

## Research on Consumer Goods Companies Listed on IDX 2020–2024: The Impact of Capital Structure, Growth Company, and Profitability on Value Company Moderated Good Corporate Governance (GCG) and Sustainability Reporting

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### ABSTRACT

This research attempts to investigate the effects of funds structure, firm growth, and profitability on business value, using sustainability reporting and good corporate governance (GCG) as moderating factors. Using secondary data from the financial statements and sustainability reports of consumer products businesses listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024, the study takes a quantitative method. Purposive sampling was used to choose the sample, yielding 15 firms with 75 firm-year observations overall. Regression analysis of panel data was used with EViews software. According to the empirical findings, firm value is positively and significantly impacted by capital structure and business expansion, but profitability has no discernible impact. Additionally, the relationship between capital structure and company growth on firm value is found to be moderated by good corporate governance (GCG), although the association between profitability and firm value is not moderated by GCG. Sustainability reporting, on the other hand, does not mitigate the impact of profitability on firm value; rather, it moderates the relationship between capital structure and firm growth on firm value.

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## INTRODUCTION

Because of its important role in promoting job creation, domestic consumption stability, and national economic progress, the consumer goods sector is a crucial one in the Indonesian economy. Companies in the consumer products sector must sustain performance financing while raising the company's value because it is a capital-intensive and market-oriented industry. The market's evaluation of a company's performance, potential, and sustainability is reflected in its value, which is a crucial indicator (Naknok, 2020). The company's high valuation demonstrates investor faith in management's capacity to efficiently allocate resources and generate long-term value. On the other hand, a low firm value could be a sign of insufficient market confidence, operational inefficiencies, or financial issues. The primary metric used to evaluate the success of funding methods, business expansion, and the capacity to produce long-term profitability for consumer products businesses listed on the Indonesia Stock Exchange is company value. Worth The business serves as the foundation for decisions made by management, owners, and other stakeholders in addition to reflecting investors' opinions of its performance and future possibilities. The market's expectations for the company's future business prospects may be reflected in its value. Consequently, as a result, investors will typically view organizations more favorably if they can show financial performance and have strong growth prospects. Increases in revenue, net earnings, and total assets are frequently used to gauge a company's growth. Companies that are able to show consistent growth trends are associated with expansion capabilities, competitive advantage, and promising profitability prospects. According to theory growth theory, companies that are in the expansion stage have greater opportunities to increase their market value because they are able to generate increased cash flow in the future and increase market share (Carstens & Wesson, 2019).

## LITERATURE REVIEW

### *Signaling Theory*

Spence (1973) first proposed signaling theory in relation to the labor market, but the idea has since grown and been used in corporate finance.

### *Stakeholders Theory*

Stakeholder theory aims to broaden the traditional view of the purpose of companies which has so far only focused on the interests of shareholders (Freeman, 1984).

### *Capital Structure Theory*

According to Ahmed et al. (2024), capital structure is a mix of common stock, preferred stock, and long-term debt utilized in company finance.

### *Company Value*

Brigham and Houston (2013) state that there are a number of methods for determining a firm's value, such as Tobin's Q, Price to Earnings Ratio (PER), Price to Book Value (PBV), or the market value of all corporate debt and equity.

### ***Measurement of Company Value***

According to Friske et al. (2023), company value is a crucial metric that characterizes how much the market values a firm's performance and future possibilities. This assessment is usually reflected in the share price and reflects investors' expectations of future profits that the company can generate.

### ***Capital structure***

Capital structure reflects the proportion between own funds (equity) and loan funds (debt) owned by the company in financing its business activities (Brusov & Fitalova, 2023).

### ***Measurement of Capital Structure***

In capital structure studies, leverage is often used as the main measuring tool for describing the composition of company funding, especially the proportion of debt to equity (Pane & Ramadhani, 2021; Ugur et al., 2022).

