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Original Article

Examining the Relationship Between Good Corporate Governance, Leverage, and Environmental, Social Governance Performance towards Firm Value with Profitability as Intervening Variable

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Abstract: *This study was done with the intention of examining the influence of GCG, leverage and ESG on company value, with profitability acting as a mediator. Population in this research using purposive sampling and banking organizations in the subsector listed on the Indonesia Stock Exchange between 2017 and 2021, based on selection criteria obtained from a sample of 49 companies used in this study. Method statistics were used to test the hypothesis of multiple regression analysis. The study's findings indicate that while leverage increases firm value, GCG, ESG, and economic viability have no bearing on it. GCG and leverage have a positive effect on profitability, while ESG has no effect on profitability. Profitability can be mediated by the relationship between GCG and firm value, profitability can be mediated by the relationship between leverage and firm value, and the relationship between ESG and firm value.*

Keywords: *Firm Value, Good Corporate Governance, ESG, Leverage, Profitability.*

I. INTRODUCTION

The banking sector is a one-factor influencing economic growth in Indonesia Stock Exchange. The Banking sector plays an essential role as a contributor to the economy in Indonesia, namely in supporting The execution of nationwide progress within the context of enhancing the dispersion of advancement and its outcomes, financial expansion, and domestic steadiness towards augmenting the quality of life of the general populace. According to Piter Abdullah, who holds the position of Director of Research at the Center for Reform on Economics (CORE) Indonesia, once stated that investment consumption in export and import activities serve as primary catalysts for economic growth. Banking has a significant role in these activities, accounting for 80% of the economy (kontan.co.id, 2020).

During the pandemic, companies in Indonesia, including banks, experienced a decline in company value. The financial sector index fell 5.74% because many banks were corrected to the level of Lower Auto Reject, even reaching 5 out of 6 large and liquid banking issuers listed on the IDX, experiencing a decline approaching the Lower Auto Reject level at 7%. It was recorded that only one issuer survived the Lower Auto Reject, namely the stock with the largest market capitalization in Indonesia, namely BBCA, which, although it survived the down rejection, was forced to suffer a severe correction of 4.40% to a price level of IDR 29,850/share. (CNBC, 2020)

Based on the phenomenon and data related to the decline in company value, companies need to maintain company value in good condition. If a bank has good corporate value, it tends to be easier to obtain funds from investors as well as trust from customers; conversely, if a bank has a declining company value, it will be difficult for the company to obtain investors, and this will undoubtedly affect the continuity of the company in the future. Vital in ensuring that corporate governance is adequately implemented is the duty of the board of commissioners. As members of it, they are responsible for the institution's success. Previous research stated that an entity with more board members is more valuable over time. Research carried out by Aryanto and Setyorini (2019) also shows that it positively impacts company value. Not only does it impact firm value, but it also influences the enterprise's profitability. As the composition of the board of commissioners increases, there will be a corresponding rise in the level of oversight within the company, leading to enhanced profitability for the organization. To ensure that companies consider and fulfill their social and environmental responsibilities as part of the good governance theory, companies need CSR (Islami, 2018).

A growing body of research and empirical evidence demonstrates a positive correlation between strong ESG practices and enhanced firm value. Strong ESG performance enhances a company's reputation among various stakeholders, including

customers, investors, employees, and regulators. Positive perception and trust can attract a broader investor base, improve customer loyalty, and attract top talent. These factors can enhance a company's competitive advantage, market position, and, ultimately, its firm value. Research carried out by Wu et.al (2022) stated that the performance of Environmental, Social, and Governance (ESG) factors has an eloquent positive influence on the overall value of corporations.

Leverage refers to the utilization of external funds to bolster a company's activities and ventures. Leverage affects a corporation's return on equity, an important measure of obtaining profitability. When an enterprise earns a return on its investments that exceeds the cost of debt, it can generate higher returns for its equity shareholders. Properly managed leverage amplifies the returns on equity investments, potentially increasing firm value. According to research by Pratama and Wiksuana (2017), it is stated that leverage has a significant positive effect on profitability. However, Lamba and Atahau's (2022) research contradicts this by demonstrating that leverage does not influence corporate value. Hence, the level of debt a company carries does not affect its value.

