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DOES SUSTAINABILITY DISCLOSURE HAVE A MODERATING ROLE IN EXAMINING FIRM VALUE IN BANKING INDUSTRY?

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ABSTRACT

This study seeks to experimentally assess the impact of financial performance on the firm value of the banking subsector and examine sustainability disclosure as a moderating variable. The study focused on banking subsector companies listed on the IDX in 2020-2022. Multiple linear regression was used to test cross-sectional data processed with Eviews 12. The test results demonstrate that profitability has a considerable beneficial impact on firm value. Meanwhile, leverage minimizes firm value because the primary banking business process involves consumer loans and receivables. Therefore, investors pay little attention to company debt. Sustainability disclosure cannot balance the relationship between financial success and firm value. The sustainability disclosures need to meet investors' expectations. Stakeholders may have differing perspectives on the relevance and influence of sustainability data on profitability and firm value.

Keywords: Audit Sustainability Disclosure, Financial Performance, Firm Value, Moderating Variable

INTRODUCTION

Nowadays, investment in securities is prevalent among young people, especially in stocks. Stock investment is considered more profitable, although it has a greater risk than other securities. Stock purchases should be made at the right time. Anggiani et al. (2022) revealed that investors assume that stock prices purchased when the market trend is down will provide a profit if they sell when economic conditions begin to recover. Investor

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behavior is still influenced by herding bias, namely, following other people's actions or suggestions. Investors also analyze the company's performance by looking at its financial statements, even though they only include profits, cash flows, and liabilities. The main goal of investors investing capital in a company is to maximize profits on the capital invested. Investors' assessment of the company will be reflected in the company's share price on the capital market. For investors, information is a signal or cue that influences their views regarding the company's financial performance, prospects, uncertainty, expected value, and how management is responsible for stakeholders. However, asymmetric information makes it difficult for investors to know the data and facts that management is facing. As a result, investors and stakeholders outside the company must be aware of and responsive to information published to be considered when making investment decisions.

Dangnga & Haeruddin (2018) stated that financial ratios could measure banking financial performance liquidity, solvency, activity, and profitability ratios. These ratios represent the periodic development of a bank's financial condition. This ratio is also representative and simplistic without reducing the information presented in banking companies' detailed and complicated financial reports. Besides financial performance measures, other observable information is the company's share price. These share prices can be observed through official platforms, which present daily movements. The market value of the number of shares in circulation is often used as a nominee in measuring firm value. Firm value can provide the most accurate information compared to other ratios because it can explain phenomena that occur in company activities. Examples encompass investment and diversification decision-making inequalities, the correlation between management share ownership and business value, management performance and profitability in acquisitions, and policies related to funding, dividends, and remuneration.

Ozili (2022) defined sustainability accounting as incorporating social, environmental, and economic dimensions into analyzing organizational actions. Sustainability accounting is a practice that holds companies accountable for their use of resources to optimize profitability (Ozili, 2022). Furthermore, The Global Reporting Initiative (GRI) Standard is an autonomous worldwide organization established in 1997 with the responsibility of consolidating standards for sustainability reporting. The GRI Standard has been embraced by 73% of the world's top 250 corporations, including companies in Indonesia. According to POJK 51/2017, financial institutions, issuers, and public enterprises must release sustainability reports by April 30 of the subsequent year.

This study investigates the impact of financial performance on firm value and the potential effect of sustainability disclosure on the relationship between financial performance and firm value. Prior studies have seldom identified the utilization of sustainability disclosure as a moderating variable in this association. Several previous studies have examined firm value with leverage (Aminudin et al., 2023; Irayanti & Tumbel, 2014; Listyawati & Kristiana, 2020; Mushofa & Susetyo, 2021; Purba & Mahendra, 2022; Yudanti & Wardoyo, 2022) and profitability (Purba & Mahendra, 2022). The result demonstrated that they have a significant influence. However, other studies have found that leverage does not substantially impact firm value (Damayanti & Rianto, 2020; Jufrizen & Fatin, 2020; Udjaili et al., 2021). These results are similar to the association between profitability and firm value (Aminudin et al., 2023; Limesta & Wibowo, 2021; Utami & Welas, 2019). Sustainability disclosure is believed to have the power to moderate the impact of leverage on firm value (Susilaningrum, 2016) and

