

# Exploring How Sustainability Reporting Moderates the Link Between Financial Ratios and Firm Value

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**Background:** The energy sector plays an important role in supporting the transition toward clean energy but faces challenges in maintaining consistent growth amid economic fluctuations and sustainability demands. OJK Regulation No. 51/POJK.03/2017 requires the implementation of sustainability reports as a form of corporate responsibility in social, economic, and environmental aspects. The application of sustainability principles enhances investor confidence and corporate image. Firm value reflects performance and business prospects, which are influenced by financial ratios such as ROA, CR, and DER. This study analyzes the effect of financial ratios on firm value with the Sustainability Report as a moderating variable in the energy sector during 2021–2024.

**Purpose:** This study aims to empirically analyze and test. The direct effect of ROA, CR, and DER on Firm Value in energy sector companies listed on the IDX for the period 2021-2024, and the role of the Sustainability Report as a moderating variable on the relationship between these financial ratios and Firm Value.

**Methodology:** This study employs a quantitative approach using secondary data in the form of annual reports and sustainability reports obtained from the official websites of the IDX and the respective companies. The research population includes energy sector companies listed on the IDX during the 2021–2024 period. The sample was selected using a purposive sampling method, resulting in a total of 80 observations. Data were analyzed using panel data regression, selected through the Chow Test, Hausman Test, and Lagrange Multiplier Test, followed by a Moderated Regression Analysis (MRA) to examine the moderating effect.

**Finding:** The findings show that Return on Assets (ROA), Debt to Equity Ratio (DER), and Sustainability Report (SR) have a positive and significant effect on firm value (PBV), while the Current Ratio (CR) has a negative and significant effect. Furthermore, the Sustainability Report (SR) positively moderates the relationship between Return on Assets (ROA) and Debt to Equity Ratio (DER) with firm value (PBV), but negatively moderates the relationship between Current Ratio (CR) and firm value (PBV). These results indicate that sustainability disclosure can strengthen the influence of profitability and leverage on increasing firm value but weaken the effect of liquidity in energy sector companies listed on the Indonesia Stock Exchange during 2021–2024.

**Limitation:** This study is limited to the use of financial ratios (ROA, CR, and DER) and the Sustainability Report as research variables, so other financial and non-financial factors that may influence firm value have not been included. In addition, the measurement of the Sustainability Report is based solely on the disclosure index without assessing the quality or depth of the information presented

**Originality:** The originality of this study lies in the use of the Sustainability Report as a moderating variable between financial ratios and firm value in the energy sector, providing the latest empirical evidence on the role of sustainability reporting in examining the influence of financial performance on firm value in the era of sustainable finance.

**Keywords:** Current Ratio, Debt to Equity Ratio, Firm Value, Return on Asset, Sustainability Report