### ***Company Growth***

The concept of company growth refers to the company's increasing ability to increase operational capacity, revenue, assets and market share within a certain period of time. This growth is a key indicator of company success in competing and surviving in a dynamic market (Nguyen & Nguyen, 2021).

### ***Measurement of Company Growth***

Company growth was assessed in earlier studies (Fajriah et al., 2022) using quantitative metrics like revenue, profit, or assets that show shifts in the business's financial performance over time.

### ***Company Profitability***

According to Sudiyatno et al. (2021), profitability reflects management's efficiency in managing assets and capital to obtain net profit, which ultimately can reflect a healthy and competitive financial condition of the company.

### ***Profitability Measurement***

One important metric for evaluating how well a business is making money is profitability. Return on Equity (ROE), a financial statistic that displays the amount of net profit the business makes in relation to the total equity held by shareholders, is used in this study to quantify profitability.

### ***Good Corporate Governance (GCG)***

In order to accomplish firm objectives while satisfying the interests of all stakeholders, Good Corporate Governance (GCG) is a management system that is centered on the values of openness, accountability, responsibility, independence, and equity (Jan et al., 2021).

### ***Measurement of Good Corporate Governance (GCG)***

A fundamental tenet of business management is good corporate governance (GCG), which seeks to establish a robust supervisory framework and a sound managerial system. to evaluate how well the business has continuously applied GCG principles

### ***Sustainability Reporting***

The process by which businesses educate the public about their performance and impact in the areas of environmental, social, and governance is known as sustainability reporting (Abeysekera, 2022). Opferkuch et al (2021) revealed that the main objective sustainability reporting is to provide a transparent picture of how companies manage risks and opportunities related to sustainability, while building better relationships with stakeholders).

### ***Sustainability Reporting Measurement***

The term "sustainability reporting" describes how a business discloses sustainability performance data that addresses governance, social, and environmental issues. To ensure consistency, transparency and comparability between companies, one of the most widely used reporting standards globally is Global Reporting Initiative (GRI).

### ***The Influence of Capital Structure on Company Value***

A company's choice of financing sources, including debt and equity, is reflected in its capital structure, a key policy in management finance. Achieving the company's primary objective, which is to maximize value, depends in large part on having the appropriate capital structure composition. This strategy's primary tenet is the use of interest tax shields, which essentially increase the company's net available earnings by making interest expenses resulting from debt tax deductible. Therefore, there is solid evidence, both theoretically and practically, to support the claim that the ideal capital structure increases business value. Businesses that successfully manage debt and equity will gain from capital cost effectiveness and investor confidence signals, both of which eventually raise the company's market value. The following hypothesis is developed in this study based on this foundation:

**First hypothesis: Firm value is positively impacted by capital structure**  
**Company Growth's Impact on Company Value**

### ***Company Growth Reflects the Entity's Ability to Expand***

Operational scale through periodic, sustained increases in revenue, assets, and profitability. Growth gives managers a good indication, particularly when it comes to effectively seizing market possibilities. Oktaviani (2024) asserts that businesses generate value by reinvesting their income in worthwhile endeavors. Thus, a faster growth rate raises the expectation of future cash flow, which in turn raises the company's perceived value to investors. Theoretically and empirically, the argument suggests that a company's growth is a key factor in determining its value. Thus, the following is the hypothesis for this study:

**Hypothesis 2: Company value is positively impacted by company growth.**

*The Effect of Company Profitability on Company Value*

A key measure of financial performance is profitability, which shows how well a business can turn a profit off of its equity and assets (Hardi et al., 2024). Return on Equity (ROE) and Return on Assets (ROA) are often used metrics to assess profitability. One crucial metric in the valuation of investments is return on equity (ROE), which specifically represents the rate of return for shareholders. Based on theory and empirical evidence, profitability can be seen as one of the key variables in the formation of company value. Companies that are able maintaining or increasing its profitability tends to be more attractive in the eyes investors, gain shareholder loyalty, and have access to financing that more efficient. Therefore, the hypothesis proposed is:

**Hypothesis 3: Firm value is positively impacted by profitability.**

*Good Corporate Governance Moderates the Impact of Capital Structure on Company Value*

One strategic choice that has a big impact on value companies is capital structure. Increased profits for shareholders and tax savings (a tax shield) are two advantages of the ideal capital structure, which is the ratio of debt to equity. Excessive debt use, however, can also raise financial risk and the likelihood of bankruptcy, which reduces the company's worth. As a result, capital structure has a dualistic effect on corporate value: it can add value if well managed, but it can also devalue if not properly controlled. The relationship between capital structure and company value is moderated by GCG, according to the preceding description. Good GCG processes combined with a capital structure will result in more logical, quantifiable, and accountable financial decisions for shareholders. As a result, the following hypothesis can be put forth:

**Hypothesis 4: The impact of capital structure on company value can be mitigated by effective corporate governance.**

*The Impact of Business Development on Business Value, Modified by Effective Corporate Governance*

The ability of a corporation to grow its operations through higher revenue, assets, and profits is reflected in its growth. Agency theory states that when a corporation grows in size and complexity, there may be more conflicts of interest between owners and managers. Growth without effective governance monitoring runs the danger of reducing operational efficiency and raising the possibility of strategic decision-making errors. It is clear from the previous explanation that GCG has a moderating function in the relationship between growth company and company value. There is a larger chance of growing the value of a firm when its growth is strong and backed by sound GCG processes. As a result, the following hypothesis can be put forth:

**Hypothesis 5: The impact of firm growth on company value can be mitigated by effective corporate governance.**

### ***The Impact of Business Profitability on Business Value, Modified by Effective Corporate Governance***

One of the key indicators of a company's capacity to make money off of its operations is its profitability. A high level of profitability communicates to the market the company's potential for future expansion and the effectiveness of resource management. Applying sound GCG can boost stakeholders' and shareholders' confidence in the caliber of business management. The company's profits are seen as more sustainable and credible when there are solid governance standards in place. Because the market considers both the profit as a financial figure and the manner in which the profit is made and managed inside the business's governance structure, this can amplify the impact of profitability on rising company value. Yasser et al. (2017) observed similar results, indicating that there is a stronger association between market value and profitability in organizations with good governance frameworks. Therefore, it is crucial to conduct additional research on GCG's existence as a moderating element in relation to profitability. The following hypothesis is put forth in this study based on theoretical justifications and empirical findings: License: International Creative Commons Attribution 4.0 (CC BY 4.0)

**H6: The impact of profitability on firm value can be mitigated by sound corporate governance.**

### ***The Impact of Firm Value on Capital Structure, Modified by Sustainability Reporting***

A key component of financial management, capital structure represents the company's financing approach, particularly when figuring out the ratio of debt to equity. Capital structure decisions are strongly tied to how businesses balance risk and return outcomes, which have a direct impact on how the market views a company's worth. In actuality, using managed leverage can have financial advantages like tax savings, but it can also raise financial risk if prudent governance is not followed. Therefore, it is thought that sustainability reporting plays a significant role as a moderating variable in the link between business value and capital structure. Strong and reliable sustainability reports can boost market acceptance of business finance options and lessen the drawbacks of excessive debt use. As a result, the following hypothesis can be made in this situation:

**Hypothesis 7: The impact of a company's capital structure on its value can be mitigated by sustainability reporting.**

### ***The Impact of Firm Value on Company Growth, Modified by Sustainability Reporting***

The ability of management to improve operational performance through asset development, higher revenue, and sustainable profit acquisition is reflected in the company's growth. Because the market believes that growth managed with sustainability principles is more deserving of favorable appreciation, sustainability reporting has the potential to better connect firm growth and value. This argument supports the hypothesis that a variable that mitigates the impact of firm expansion on company value is sustainability reporting. In the context of

growing businesses, sustainability reporting can reduce worries about possible hazards and enhance favorable market views of quality that foster growth. So, the hypothesis that has been put forth is:

**Hypothesis 8: Growth companies' impact on business value can be mitigated by sustainability reporting.**

***Sustainability Reporting Mediates the Impact of Profitability on Firm Value***

One important indicator of a company's capacity to turn a profit from its operations is profitability. Strong profitability indicates the company's ability to generate economic value, which is why it is frequently a good sign for investors. Sustainability reporting, or ESG reporting, is a reporting method that provides information about a company's performance in terms of environmental, social, and governance elements. As a transparency tool, this reporting enables stakeholders to evaluate how well businesses incorporate sustainability concepts into their business plans. The existence of sustainability reporting can amplify the beneficial effects of profitability for value companies, according to a number of empirical research. Therefore, the presence of sustainability reporting not only boosts the legitimacy of business profits but also reinforces the market's favorable opinion of the company's overall worth. The following hypothesis is put forth in this study based on the theoretical underpinnings and empirical data:

**Hypothesis 9: The impact of profitability on firm value can be mitigated by sustainability reporting.**

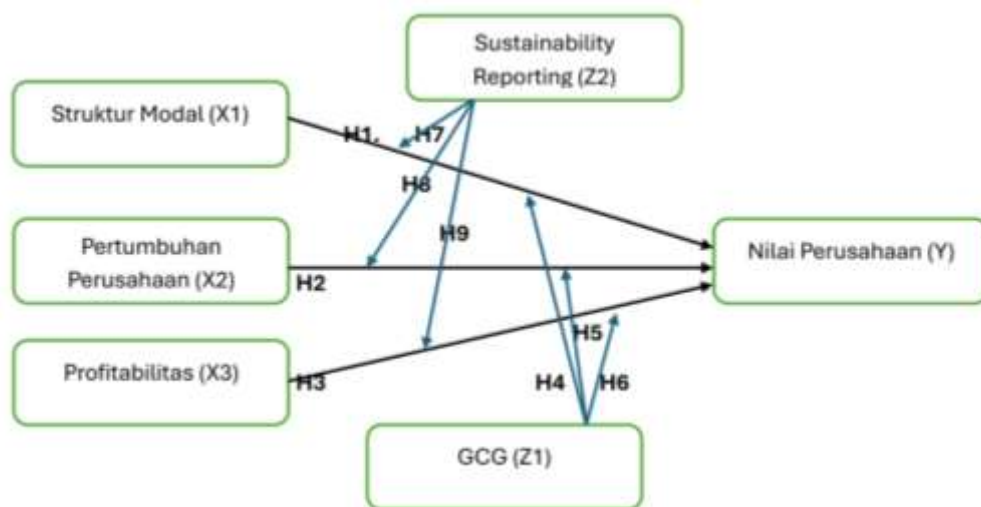


Figure 1. Framework of Thinking

**METHODOLOGY**

***Research Design***

A quantitative associative research design is employed in this study. Associative research is defined by Sugiyono (2016: 2) as research that seeks to ascertain the influence and relationship between two or more factors. This kind of quantitative study, which is defined as research that collects numerical data or quantified qualitative data (Sugiyono, 2016).

### ***Population and Research Sample***

The population for the years 2020–2024 is the total number of businesses in the consumer products industry subsector that were listed on the Indonesia Stock Exchange (IDX) in 2024, which came to 24 businesses. Purposive sampling, a sampling methodology with specific criteria in accordance with the research aims, was used to determine the sample for this study.

### ***Data Collection Method***

The secondary data used in this study came from the 2020–2024 financial reports of companies in the consumer products industry subsector listed on the Indonesia Stock Exchange (IDX), which were retrieved from [www.idx.co.id](http://www.idx.co.id).

### ***Data Analysis Method***

Regression analysis is used for this processing on secondary data, which is pooled data (panel data). Eviews software is used in this study to calculate the analytical data. Sugiyono (2016) states that the goal of descriptive statistics is to examine and display data in an understandable manner without putting theories or population-wide generalizations to the test.