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profitability (C. et al., 2022). Contrary to this, several studies indicate that sustainability disclosure does not have an impact on the relationship between Corporate Social Responsibility (CSR) expenditure (Adlah, 2022), return on assets (Komariyah, 2015), and firm value. This research is anticipated to contribute to the existing body of knowledge in the accounting field.

The rationale for selecting banking as the focus of this research is that banking is one of the corporate sectors mandated to disclose sustainability reports following POJK 51/2017. The Mainboard category of banking businesses listed on the IDX was selected due to their size and the trust placed in their shares for trading. Furthermore, the 2016 revision of the GRI Standard enhances the comprehensiveness of sustainability reporting compared to earlier years. Nevertheless, in 2019, Indonesia encountered a pandemic that significantly affected the country's economic situation, especially the financial sector. The author selected the research period as 2020-2022, during which the financial sector started to recover from the harmful effects of the COVID-19 epidemic.

Signaling theory is a concept originating from the domains of economics and finance. It posits that those within a firm, commonly referred to as "insiders," possess superior knowledge about the organization compared to those outside the company, known as "outsiders" (Mushofa & Susetyo, 2021). Signaling theory in this context posits that insiders can transmit signals or indicators to external investors regarding the quality or state of the company, which may not be readily accessible to outside parties. Insiders can utilize these signals to convey crucial information, such as the organization's performance, prospects, or managerial capabilities. Insiders can manipulate the opinions of external investors and boost their trust in the company by employing these signals. Robust and optimistic signals can lead to enhanced availability of funding and capital and impact the valuation of shares or other financial instruments. Signaling theory underscores the significance of effective communication and complete openness between individuals with privileged information and external investors. Firm financial and compliance data convey the signals. The positive aspects of financial information and company compliance will influence investors' attitudes toward investing in a firm's shares. Conversely, inadequate financial information and low compliance standards would diminish public confidence in the organization. Ratios from financial information assess a company's favorable and unfavorable situations or financial standing.

Financial performance refers to a corporation's accomplishments during a specific reporting period. Stakeholders can evaluate a company's success in generating profits and managing its resources using specific indicators that serve as proxies for financial performance. Financial statements provide a transparent view of a company's performance throughout a specific time frame. Company financial statements are the primary accessible and cost-effective source of information for stakeholders to consider when making decisions, irrespective of whether financial reporting uses historical cost or current value accounting. Financial ratios provide a means to assess a company's financial status and condition, thereby revealing its financial performance.

A firm is a legally acknowledged entity seeking to maximize financial profits in all its business pursuits. Increasing the profitability of businesses will enhance the company's total value and ultimately amplify the earnings of the company owner. The firm's valuation can be ascertained by evaluating the assets under the company's jurisdiction. Quantifying intangible assets, whose criteria are indeterminate, can skew the information regarding the value of these assets. Therefore, assessing a company's worth depends on

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the current market value of its sold shares. The valuation of this company also serves as an indicator of its presence and reputation in the public's view. An increase in the company's stock price indicates a comparable expansion in the company's worth. By augmenting the worth of the company, it is expected that the financial well-being of shareholders will also rise. Firm value is the financial value indicated by the price of a company's shares, and investors must consider it while making investment decisions. Examining the company's worth is fascinating because of the numerous factors that could influence it.

Discrepancies in previous research indicate that other elements are thought to influence a company's financial success, subsequently influencing its value. The author presents the sustainability disclosure variable as a moderating factor in this study. This study examines the effect of financial performance on firm value in the banking subsector and whether the publication of sustainability information strengthens or weakens the relationship between financial performance and firm value.