Drawing upon the aforementioned description and inconsistencies in prior studies, this research aims to reassess the significance of Good Corporate Governance (GCG), Leverage, and Environmental Social Governance (ESG) on Enterprise Value, with profitability acting as an intermediary variable. This research will use the sample of the enterprise banking sector in IDX (2017-2021).

II. LITERATURE REVIEW

A) Stakeholder Theory

Sugiharto (2005) emphasizes that a company is not merely a self-serving entity but rather has a responsibility to benefit its stakeholders, which include shareholders, creditors, consumers, suppliers, government, community, analysts, and other involved parties. Consequently, stakeholders wield significant influence over the survival and success of a company.

B) Good Corporate Governance

According to the Indonesian Institute of Corporate Governance (IICG 2011), Good Corporate Governance (GCG) encompasses a comprehensive structure, system, and process that contributes to a company's continuous long-term value creation. GCG is not an independent entity but relies on the synergy of various components. For example, the board of commissioners plays a pivotal role in shaping and fostering effective Corporate Governance practices. It is through the collective efforts of these interconnected elements that GCG can be successfully implemented and upheld.

The supervisory body, known as the board of commissioners, fulfills both broad and specific oversight responsibilities as outlined in the articles of association. In accordance with Law Number 40 of 2007 on Limited Liability Companies, it provides advice and guidance to the directors. The relevant authorities' provisions meticulously regulate the quantity, criteria for composition, simultaneous positions, familial relationships, and other prerequisites for the board of commissioner members.

C) Profitability

Financial viability gauges a company's capacity to obtain income through its total assets or acquisitions (Aulia, Mustikawati, & Hariyanto, 2020). It provides an overview of how effectively the company operates, which can deliver benefits for the company; it is tough to attract investors without any profit from the company (Rahayu & Sari, 2018). Investors certainly see how much profit a company generates, so they can see future profits when investing in the company.

Profitability describes the management capacity of the company's business. Profitability can be understood by comparing profits earned on sales or investments (Rofik & Shah, 2020). Profitability includes several comparisons, such as Return On Equity (ROE), which serves as a benchmark in describing a company's financial performance (Putra & Gantino, 2021).

D) Firm Value

Investors assess the company's market value through the utilization of financial ratios, which provide insights to management concerning the organization's historical performance and prospective outcomes. Tobin's Q stands out among the various ratios used to gauge market value. This ratio is considered particularly informative because it encompasses all aspects of the company's debt and share capital, encompassing ordinary shares or company equity and all company assets. By including all assets, the company takes into account the interests of not only shareholders but also creditors, as operational financing stems from both equity and loans provided by creditors (Sukamulja, 2005). A higher Tobin's Q value signifies promising growth prospects for the company. This, in turn, reflects investors' increased willingness to make greater libation to own the company (Sukamulja, 2005).

E) Environmental, Social, and Governance

The number of sustainable report disclosures is rapidly rising practically everywhere in the world. Corporate social responsibility (CSR) frequently uses the words Environmental, Social, and Governance (ESG). Investors pay attention to the financial elements of investments, but ESG also has the potential and long-term influence that investments can have on stakeholders in addition to shareholders (Almeyda & Darmansyah, 2019). ESG Disclosure encompasses the assessment of three fundamental aspects such as environmental, social, and governance, when considering investment opportunities in a specific business or company, focusing on sustainability and ethical impact.

Environmental Disclosure measures a company's performance by showing issues that occur in the business environment or relationships between business and society. Social Factor or Social Disclosure measures the management of a company's employment relationship through information on corporate social responsibility. Corporate governance (CG) factors measure how a company can reflect issues of good governance.