### ***Panel Data Regression Analysis***

Panel data, which consists of a combination of cross-sectional data (based on company) and time series data (based on year), is used in this study. Consequently, panel data regression is the analysis technique employed.

## **RESEARCH RESULTS**

The object of this research includes companies engaged in the consumer goods industry sector and listed on the Indonesia Stock Exchange (IDX) during the reporting period of 2020–2024.

### ***Data Analysis Results***

#### ***Decriptive Statistical Analytis***

Descriptive statistics are used as an initial stage of analysis to describe research data profile before inferential testing is carried out (Wijayanti et al., 2022). The number of observations (N), minimum and maximum values, and average (mean) of each variable under study are all presented in this analysis.

Table 1. Descriptive Statistical Test Results

<b>Variable</b>	<b>n</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
Company Value (PBV)	75	0.279243	35.48517	3.063951
Capital Structure (DE R)	75	0.058386	23.61757	1.662905
Growth(GROWT H)	75	-0.843569	5.713284	0.100151
Profitability(PRO F)	75	-59.06658	1511.482	335.1349

<i>Good Corporate Governance (CGPI)</i>	75	16.33333	100.0000	82.15556
<i>Sustainability Reporting (GRI)</i>	75	0.722000	6.674000	4.141987

Source : Data Processed by research, 2026

### **Results of Estimating Panel Data Regression Models**

One of the most important steps in choosing the estimation model that best fits the properties of the study data is choosing a panel regression model. Three primary tests—the Chow Test, the Hausman Test, and the Lagrange Multiplier (LM) Test—were performed using panel data that comprised 15 enterprises throughout a five-year observation period (2020–2024).

#### **Chow Test Results - Redundant Fixed Effect Test**

To ascertain whether the Common Effect Model or the Fixed Effect Model is the more suitable model, the Chow test is employed.

Table 2. Chow Test Results - Redundant Fixed Effect Test

<b>Effects Test</b>	<b>Statistic</b>	<b>df</b>	<b>Prob.</b>
<i>Cross-section F</i>	1.979852	(14,55)	0.0370
<i>Cross-section Chi-square</i>	30.607734	14	0.0063

Source : Data Processed by research, 2026

The cross-section chi-square probability value, as determined by the Chow Test, is 0.0370, below the five percent significance level.

#### **Hausman Test Results**

Between the Fixed Effect Model and the Random Effect Model, the Hausman test is used to identify which estimation model is best (Sihombing, 2022).

Table 3. Hausman Test Results

<b>Test Summary</b>	<b>Chi-Sq Statistic</b>	<b>Chi-Sq df</b>	<b>Prob.</b>
<i>Cross-section random</i>	4.353194	5	0.4998

Source : Data Processed by research, 2026

According to the results of the Hausman Test, the probability value of 0.4998 is higher than the five percent significance limit.

#### **Lagrange Multiplier Test**

The best model, specifically between the Random Effect Model and the Common Effect Model, is chosen using the Lagrange Multiplier test (Sihombing, 2022).

Table 4. Lagrange Multiplier Test Results

<b>Test</b>	<b>Cross-section</b>	<b>Prob.</b>
<i>Breusch-Pagan</i>	5.289104	(0.0691)

Source : Data Processed by research, 2026

The cross-section component's Breusch-Pagan probability value is 0.0691, which is higher than the 5 percent significance level, according to the Lagrange Multiplier Test results.

### ***Model Feasibility Test (Goodness Of Fit)***

Assessing the quality and viability of the regression model is a critical step that comes after completing the Common Effect Model (REM) model estimation stage.

