0.141367
Adjusted R²	0.120253

Source: Processed by the Authors with EVIEWS version 12.

Discussion

On the basis of the data testing results, the firm value of consumer non-cyclical companies operating in the food and beverage subsector and listed on the Indonesia Stock Exchange for the 2022–2024 period is significantly influenced by leverage, but not significantly influenced by ESG disclosure or firm size. ESG disclosure does not have a significant effect on firm value, which may suggest that investors in this sector have not yet fully incorporated ESG considerations into their valuation of companies or in other words they still place greater emphasis on financial performance and short-term returns than on non-financial sustainability disclosures, so variations in ESG reporting are not completely incorporated into firm value. Similarly, firm size is negatively related to firm value, but the relationship is not statistically significant, showing that simply being larger as a firm does not always result in higher firm value, within a relatively mature industry, market participants may evaluate firms more on efficiency and capital structure than on scale alone. In contrast, leverage emerges as a positive and significantly influential determinant of firm value, implying that debt utilization may be interpreted by investors as an indication of management's optimism and the firm's ability to earn returns above its borrowing costs. These findings confirm that capital structure, as proxied by leverage, is an important determinant of firm value in this sector, while ESG disclosure and firm size are not the primary drivers of firm value within the period of observation.

Table 9. Results of Hypothesis Testing.

No	Hypothesis	Prob.
H1	ESG disclosure has a positive and significant effect on firm value	Rejected
H2	Firm size has a positive and significant effect on firm value	Rejected
H3	Leverage has a positive and significant effect on firm value	Accepted

Source: Processed by the researcher.

5. Conclusion & Suggestions

This study focuses on assessing the influence of ESG disclosure, firm size, and leverage on firm value among food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024, using 126 observations from 42 firms. The empirical evidence reveals that ESG disclosure and firm size exert negative but insignificant influences on firm value, in contrast to leverage, which has a positive and significant impact. These findings indicate that, in this subsector, capital structure decisions particularly the use of leverage are more dominant in determining firm value than ESG disclosure and firm size. This suggests that investors in the Indonesian food and beverage subsector still place greater emphasis on financial indicators and capital structure than on non-financial sustainability disclosures when assessing firm value. By presenting sector-specific evidence from the food and beverage subsector, this study contributes to the empirical literature on ESG and firm value in emerging markets, which is closely intertwined with environmental and social aspects. The fact that ESG disclosure does not significantly affect firm value highlights a gap between the growing attention to sustainability and how investors actually price ESG information in this context.

However, this research has several limitations. This study uses a sample of 42 companies from a single subsector observed over three years (2022–2024), and the model only includes three independent variables, resulting in a relatively low adjusted R-squared. In addition, ESG disclosure is measured using a manually constructed binary checklist based on GRI 2016, which might not completely reflect the effectiveness and comprehensiveness of ESG practices. Therefore, subsequent research is encouraged to broaden the sample across different sectors and longer periods, incorporate additional variables such as profitability, dividend policy, liquidity, firm growth, corporate governance, and macroeconomic factors, and employ more comprehensive ESG measures, such as ESG scores from independent rating agencies or enhanced scoring frameworks. By doing so, Further studies have the potential to provide enhanced clarity and depth regarding how ESG disclosure, company-specific features, and financial policies interact to shape firm value.

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