F) Leverage

Leverage refers to a company's capacity to utilize fixed obligations, such as debt and special shares, to achieve its objective of maximizing the impact on the wealth of the organization's owner through the analysis of the connection between company characteristics. According to Sugiyono (2009), leverage is a crucial tool for financial managers when planning corporate profitability, particularly in determining the most suitable sources of funds to finance the company's capital increase in alignment with its future growth. Mardiyanto (2009) suggests that high levels of leverage prompt companies to reduce it by decreasing their debt, and vice versa. The association between leverage levels and the capital structure debt-to-equity ratio used by the company for its investment funding is further explained by Mardiyanto (2009). Companies with considerable leverage need to provide more comprehensive disclosures to satisfy creditors' information requirements. Consequently, companies with high leverage levels have the potential to share confidential information with creditors.

G) Hypothesis

Based on the description above, these hypotheses are raised:

H_1 : The profitability of a company is influenced by the Board of Commissioners.
H_2 : Profitability is influenced by leverage.
H_3 : Environmental, Social and Governance Disclosure effect on company profitability
H_4 : The Board of Commissioners impacting firm value
H_5 : Leverage effect on firm value
H_6 : Environmental, Social, and Governance effect on firm value
H_7 : Profitability effect on firm value
H_8 : The Board of Commissioners' effect on firm value, which is mediated by profitability
H_9 : Leverage effect on firm value, which is mediated by profitability
H_{10} : Environmental Social Disclosure effect on firm value, which is mediated by profitability

H) Conceptual Framework

The framework of this research:

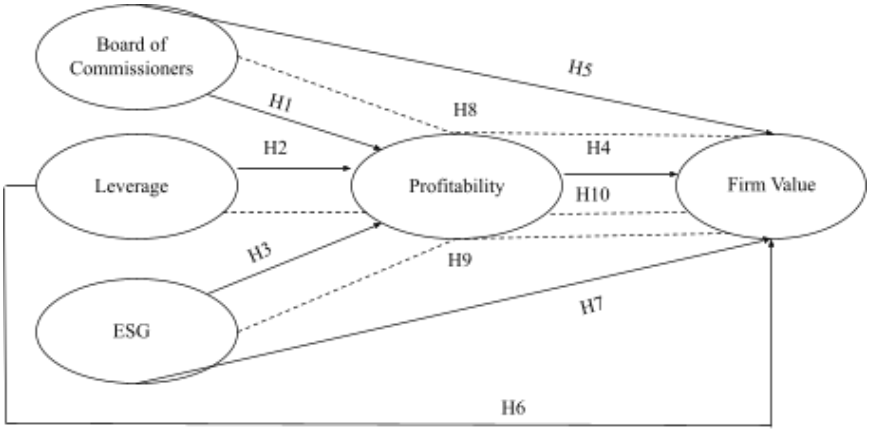

Figure 1: Conceptual Framework

III. RESEARCH METHOD

A) Research Approach

This research employs a quantitative research approach with a focus on causal-associative research. As described by Sanusi (2010), the main goal of causal-associative research is to look into the relationships between multiple variables. The main aim is to ascertain the level of certainty of an event based on the frequency of its occurrences.

B) Data Types and Sources

Data that has been collected is secondary data. The data source obtained is in the format of financial and annual reports published by stated banking companies on the Indonesia Stock Exchange in the 2017-2021 operating period, obtained from the IDX official website. As in this site there is data regarding balance sheets, income statements, and reports on company CSR activities. In this study, a variety of data processing techniques were utilized, such as Descriptive Statistics and Classical Assumptions Tests, Normality Tests, Multicollinearity Tests, and Autocorrelation Tests. In order to examine the hypotheses, the researcher employed Multiple Linear Regression tests, which involved conducting t-tests for partial effects, coefficient of determination tests, f-tests for simultaneous influence, and path analysis**.**

C) Dependent Variable

This research uses firm value as a dependent variable. This research calculates firm value using Equity Market Value (EMV). The EMV, which represents the market value of the company's equity, was computed by the valuation market. EMV measurement is:

$$EMV = \frac{TotalLiabilities}{TotalAssets}$$

D) Independent Variable

ESG Performance measurements are established based on standards derived from the Thomson Reuters Eikon database. To provide comprehensive insights into ESG interpretations, the database encompasses ten types of indications, including three environmental indicators, four social indicators, and three governance indicators. These indicators are conveniently listed in the Appendix. The Thomson Reuters Eikon Checklist incorporates ESG measurement metrics, enabling stakeholders to access valuable information regarding businesses' commitment to sustainability. The presence or absence of specific indicators influences the calculation of the ESG disclosure index. Score which reaches 1 is assigned to the item present. In reverse, a score of 0 assigning it is absent. It is not worth anything; which adoption of Thomson Reuters Eikon indicators has been widely observed in previous relevant literature concerning ESG disclosure.