Table 5. Summary of Goodness of Fit Model Equations 1-9

<b>Model Equation</b>	<b>Main Variable in Model</b>	<b>Adjusted R2</b>	<b>Prob (F-statistic)</b>	<b>Description of Feasibility Model</b>
Model 1	DER → PBV	0.418619	0.000000	Model is very strong
Model 2	GROWTH → PBV	0.418619	0.000000	Model is very strong
Model 3	PROF → PBV	0.418619	0.000000	Model is very strong
Model 4	DER, CGPI, DER×CGPI → PBV	0.465368	0.000000	Model is very strong
Model 5	GROWTH, CGPI, GROWTH×CGPI → PBV	0.472880	0.000000	Model is very strong
Model 6	PROF, CGPI, PROF×CGPI → PBV	0.199213	0.000000	Model is very strong
Model 7	DER, GRI, DER×GRI → PBV	0.642947	0.000000	Model is very strong
Model 8	GROWTH, GRI, GROWTH×GRI → PBV	0.357884	0.000000	Model is very strong
Model 9	PROF, GRI, PROF×GRI → PBV	0.228820	0.000000	Model strong

Source : Data Processed by research, 2026

### ***Classical Assumption Test Results***

This study first performs a number of traditional assumption tests to make sure the model utilized satisfies the requirements for being a good estimator (BLUE—Best Linear Unbiased Estimator) before performing panel data regression analysis (Sihombing, 2022).

### ***Normality test***

To determine if the regression model's residuals exhibit a normal distribution pattern, the normality test is employed. The Jarque-Bera (JB Test) method was used for the study's normalcy test. Figure 2 shows the outcomes of the data normalcy test.

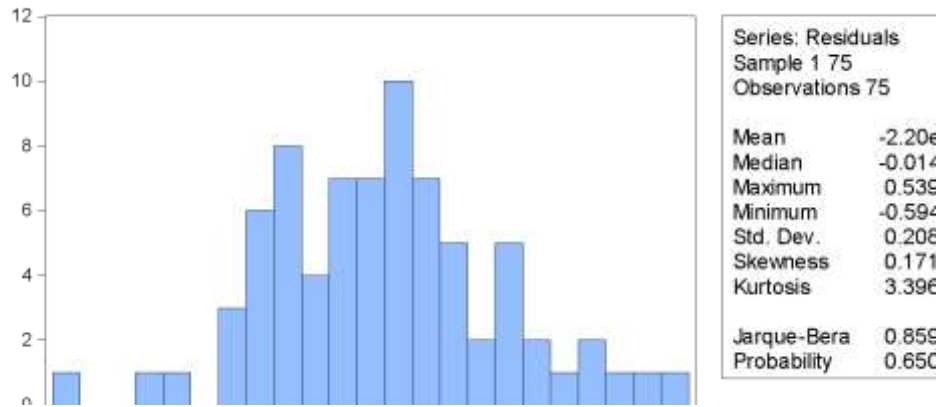


Figure 2. Normality Test Results

The test findings showed that the Jarque–Bera probability value was 0.650730, above the significance level of 0.05. Therefore, it is said that the residual is regularly distributed.

### ***Heteroscedasticity Test***

To determine if the residual variance in the regression model is homoscedastic (constant) or heteroscedastic (inconsistent), the heteroscedasticity test is used. Figure 3 displays the findings of the heteroscedasticity test.

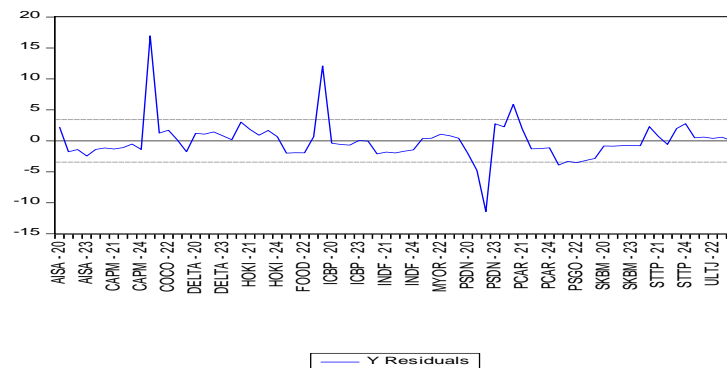


Figure 3. Heteroscedasticity Test Results

Source: Data processed by Researchers, 2026

Based on the Residual Actual Fitted Plot shown, it appears that the residual values are spread around the zero line with a relatively narrow range of values.

