
Influence Leverage And Profitability To Company Values With Sustainability Report As Intervening Variable (Study Empirical In the Company Sector Infrastructure Listed on the Indonesia Stock Exchange in 2020-2023)

Livitri Sri Yunita Sari¹⁾, Ratih Kusumastuti²⁾, Muhammad Gowon³⁾
^{1,2,3)}Accounting Study Program, Faculty of Economics and Business, Jambi University

Corresponding Author :

Email : livitrisriyunitasari03@gmail.com, ratihkusumastuti@unja.co.id muhammadgowon@unja.co.id.

Abstract

This study was conducted to determine the effect of leverage, profitability, on firm value mediated by sustainability reports. This study uses secondary data taken directly from the financial statements and annual reports of Infrastructure Sector Companies listed on the Indonesia Stock Exchange in 2020-2023. This study uses the Smart-PLS application with results showing that leverage has a positive effect on firm value, profitability has no effect on firm value, leverage has no effect on sustainability reports, profitability has no effect on sustainability reports, sustainability reports have no effect on firm value, institutional ownership has no effect on firm value, and leverage and profitability mediated by sustainability reports have no effect on firm value.

Keywords: *Leverage, Profitability, Sustainability Report, Firm Value*

INTRODUCTION

Infrastructure company is Wrong One contribution in increase development in Indonesia. Utilities is running company in sector utilities like service public water and electricity companies and others. Transportation is field business that provides service transportation or move goods by man with distance certain . With That sector infrastructure , utilities, and transportation Can it is said is a influential sectors important in development a country in the field helpful services highest capital market on the Indonesia Stock Exchange and helper And generator Indonesian economy . .

In the company the there is Wrong One development sustainable that aiming For fulfil need generation Now without reduce ability fulfillment need for the generation that will come . The company has think about How how to get benefits , at the same time prosper holder interest (*stakeholders*) company (Dev & Singhal, 2017) . This is because of company can develop And stand with objective For get profit . Holder interest or (*stakeholders*) company own role important in sustainability operational company

Ratio profitability is ratio that can describe or evaluate ability company in look for profit (Kasmir, 2017) Profitability can give description level effectiveness And efficiency management a company , increasingly tall ratio profitability so the more the profit will also be high generated . When profit generated company high , then company tend own more funds , so that company can using funds the For a activity not quite enough corporate social responsibility , with matter company can increase activity For reported in report sustainability company , disclosed by (Meutia & Titik, 2019).

leverage Also can be an influencing factor disclosure report sustainability . According to (Liana, 2019) *leverage* own significant influence to disclosure *sustainability report*. According to (Meutia & Titik, 2019) state that leverage has an effect to *sustainability reporting*.

Ratio *leverage* is ratio which describes how much Lots financed assets by debt . So the more tall level *leverage* a company so the more influence disclosure report sustainability . This is due to that moment company do a activity not quite enough social responsibility for report sustainability

company to do costs that are not a little bit, so that Can just company emit costs that come from from black .

Mark company is a conditions that have been achieved by company as projection from public to performance and the operation process company . An investor will see level success management And management source Power company as well as price share company through mark existing companies.Competition between companies in the digital era today This the more strict .

Sustainability report as description from results in the environment business . Report sustainable is tools that can used government And business For explain to society , that No There is obligation For publish report sustainability . However , in general volunteer , publishing report sustainability This The same matter his important like report finance . Report sustainability by company in a way free as well as routine every the year , and report This report contribution For public related : economic , social and environment . While according to (Oktaviani & Amanah, 2019) sustainability report is practice For measure And disclose activity company about performance organization in realize objective development sustainable to internal stakeholders and external.