Investors often employ financial ratios to evaluate a company's financial performance. The profitability indicator demonstrates the company's capacity to make profits by efficiently utilizing its controllable assets in its daily activities. A higher return on assets (ROA) indicates that the organization is more skilled in efficiently managing its owned assets. It indicates a strong and consistent financial success, which subsequently impacts the company's stock price increase. Tobin's Q ratio, a measure used to approximate company worth, is determined by the interplay between the share price and the total number of shares in circulation. Previous research conducted on non-banking companies before and during the Covid-19 pandemic has established that the company's return on assets significantly and positively affects the overall firm value (Atmaja & Astika, 2018; Awulle et al., 2018; Murniati et al., 2018; Nurdiana & Fajri, 2018; Pristianingrum, 2017; Putra & Budiasih, 2017; Yulianto, 2020).

H_1: Profitability has a positive effect on firm value

Leverage is frequently employed as a means of evaluating the performance of a corporation. It quantifies how much a firm relies on debt for its financing. Oktaviarni (2019) conducted a study demonstrating that leverage does not impact firm value. Furthermore, recent studies conducted before and during the Covid-19 pandemic indicate that DER has a detrimental impact on the overall firm value (Atmaja & Astika, 2018; Kolamban et al., 2020; Kusumawati et al., 2021; Putra & Budiasih, 2017; Wijaya et al., 2021).

H_2: Leverage harms firm value.

The correlation between the escalation of environmental and social harm and the growth of economic value offers insights to stakeholders about the performance of companies that potentially breached environmental sustainability regulations. Hence, stakeholders, particularly investors, prioritize sustainability reporting when evaluating their capital investment choices in a company. The Global Reporting Initiative (GRI) Standard has implemented sustainability disclosure since 1997. GRI is a network-oriented organization that leads in creating sustainability reporting standards and is dedicated to enhancing and executing sustainability practices globally. GRI's disclosure framework encompasses three primary economic, environmental, and social areas. The Financial Services Authority in Indonesia has officially confirmed the requirement for financial services institutions, issuers, and public corporations to carry out sustainability

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disclosures, effective from 2018. Ozili (2022) defined sustainability accounting as incorporating social, environmental, and economic factors into analyzing an organization's actions. Sustainability Accounting is regarded as a means for companies to take responsibility for utilizing resources to maximize profits. Prior studies have demonstrated a favorable impact of corporate social responsibility (CSR) disclosure on firm value. (Marius & Masri, 2017; Pristianingrum, 2017; Syamsudin & Wardani, 2018; N. M. I. Wulandari & Wiksuana, 2017)

The management, as the primary authority of the organization, faces significant pressure from multiple stakeholders. In addition to maximizing profits, management must uphold environmental and social sustainability in the company's operational areas. The overarching stakeholder hypothesis posits that firms prioritize profit as their sole objective while acknowledging their obligations towards other stakeholders. Companies are believed to have a broader responsibility beyond pursuing profits for shareholders and management. It is assumed that when a company's profitability improves, its disclosure of sustainability practices also improves, leading to a rise in its overall worth. Multiple research has discovered that the act of disclosing sustainability information might attenuate the connection between profitability and firm value (Pradita & Suryono, 2019; Pramana & Mustanda, 2016; N. M. I. Wulandari & Wiksuana, 2017; Yendrawati & Pratidina, 2013). Revealing information about sustainability is a manifestation of sustainable accountability, as it involves taking responsible actions to enhance the environment and the well-being of employees and society (Meze & Tohari, 2020).

Sustainability disclosure is regarded as a factor that shareholders consider when making investment decisions (Meze & Tohari, 2020). Management sometimes downplays sustainability disclosures when the company has a high level of leverage to avoid drawing more attention from debtholders. There is an expectation that this can enhance the worth of the organization. Oktaviani (2023) and Wulandari & Wiksuana (2017) discovered that the disclosure of sustainability practices has the potential to influence the connection between the debt-to-equity ratio (DER) and firm value. Aini et al. (2022), Atmaja & Astika (2018), and Purnomo & Hatane (2014) argued that leverage has a detrimental impact on firm value, and this link is moderated by sustainability.