The board of commissioners, as a dedicated committee, holds crucial responsibility for ensuring the accuracy of financial data presented in the company's reports. Interestingly, an intriguing observation emerges as the company's profitability seems to diminish in correlation with the growing number of commissioners. This sheds light on the significance of the board's composition, including the presence of independent commissioners, which serves as an influential indicator of proportions.

Kasmir (2012) states that the Debt Equity Ratio is used to evaluate the proportion between debt and equity in a company (leverage). By calculating this ratio, the company can determine the amount of funding provided by both borrowers and owners. This information is stored to track the utilization of capital as collateral or debt. The identification process involves comparing the total debt to the total capital.

$$DER = \frac{Total\ Liabilities}{Total\ Capital}$$

E) Intervening Variable

The variable in between is profitability, as determined by using Return on Equity (ROE). It is utilized to quantify and assess the profit generated from the company's capital and determine the corresponding rate of return. The bigger the ROE value, the greater the dividend received by investors. Net profit before tax is obtained from the business's income statement, and total equity is taken from the balance sheet or report of financial condition to calculate profit. In accordance with relevant research, ROE measurement is:

$$ROE = \frac{NetIncomeBeforeTaxes}{Total\ Equity}$$

F) Data Analysis Method

The research employs linear regression analysis techniques to specify the impact of variables. The study utilizes various models, which are as follows:

$$EMV = a + \beta_1 BOC + \beta_2 LEV + \beta_3 ESG + \beta_4 ROE + \varepsilon_1 \quad (1)$$

In model 1, where EMV is the dependent variable = Equity Market Value. a= constant, β_1 BOC= Board Commissioners, β_2 LEV= Leverage, β_3 ESG= Environmental, Social and Governance, β_4 ROE= Return on Equity, and ε_1 = error

$$ROE = a + \beta_1 BOC + \beta_2 LEV + \beta_3 ESG + \varepsilon_2 \quad (2)$$

In model 2, where ROE is the dependent variable = Return on Equity. a = constant, β_1 BOC = The Board of Commissioners, β_2 LEV = Leverage and β_3 ESG = Environmental, Social and Governance, and ε_2 = error

IV. RESULT AND DISCUSSION

A) Statistical Descriptive Test

Descriptive statistics are general statistics that are used as a basis for testing before conducting hypothesis testing, which has the purpose of giving a summary of the findings that can be observed from the minimum, maximum, average, and standard deviation values. The following is a description of The Board of Commissioners, Leverage, and ESG as independent variables, profitability as the intervening variable and Firm value as the dependent variable. Data is processed with SPSS 29 software so that the following results are obtained:

Table 1: Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
BOC	183	1.00	14.00	4.8361	2.33121
LEV	183	1.00	15.99	6.5243	2.22382
ESG	183	3.00	24.00	15.2787	4.19758
ROE	183	.61	.96	.8233	.05684
EMV	183	-89.03	25.64	5.5572	6.33301
Valid N (listwise)	183				

Constructed on findings from the descriptive statistical analysis presented in Table 1, it could draw the conclusion that the dependent variable (EMV) ranges from a minimum value of -89.03 to a maximum value of 25.64. The average value (mean) is 5.5572, with a standard deviation of 6.33301. For the variable Board of Commissioners (BOC), the minimum value is 1.00, the maximum value is 14.00, and the average value (mean) is 4.8361, with a standard deviation of 2.33121. The variable Environmental, Social, and Economic (ESG) ranges from a minimum value of 3.00 to a maximum value of 24.00, with an average value (mean) of 15.2787 and a standard deviation of 4.19758. The Leverage (LEV) variable has a minimum value of 1.00, a maximum value of 15.99, an average value (mean) of 6.5243, and a standard deviation of 2.22382. Lastly, the Profitability (ROE) variable ranges from a minimum value of 0.61 to a maximum value of 0.96, with an average value (mean) of 0.8233 and a standard deviation of 0.05684.