### ***Multicollinearity Test***

To ascertain whether the independent variables in the regression model have a high connection with one another, a multicollinearity test is performed. The Variance Inflation Factor (VIF) and Tolerance values are examined in order to perform this test.

Table 6. Multicollinearity Test Results

<i>Variable</i>	<i>Uncentered VIF</i>	<i>Centered VIF</i>
Company Value (PBV)	5.146710	4.711304
Capital Structure (DER)	7.123568	5.997908
Growth(GROWTH)	2.253238	2.045824
Profitabilitas (PROF)	5.425204	4.491250
Good Corporate Governance (CGPI)	1.380940	1.268064

Source: Data processed by Researchers, 2026

Centered VIF values for the DER, GROWTH, and PROF variables are 4.711304, 5.997908, 2.045824, and 4.491250, respectively, according to the test findings.

#### *Auto Correlation Test*

Using the regression model's residuals, the Breusch–Godfrey test is performed to determine whether autocorrelation is present. When interpreting test results, one must consider the value

Table 7. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.999411	Prob. F(2,68)	0.3734
Obs*R-squared	2.141630	Prob. Chi-Square(2)	0.3427

Source: Data processed by Researchers, 2026

According to the test results, the Obs\*R-squared value is 2.141630 with a Chi-square probability of 0.3427 and the F-statistic value is 0.999411 with a probability of 0.3734. Since both probability values are greater than the 5 percent significance level ( $\alpha = 0.05$ ), the null hypothesis ( $H_0$ ) is not disproved. Therefore, it may be said that autocorrelation does not occur in the regression model.

#### *Hypothesis Testing*

A panel data regression model with an approach to the optimal model identified in the preceding step is used to test hypotheses. The significance level, regression coefficient value, and interpretation of the empirical results for every hypothesis are all included in this analysis. Thus, this subsection is the basis for drawing conclusions regarding the relationship between research variables while answering questions research that has been proposed.

## **DISCUSSION**

### *The Effect of Capital Structure on Firm Value*

According to the results of empirical tests, company value (PBV) in consumer goods companies listed on the Indonesia Stock Exchange is influenced by capital structure (DER) and company growth (GROWTH). The correlation

between capital structure and firm value demonstrates that, through funding structure optimization, a proportionate amount of debt can raise business value. On the other hand, a company's ability to grow by expanding its operations, gaining market share, and generating chances for future profit growth is indicated positively by its expanding assets. When these two elements are combined, the market's impression of the company's long-term performance and prospects is strengthened.

#### ***The Effect of Growth on Firm Value***

The study's findings demonstrate that firm value is impacted by company expansion, suggesting that one of the key factors influencing how the market is perceived is a company's capacity to expand its assets and size. The company's internal dynamics in responding to market opportunities, increasing manufacturing capacity, and improving operational efficiency are all reflected in the company's growth.

#### ***The Effect of Profitability on Firm Value***

Theoretically, a high level of profitability should boost value since it demonstrates operational effectiveness and possible investment returns. Profitability is viewed as a crucial measure of financial success in a large portion of the financial literature, which serves as the foundation for investors' evaluations of a company's prospects. This study demonstrates that the firm value of consumer goods companies is not much impacted by profitability. These results suggest that the market does not always translate a company's profit into a rise in firm value. To put it another way, investors take into account other aspects that are seen to more accurately represent long-term potential in addition to profitability when evaluating the company.

#### ***The Effect of Capital Structure on Firm Value Moderated by GCG.***

From a conceptual standpoint, capital structure represents the funding strategies of businesses that are directly linked to the degree of risk and return, whereas GCG stands for the quality of governance that controls the decisions and oversight of these finances. Therefore, GCG's existence becomes a significant issue that can affect how the market evaluates the company's debt usage decisions.