Unlike previous research that used CSR to indicate a company's environmental concern, the author uses sustainability reports as an indicator. The content of the CSR report focuses more on social initiatives and programs that the company has carried out. At the same time, the sustainability report covers environmental, social, and economic aspects as a whole and how the company measures its impact and responds to it. Sustainability reports have standards that national and international institutions have determined, so they are considered more comparative than CSR reports. It is done to focus research on companies that have complied with applicable laws and regulations.

H_3: Sustainability disclosure strengthens the positive effect of profitability on firm value.
H_4: Sustainability disclosure weakens the negative effect of leverage on firm value.

RESEARCH METHODS

This study employs quantitative approaches and multiple linear regression analyses to investigate cross-sectional data. It utilized secondary data derived from financial reports, sustainability reports, share prices, and the number of shares outstanding from

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2020 to 2022. The data was obtained from the official websites of each company and key financial platforms, including www.idx.co.id and www.finance.yahoo.com.

Sample selection in this study was carried out using purposive sampling techniques, namely selecting samples based on specific criteria. The sample criteria in this study were acquired in the following manner :

Table 1. Sample Selection

Criteria	Number
The mainboard category comprises banking sector companies between 2020 and 2022	165
These are banking sector companies that do not publicly provide a Sustainability Report.	(105)
The mainboard category consists of banking sector businesses that issue Sustainability Reports but do not adhere to GRI Standards.	(19)
Total Sample	41

Source: Data Processed, 2024

Based on the table above, only 41 observations met the sample criteria set by the researcher. One hundred five samples did not meet the requirements because they did not publish a Sustainability Report during the 2020-2022. Meanwhile, 19 other samples did not meet the sample criteria because publishing a Sustainability Report did not comply with GRI Standards.

Financial performance is described by profitability through the Return on Assets (ROA) ratio and leverage through the debt to equity ratio (DER). Tobin's Q ratio describes the firm value, while the SRDI describes sustainability disclosure. At the same time, this study uses the content analysis method to determine the SRDI value by giving a score to the sustainability report based on whether or not the information items specified in the sustainability report are present based on GRI Standards. If the company does not disclose this item, it is given a score of 0; if the specified information item has been submitted in the sustainability report, it is given a score of 1.

The research employed the Eviews 12 software to conduct a multiple regression analysis technique for data analysis. The multiple regression equation interpreted in this research is:

$$\mathrm{TOBINs\ Q_i} = \beta_0 + \beta_1 \mathrm{ROA_i} + \beta_2 \mathrm{DER_i} + \beta_3 \mathrm{SRDI_i} + \beta_4 \mathrm{ROA} * \mathrm{SRDI_i} + \beta_5 \mathrm{LEV} * \mathrm{SRDI_i} + \beta_6 \mathrm{SIZE_i} + \beta_7 \mathrm{ROE_i} + \varepsilon_i$$

Where: TOBINs Q is firm value, ROA is profitability, DER is leverage, SRDI is sustainability disclosure, size is firm size, and ROE is the return on equity. The research focuses on the dependent variable of firm value, which is measured using Tobin's Q ratio as a proxy. Firmansyah & Purnama (2020) provide a method to calculate Tobin's Q ratio using the formula Tobin's Q = (Company market value + Total Liabilities) / Total Assets.

The research designates profitability as the independent variable, measured by the Return on Assets (ROA), and leverage as the dependent variable, which the Debt measures to Equity (DER). ROA is a financial metric that quantifies the efficiency of a company in utilizing its assets to create profits. Dangnga & Haeruddin (2018) establish a relationship between a company's net profit and the wealth or assets it possesses to calculate the net profit. This relationship can be expressed as ROA = Net Profit After

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Tax/Total Assets. Dangnga & Haeruddin (2018) quantified leverage by calculating the ratio of total liabilities to total equity, also known as the debt-to-equity ratio (DER).