B) Normality Test

This experiment is one of the important things that must be done to ascertain whether the independent variable and dependent variable in the regression model follow a normal distribution to provide the data that is needed. This test was simulated using the Kolmogorov-Smirnov statistical test. With the result below:

Table 2: Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		183
Normal Parameters[a,b]	Mean	1.3277
	Std. Deviation	.11024
Most Extreme Differences	Absolute	.062
	Positive	.062
	Negative	-.038
Test Statistics		.063
Asymp. Sig. (2-tailed)		.087

According to Table 2, the outcome of the normality test has a significant value of 0.87 or > 0.05. This indicates that the outplay of the normality test is normally distributed, and it can be said that the data used is suitable for use in this study.

C) Multicollinearity Test

Table 3: Result of Multicollinearity Test Model 1

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
BOC	.841	1.190
LEV	.964	1.038
ESG	.919	1.088
ROE	.843	1.186
a. Dependent Variable : EMV		

The table above presents the result of multicollinearity. It can be observed that none of the independent variables in the regression model have a tolerance value below 0.10 or a VIF (Variance Inflation Factor) value exceeding 10. The analysis of the data processing results indicates that the Board of Commissioners (X1) variable has a tolerance value of 0.841 (>0.10) and a VIF value of 1.190 (<10), the Leverage (X2) variable has a tolerance value of 0.964 (>0.10) and a VIF value of 1.038 (<10), and the ESG (X3) variable has a tolerance value of 0.919 (>0.10) and a VIF value of 1.186 (<10). Consequently, it can be said that the regression models employed in this research are appropriate as the variables of Board of Commissioners, Leverage, ESG, and ROE do not exhibit multicollinearity.

Table 4: Result of Multicollinearity Test Model 2

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
BOC	.933	1.072
LEV	.990	1.010
ESG	.929	1.076
a. Dependent Variable: ROE		

According to the table above, it can be observed that the (X1) variable has a tolerance value of 0.933 (>0.10) and a VIF value of 1.072 (<10). (X2) variable has a tolerance value of 0.990 (>0.10) and a VIF value of 1.010 (<10). Furthermore, the (X3) variable has a tolerance value of 0.929 (>0.10) and a VIF value of 1.076 (<10). These findings indicate that all the variables in this study do not exhibit multicollinearity. Therefore, the regression models employed in this study are considered appropriate for analysis.

D) Autocorrelation Test

The autocorrelation test is needed to observe if a linear regression model shows the correlation between residual errors in period t and errors in the preceding period, t-1. This research uses the Durbin-Watson (DW) test to determine whether autocorrelation is present. The table below presents the results of the Durbin Watson (DW) test.

Table 5: Autocorrelation Test Model 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.309	.095	.080	.18875	.630

At a significance of 5% with the number of samples 183 and the number of independent variables of 4 (K = 4), then the Durbin Watson table gives dU = 1.8029 and dL = 1.7137, so that the value is 4-dL = 2.2863 and 4- dU = 2.1971. Because the DW value after repair of 1.8029 lies between dU (1.8029) and 4-dU (2.1971) values, the results of the autocorrelation test after repair do not contain autocorrelation problems, and this model is suitable for use in research.

Table 6: Autocorrelation Test Model 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.228	.052	.040	18.78446	1.085

At a significance of 5% with the number of samples (n) 183 and the number of independent variables of 3 (K = 3), then the Durbin Watson table gives dU = 1.7915 and dL = 1.7249, so that the value is 4-dL = 2.2751 and 4- dU = 2.2085. Because the DW value after repair of 1.7249 lies between dU (1.7249) and 4-dU (2.2085) values, the results of the autocorrelation test after repair do not contain autocorrelation problems and this model is suitable for use in research.