RESEARCH METHODS

Secondary data study this , in the form of report infrastructure sector companies listed on the Indonesian Stock Exchange for the 2020-2023 period obtained from the Indonesian stock exchange website (www.idx.co.id). Sample study taken by purposive sampling. Based on criteria that have been determined Previously , 33 companies fulfilled the requirements condition chosen And observed during four years , yielding a total of 132 samples. For study This . Structural Equamon Modeling is method analysis used is with component variancestuu , which is known with Partial Least Square (PLS).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Analysis statistics descriptive used For give description generalabout variables studied. Data analyzed in study this is obtained from report finance or *financial statement*, report sustainability as well as reports , as well as report annual *annual report* from 33 companies dissector infrastructure listed on the Indonesia Stock Exchange during period 2020-2023. Results from analysis statistics descriptive the served in the following table :

Table 1. Descriptive Statistics Analysis

No	Variables	Mean	Median	Min	Max	Standard deviation
1	DAR	31,015	0.500	0.010	3461,980	301,215
2	DER	1,421	0.990	-3,430	9,240	1,879

3	ROA	-0.317	0.020	-33,110	0.240	2,912
4	ROE	-0.018	0.040	-4,140	1,540	0.464
5	GRI 4	95,722	96,770	79,030	100,000	4,000
6	Tobin's Q	38,163	1,140	0.010	4025,700	350,552

Outer Model Evaluation

Convergent Validity

Table 2. Covergen Validity

	Leverage	Company Values	Profitability	Sustainability Report	Note
DAR	0.992				Valid
GRI 4				1,000	Valid
ROA			1,000		Valid
Tobin's Q		1,000			Valid

Show that every indicator from variable latent in researcher This own mark *loading factor* above 0.50 . With Thus , the indicators the considered valid and reliable as reflection from variable study . Validity convergent a measurement model indicator No only specified by loading factor value , but can rated from results other model calculations , in particular with notice Average Variance Extracted (AVE) value.

Table 3. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE).	Information
Leverage	1,000	Meet the criteria
Profitability	1,000	Meet the criteria
Sustainability Report	0.746	Meet the criteria
Company Values	1,000	Meet the criteria

Variables considered fulfil criteria validity convergent if the average variance extracted (AVE) is greater than big from 0.50 . Table 4.5 shows that all variable own AVE value is above 0.50, which indicates that all variable fulfil criteria validity convergent standard . Because external loadings and average variation extracted (AVE) meet criteria , then score every variable latent nursing considered valid for reflect variables.

Discriminant Validity

Table 4. Cross Loading

	Leverage	Company Values	Profitability	Sustainability Report
DAR	1,000	1,000	-0.995	0.060
GRI 4	0.060	0.062	-0.057	1,000

ROA	-0.995	-0.996	1,000	-0.057
Tobin's Q	1,000	1,000	-0.996	0.062

**Inner Model Evaluation
Path Analysis**

Table 5. Path Analysis

	Sample original (o)	Average sample (M)	Standard deviation (STDEV)	T statistic (O/STDEV)	P value
Leverage-> Value company	0.917	0.941	0.100	6,880	0,000
Leverage -> sustainability report	0.314	0.376	0.790	0.387	0.691
Profitability -> value company	-0.083	-0.044	0.050	1,564	0.097
Profitability -> sustainability report	0.256	0.330	0.782	0.317	0.744
Sustainability report -> value company	0.002	0.008	0.016	0.070	0.919

Hypothesis First study This state that mark company influenced by leverage. Findings testing show P-value is 0.000 (less than from 0.05) and T- statistic value of 6,880 (more from 1.96). This is indicate that mark company influenced in a way positive by leverage, T- statistic value of 1,564 (less than from 1.96) and P-value is 0.097 (more big from 0.05) is displayed in findings testing. *Sustainability report* influenced by leverage. T- statistic value of 0.387 (less than from 1.96) and P-value is 0.691 (more big from 0.05) is displayed in findings testing. *sustainability report* influenced by profitability . T- statistic value of 0.317 (less than from 1.96) and P-value is 0.744 (more big from 0.05) is displayed in findings testing. Mark company influenced by *sustainability report* . T- statistic value of 0.070 (less than from 1.96) and P-value is 0.919 (more than big from 0.05) is displayed in findings testing.