The research incorporates sustainability disclosure as a moderating variable, measured using the Sustainability Report Disclosure Index (SRDI) according to the GRI criteria (Wijayanti, 2016). The GRI framework has three disclosure categories: economic, social, and environmental. The SRDI computation utilizes the proportion of fulfilled disclosure items to the entire number of required items.

The control variables employed in this study are Return on Equity (ROE) and Company Size (ln Assets). The ROE number is the ratio between the company's profit or net profit and the equity used to generate that net profit (SE BI 13/30/DPNP December 16, 2011). Company size is determined by the natural logarithm of the total value of assets the company possesses, as stated by Firmansyah et al. (2020).

RESULTS AND DISCUSSION

In the research technique section, the author will present the findings of the descriptive statistical analysis, the results of the classical assumption tests, and the outcomes of the hypothesis tests. Descriptive statistical analysis categorizes data to offer a comprehensive summary of its state.

Table 2. Descriptive Statistics

	Tobins'Q	ROA	DER	ROE	Size
Min.	0.4356	0.0036	0.1908	0.0206	30.2814
Max.	2.1046	0.0841	16.0786	0.2117	35.2282
Mean	1.0943	0.0202	5.8466	0.1149	33.1854
Std. Dev.	0.3179	0.0172	3.3975	0.0509	1.4251
Obs.	41	41	41	41	41

Source: Data Processed, 2024

According to Tobin's Q, firm value has a consistent minimum value of 0.4356 throughout all research samples, specifically from Bank Syariah Indonesia Tbk. (BRIS). Bank BTPN Syariah Tbk. (BTPS) attained a peak value of 2.1046. The average value found was 1.0943 across all sample businesses. Furthermore, it is noteworthy that the standard deviation for the total sample is 0.3179. Based on the 41 observed samples, it can be inferred that a distance of 0.3179 units disperses the data.

The minimum Return on Assets (ROA) number for Bank Permata Tbk is 0.0036 (BNLI). Bank BTPN Syariah Tbk. (BTPS) has the highest value, precisely 0.0841. The average value found was 0.0202 across all sample businesses. The standard deviation of the sample is 0.0172.

Bank BTPN Syariah Tbk possesses the lowest Debt to Equity Ratio (DER) ratio of 0.1908 compared to all other banks. The abbreviation "BTPS" means "Body Temperature and Pressure, Saturated." The State Savings Bank (Persero), often known as BBTN, now possesses the most significant value of 16.0786. The average value found was 5.8466 across all sample businesses. Furthermore, it has been determined that the standard deviation for the entire sample is 3.3975.

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The normality test results of this study reveal that the Jarque-Bera probability value is 0.8203, which exceeds the significance level of 0.05. Thus, it is likely that the data used in this study conforms to a normal distribution.

The researcher's model demonstrates homoscedastic residuals, as shown by a diagnostic residual's Breusch-Pagan LM probability value of 0.0967, more than the significance threshold α (0.05). The model used in this study can be considered to have passed the heteroscedasticity test effectively. Furthermore, the independent variables do not exhibit multicollinearity difficulties since their correlation coefficient was below 0.80. Thus, it can be inferred that the examined model has effectively cleared the multicollinearity test. In addition, a model test is performed using multiple linear regression analysis. The findings of the regression analysis are as follows :

Table 3. Regression Test Result

Variable	Coeff	t-Statistic	Prob.
ROA	18.56178	2.42111	0.01615
DER	0.081208	0.89995	0.1929
ROE	-3.95951	-2.94469	0.00615
SIZE	0.07987	3.76141	0.00135
SRDI	-1.00707	-2.30365	0.01995
ROA*SRDI	21.82963	0.90432	0.1918
DER*SRDI	-0.04706	-0.38951	0.35185
C	-1.35561	-2.51691	0.01355
R2		0.963561	
Adj. R2		0.942305	
F-Stat.		45.33091	
Prob (F-Stat)		0.00000	