E) Multiple Linear Regression Test

Table 7: Multiple Linear Regression Analysis Test Model 1

Variable	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(Constanta)	.728	.014		52.714	<.001
BOC	.001	.001	.054	.981	.328
LEV	.020	.001	.761	14.760	<.001
ESG	-.003	.001	-.199	-3.769	<.001
ROE	.000	.001	.045	.811	.419
Dependent Variable : EMV					
Significant F (Annova) : >.001					

The multiple linear regression equation for model 1 from the table above is as follows:

EMV = 0.728 + 0.001BOC - 0.20LEV - 0.030ESG + 0.000ROE + e1

Based on the linear regression equation above, it can be explained as follows:

The constant value shows a result of 0.728, which indicates that if the variables BOV, LEV, ESG and ROE have a fixed value of 0 (zero), then EMV has a value of 0.728. The Board of Commissioners (BOC) has a value of 0.001, which indicates that every 1% BOC will be followed by an increase in EMV of 0.001. Leverage has a value of -0.20, indicating that every 1% increase in leverage will be followed by a decrease in EMV of -0.20. ESG has a value of -0.030, which indicates that every 1% ESG will be followed by a decrease in EMV of -0.030. ROE has a value of 0.000, which indicates that for every 1% ROE, EMV remains constant or does not decrease or increase

Table 8: Multiple Linear Regression Analysis Test Model 2

Variable	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(Constanta)	.2.418	2.044		-1.183	.239
BOC	.759	.186	.315	<.001	<.001
LEV	.402	.195	.153	2.060	.041
ESG	.136	.106	.098	1.280	.203
Dependent Variable : ROE					
Significant F (Annova) : 0.013					

The multiple linear regression equation for model 2 from the table above is as follows:

ROE = -2.418 + 0.759BOC + 0.402LEV + 0.136ESG + e2

Based on the linear regression equation above, it can be explained as follows:

The constant value shows a result of -2.418, which indicates that if the variables BOV, LEV, and ESG have a fixed value of 0 (zero), then ROE has a value of -2.418. The Board of Commissioners (BOC) has a value of 0.759, which indicates that every 1% BOC will be followed by an increase in ROE of 0.759. Leverage has a value of 0.402, indicating that every 1% increase in leverage will be followed by an increase in ROE of 0.402. ESG has a value of 0.136, which indicates that every 1% ESG will be followed by an increase in ROE of 0.136

F) F Test

Table 6 shows that F count has a significance value of 0.001 < 0.05, which indicates that the variables the Board of Commissioners (BOC), leverage, ESG and ROE have a simultaneous or joint effect on firm value. According to table 6 shows that F count has a significance value of 0.013 < 0.05, which indicates that the variable The Board of Commissioners (BOC), leverage and ESG have a simultaneous or joint effect on profitability.

G) Path Analysis

Path analysis is a method used to ascertain if a variable is successful or unsuccessful in mediating (intervening in) a relationship between two other variables. Following are the findings of this study's path analysis:

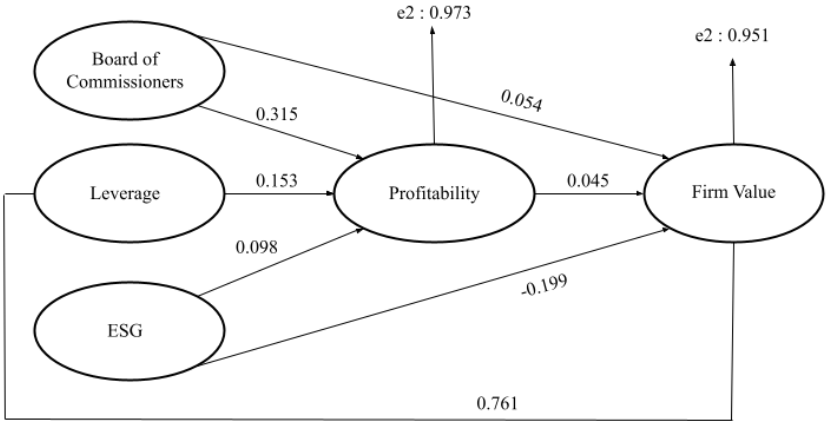

Figure 2: Modification of Analysis Path

Based on the description of the analysis path results framework, the following table will summarize the analysis result.