Table 6. Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STD EV)	P Value
<i>Leverage-> Sustainability Report -> Company Value</i>	0.001	0.001	0.002	0.309	0.758

<i>Profitability -> Sustainability Report -> Company Value</i>	0,000	0,000	0.002	0.252	0.801
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Hypothesis sixth from study from researcher This state that *sustainability report* mediate connection between leverage and mark company . Results testing show that T- statistic of 0.309 (less than from 1.96) and P-value is 0.758 (more from 0.05). *Sustainability report* mediate connection between profitability And mark company . Results testing show that T- statistic of 0.252 (less than from 1.96) and P-value is 0.801 (more from 0.05). This is show that *sustainability report* No succeed mediate connection between profitability And mark company.

Discussion

Results study show that leverage has an effect positive to mark company . . increased leverage within company considered as signal positive for company in do investment company in the future come , with hope income company will increased . With Thus , investors become interested For plant share on company .

The total assets of a company owns do not necessarily determine whether it will achieve high profitability. However, good asset management from firm management can increase profitability (Felicia & Viriany, 2023) . The findings of this research indicate that institutional ownership has no effect on company profitability. Whether institutional ownership is high or low, it does not influence the company's financial performance due to information asymmetry between shareholders and managers. This allows managers, who have more in-depth information about the company, to control the company more effectively than shareholders (Sutrisno & Sari, 2020) .

The study results indicate that capital structure does not impact firm value. A higher Debt to Equity Ratio (DER) is associated with lower stock prices, and vice versa. As the DER increases, the debt costs the company must pay also increase, which will have an impact on profitability which will decrease. This causes reduced investor interest which will affect the share price (Andriani et al., 2022) . The study's findings indicate that company size does not influence firm value. A large asset base does not necessarily enhance investors' perceptions of the company (Setiadharmas & Machali, 2017) . The study results indicate that institutional ownership does not impact firm value because institutions are unable to effectively supervise management. This ineffectiveness is due to the information asymmetry between management and shareholders, which allows management to operate the company according to their own preferences (Sutrisno & Sari, 2020) . The study results show that profitability positively impacts firm value. High profitability indicates strong performance prospects, which can enhance the firm's value. High profitability reflects positive prospects for the company, so investors tend to respond positively, which contributes to an increase in firm value (Sari & Sedana, 2020).

The study results indicate that profitability does not mediate the relationship between capital structure and firm value. The direct impact of capital structure on firm value is more significant than its indirect effect through profitability. Therefore, profitability does not serve as a mediator in this relationship. (Hirdinis, 2019) . This study results indicate that profitability cannot mediate the relationship on firm size and firm value. The direct impact of firm size on firm value is more substantial than the indirect effect through profitability. Therefore, profitability does not act as a mediator between firm size and firm value (Pratama & Wiksuana, 2016) . The study results indicate that profitability does not mediate the relationship between

institutional ownership and firm value, high profitability will create conflicts between institutional parties and management, profits distributed in the form of dividends will benefit institutional shareholders who have a high percentage of ownership so that institutional owners will use their voting rights to support decisions that are more profitable for themselves (Mastuti & Prastiwi, 2021).

CONCLUSION

Research conducted on 9 pharmaceutical sub-sector companies over the period 2020-2023 shows some important findings. Capital structure was found to negatively affect profitability, as an increase in debt leads to higher interest costs, thereby reducing the company's net profit. In contrast, firm size and institutional ownership do not have a significant impact on profitability, indicating that the scale of operations and the proportion of institutional ownership do not necessarily correlate with the level of corporate profits.

Furthermore, the study results reveal that capital structure, firm size, and institutional ownership do not influence firm value. This implies that the debt-to-equity ratio, total assets, total sales, and proportion of institutional ownership do not impact investors' view on the company's performance potential. However, profitability is proven to have a positively affect firm value, indicating that Companies that are able to generate high profits tend to have a higher value from the perspective of investors and shareholders.

Additionally, this study shows that capital structure, firm size, and institutional ownership do not affect firm value through profitability as a mediating variable. In other words, increases in debt, assets, sales, or institutional ownership do not directly improve the firm's ability to generate higher profits, and thus do not result in a higher firm value from the market's viewpoint

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