Source: Data Processed, 2024

The Effect of Profitability on Firm Value

Profitability is directly and positively influenced by its profitability, quantified by the ROA. Consequently, an increase in profitability leads to a corresponding increase in firm value. The results of this study align with previous research conducted by Atmaja & Astika (2018), Awulle et al. (2018), Brigham & Houston (2019), Andy & Jonnardi (2020), Murniati et al. (2018), Nurdiana & Fajri (2018), Pristianingrum (2017), Putra & Budiasih (2017), and Yulianto (2020). The company's robust profitability can enhance investors' trust in devoting their capital to the company, with the anticipation of generating greater profits in the future. The company's share price has increased due to the escalating demand for its shares, augmenting its overall value. The results of this study are supported by signaling theory, which suggests that a company's higher profitability acts as a positive signal or good news for investors. Thus, high profitability indicates favorable prospects for the company or a substantial opportunity for its continued operations.

In banking companies, profitability is one of the leading indicators of a company's financial performance. Banks that generate high profits have good operational efficiency, management, and effective business strategies. This condition can increase investor confidence in the company's ability to generate future profits, ultimately increasing firm value. During the 2020-2022 period, marked by global economic uncertainty due to the COVID-19 pandemic, banking companies that could still generate profits showed strong resilience, so banking companies were considered more attractive to investors, which in

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turn could increase stock prices and firm value. In addition, high profitability also increases the company's ability to pay dividends to investors. Stable or growing dividends are a positive signal to the market, increasing demand for the company's shares and thus increasing the company's market value.

The Effect of Leverage on Firm Value

Based on the hypothesis test, leverage does not affect firm value, resulting in the rejection of hypothesis 2. This study is consistent with previous investigations conducted by Oktaviarni (2019), and Yulianto (2020). However, this is not in line with the research conducted by Atmaja & Astika (2018), Kolamban et al. (2020), Kusumawati et al. (2021), Putra & Budiasih (2017), Wijaya et al. (2021). The idea is refuted as the primary sources of income for banking institutions consist of savings, loans, and client investments. Therefore, investors do not react to changes in the company's debt levels, as these swings are typical in the banking industry. Thus, investors must consider banking companies' debt levels when making investment choices.

From 2020 to 2022, global economic conditions were affected by the COVID-19 pandemic, which caused market instability and economic uncertainty. In this condition, investors may focus on other factors, such as profitability, liquidity, and asset quality, rather than company leverage. Therefore, leverage may not be considered a key indicator of firm value during this period. Financial authorities strictly regulate banking companies, especially regarding leverage ratios and capital adequacy. Banks are required to maintain a certain leverage ratio to ensure their financial stability. As a result, the impact of leverage on firm value becomes less significant. From 2020 to 2022, investors' primary focus may shift to banks' capital adequacy and liquidity rather than leverage. Banks with strong capital adequacy and good liquidity may be more stable and better able to weather crises, regardless of their leverage levels.

The Moderating Impact of Sustainability Disclosure on The Relationship Between Profitability and Firm Value

Sustainability disclosure is unable to mitigate the impact of profitability on firm value. Thus, hypothesis 3 is invalidated. The findings of this research are corroborated by other prior investigations undertaken by Yulandani et al. (2018) and Ferdiana & Widiawati (2020). However, it does not comply with C. Wulandari & Efendi (2022) and Pambudi & Meini (2023). Investors come from various generations and have different levels of education, which can influence investors' decisions to consider the company's sustainability reporting compliance before investing their funds. In addition, if the sustainability report is not prepared to high standards or independently audited, its effectiveness in positively impacting investor perception and firm value can be questioned.