Table 9: The effect value (correlation coefficient) between variables

Variable	Direct Effect	Direct Effect of Z to Y variable's	Indirect Effect	Total Effect
(a)	(b)	(c)	(b x c)	(b + (b x c))
BOC	0.054	0.045	0.00243	0.05643
LEV	0.761	0.045	0.00342	0.76442
ESG	-0.199	0.045	-0.00895	-0.20795

Table 9 shows the results that ROE in this study succeeded in becoming an intervening variable as indicated by the total effect value (0.05643)) > direct effect value (0.054), which means that the ROE variable is able to become an intervening variable between the Board of Commissioners variable and firm value. Likewise, for the leverage variable, ROE also succeeded in becoming an intervening variable, as evidenced by the acquisition of a total influence value (0.76442) > direct influence value (0.761), which means that the ROE variable is able to mediate the leverage variable and firm value variable. The ESG variable failed to make ROE an intervening variable, as evidenced by the total influence value of (-0.20795) being less than the direct effect value of (-0.199). This indicates that the ROE variable is not capable of mediating the ESG variable and the firm value variable.

H) Coefficient Determination Test

Tables 5 and 6 display the results of SPSS data processing. There are two models that account for the coefficient of determination in this study; the first model's R >2 value of 0.080 indicates that the board of commissioners, leverage, ESG, and profitability variables each contribute 8% to the firm value variable, with the remaining factors coming from variables outside the scope of the study. The coefficient of determination, R2, for the second model, was calculated to be 0.040, indicating that the independent variables, namely the board of commissioners, leverage, and ESG, contribute 4% to the dependent variable, profitability. Additional factors outside the purview of this study contribute the remaining portion.

I) T Test

Table 7 & 8 shows the relationship between the independent and dependent variables. To determine the effect between this variable, this research utilizes the t-test; the result is shown as follows:

Variable BOC has no effect on EMV because its variable has a t-count of 0.981 < t-table 1.654 z is obtained. The leverage has an effect on EMV because its variable has a t-count of 14,760 > t-table 1,654 with a significance value of 0.001 <0.05. The ESG has an effect on EMV because its variable has a t-count -3.769 < t-table 1.654 with a significance value of 0.001 <0.05. The ROE has no effect on EMV because its variable has a t count of 0.811 < t table 1.654 with a significance value of 0.419 > 0.05. The BOC variable has a t-count of 0.001 < t-table 1.654 with a significance value of 0.001 <0.05. This illustrates that the BOC has an effect on ROE. The leverage has an effect on ROE because its variable has a t-count of 2.060 > t-table 1.654 with a significance value of 0.041 <0.05. The ESG has no effect on profitability because its variable has a t-count of 1.280 < t-table 1.654 with a significance value of 0.203 > 0.05.

V. CONCLUSION

The research findings suggest that the initial hypothesis does not support a significant relationship between "The Board of Commissioners" variable and firm value. However, in the second hypothesis, the leverage variable demonstrates a positive

impact on firm value. The third hypothesis reveals that the ESG variable has a negative effect on firm value. The fourth hypothesis indicates that the profitability variable does not influence firm value. Moving on to the fifth hypothesis, the Board of Commissioners variable positively affects profitability. In the sixth hypothesis, the leverage variable has a positive impact on profitability. The seventh hypothesis suggests that the ESG variable has no effect on profitability. The eighth hypothesis proposes that profitability acts as a mediator between the board of commissioner variables and company value. In the ninth hypothesis, profitability mediates the connection between leverage and firm value. Finally, the tenth hypothesis states that the profitability variable is unable to mediate the connection between ESG variables and firm value.

Future researchers are expected to use other variables as intervening variables between financial performance and earnings quality on firm value because the profitability variable as an intervening variable has proven to be unable to mediate the ESG variable on firm value. Future researchers are expected to use a longer year of observation; the longer the year of observation, the greater the opportunity for researchers to get maximum research results and for research results to be more accurate.

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