#### ***The Effect of Growth on Firm Value Moderated by GCG***

While GCG shows the caliber of system management and oversight that guarantees the development process is conducted responsibly and with the interests of shareholders in mind, company growth shows the management's capacity to increase assets and business operations. A moderating factor that increases the impact of firm expansion on firm value is good corporate governance. These results are in line with other studies and are backed by agency theory and signaling theory, which confirm that sound governance may guarantee that expanding businesses actually generate value for owners.

### ***The Effect of Profitability on Firm Value Moderated by GCG***

The relationship between profitability (PROF) and firm value (PBV) is moderated by good corporate governance (GCG), which is represented by the CGPI. GCG serves as a control mechanism to guarantee that the earnings are handled in a transparent, accountable, and shareholder-focused manner. Conceptually, profitability represents the company's capacity to make profits.

### ***The Effect of Capital Structure on Firm Value Moderated by Sustainable Reporting***

The moderating effect of sustainability reporting (GRI) on the link between firm value (PBV) and capital structure (DER). While sustainability reporting shows the company's dedication to economic, social, and environmental factors, capital structure shows the company's funding choices on the ratio of debt-to-equity use. Combining the two is crucial since financing decisions are evaluated based on long-term sustainability consequences in addition to financial effectiveness.

### ***The Effect of Growth on Firm Value Moderated by Sustainable Reporting***

The relationship between firm value (PBV) and corporate growth (GROWTH) is moderated by sustainability reporting (GRI). Company growth is a reflection of increasing operational capacity and asset expansion, both of which have the ability to raise company value. Growth does, however, have drawbacks, such as higher operational risk and longer-term finance requirements.

### ***The Effect of Profitability on Firm Value Moderated by Sustainable Reporting***

Profitability reflects the company's ability to generate profits from its resources, while sustainability reporting represents the company's transparency in managing the economic, social, and environmental impacts of its business activities. From a conceptual standpoint, sustainability disclosure should boost the legitimacy of the company's earnings.

## **CONCLUSION**

This study comes to the conclusion that, particularly when considering policy funding and growth strategies, the quality of governance and sustainability disclosure, in addition to financial performance, determines the value of enterprises in Indonesia's goods industry consumption. It has been demonstrated empirically that while profitability has no discernible impact on firm value, capital structure and company expansion do.

These results suggest that, in contrast to short-term earnings alone, the market responds more to medium- to long-term strategic decisions. The moderating role of variables yields selective outcomes. Although it has no bearing on the relationship between profitability and value, good corporate governance (CGPI) can increase the impact of capital structure and business expansion on firm value. This demonstrates that governance works better as a strategic decision that reinforces rather than as a means of validating financial performance. Overall, the results This research confirms that company value is formed

through a combination of financial decisions, quality of governance, and commitment to sustainability, while profitability is still treated as a stand-alone indicator by investors in the Indonesian consumer goods industry.

## RECOMMENDATION

Research suggestions emphasize the need to include mediating variables such as risk company, cost of capital, and reputation to enrich understanding of firm value creation, using alternative proxies in measurement profitability, GCG, and sustainability reporting, and expanding the research object to other sectors and countries so that differences in market characteristics and ESG implementation can be captured. For company management, it is recommended that capital structure policies and growth strategies are integrated with governance and sustainability practices making GCG and sustainability reporting part of the long-term business strategy long term, as well as improving the quality of sustainability disclosure so that the market obtain a clear signal regarding the direction and quality of the company's growth.

## ADVANCED RESEARCH

This study finds that firm value in Indonesia's consumer goods industry is driven more by capital structure and growth strategies than by short-term profitability, indicating that investors prioritize long-term strategic decisions. The influence of growth and capital structure on firm value is strengthened by good corporate governance (CGPI), while the effect of profitability is unabated, indicating that governance serves as a strategy enhancer rather than an earnings validator. Overall, firm value is shaped by the interaction of financial policy, governance quality, and sustainability commitment. Future research should incorporate mediating variables such as risk, cost of capital, and reputation, while management should integrate financial strategy with governance and sustainability practices to enhance long-term value creation.

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