From 2020 to 2022, marked by economic uncertainty due to the COVID-19 pandemic, investors may have focused more on short-term financial stability, liquidity, and profitability than sustainability issues. In this condition, investors may not consider sustainability information a top priority. In banking sector companies, sustainability may be more challenging to measure or understand than other resource-intensive sectors. Sustainability disclosures in banks may focus more on social or governance aspects than tangible environmental impacts. Sustainability activities may only obtain a strong response from investors if the information disclosed is considered relevant or adequate in assessing the company's performance during the crisis. Investors are expected to focus

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more on traditional financial information, such as profit information and other financial ratios.

The Moderating Impact of Sustainability Disclosure in The Association Between Leverage and Firm Value

Sustainability disclosure cannot mitigate the impact of leverage on firm value, so it can be inferred that hypothesis 4 is similarly invalidated. This research builds upon prior studies conducted by Atmaja & Astika (2018) and Munzir et al. (2023). The results of this study are different from the research undertaken by Oktaviani (2023), N. M. I. Wulandari & Wiksuana (2017), and Susilaningrum (2016). Sustainability reports often focus on a company's social and environmental impacts rather than capital structure or financial decisions. As such, these reports may need to provide more specific information about how leverage affects firm value. Leverage can increase a company's financial risks, and sustainability reports do not always address these risks directly. While companies may report on efforts to manage social and environmental risks, how leverage affects financial risks remains separate and may require more in-depth analysis.

From 2020 to 2022, the COVID-19 pandemic resulted in significant economic uncertainty, so investors are expected to focus more on financial stability, liquidity, and the bank's ability to manage short-term financial risks. Sustainability activities may be less relevant in evaluating risks associated with leverage. Leverage is related to financial risks, such as the risk of default and bankruptcy, which are usually of more significant concern to investors than sustainability issues in the short term, especially during periods of crisis. Sustainability disclosures focus more on non-financial aspects such as environmental impact, social responsibility, and good governance. These aspects may not directly affect investors' assessment of the risk and impact of leverage on firm value, so sustainability activities disclosed by companies to the public do not play a role in the relationship between leverage and firm value. Sustainability information may need to be more robust to influence investor perceptions when assessing the leverage ratio, especially in the context of future company uncertainty. Leverage is a specific and measurable financial measure of financial statements. At the same time, sustainability disclosures tend to be more qualitative, so this information does not significantly influence the decisions of banking company investors. From 2020 to 2022, investors tend to pay more attention to traditional financial performance indicators such as profitability, debt ratio, and liquidity. Therefore, sustainability disclosure may provide little additional information for investors.

CONCLUSION

This study examines the influence of financial performance on form value in the banking subsector, considering the moderating role of sustainability disclosure. This study has confirmed that profitability positively affects firm value. Nevertheless, leverage does not directly affect the firm value. As a result, investors do not consider the varying levels of the company's debt. Sustainability disclosure cannot moderate the correlation between profitability and firm value and leverage and firm value. Corporations' sustainability reports are frequently perceived as deceptive or a means to evade legal obligations. These disclosures are considered unreliable and so should not be used as a basis for making investing choices. Investors have yet to express apprehension regarding

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sustainability disclosures, as these disclosures are not derived from or directly impact the company's core operations. The information disclosed in the Sustainability Report has yet to meet investors' expectations. Stakeholders may have differing perspectives on the importance and impact of sustainability information on a company's return on assets and firm value.

The results of this study are expected to be useful for regulators, investors, banking business management, academics, and anyone interested. Moreover, it is anticipated that this research will make a valuable contribution to the current body of knowledge in the accounting field, specifically concerning evaluating the worth of companies operating in the banking sector. This study is limited to companies in the banking subsector listed on the IDX main board category. All should be conducted to broaden the potential for future research. Employing independent variables beyond company profitability and leverage is recommended to obtain new and valuable perspectives for future research. Corporate performance can be assessed by utilizing criteria beyond measuring firm value, such as evaluating company risk. Future investigations may use a longer timeframe.

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