

ABSTRACT

Currently, the Indonesia Stock Exchange (IDX) has implemented the IDX Industrial Classification or IDX-IC, which subsequently classified into 12 sectors. One of the main sectors listed on the IDX is the basic materials sector, which plays an important role in Indonesia's economic growth through the production and distribution of basic raw materials, such as companies that produce construction materials, industrial metals, precious metals, paper, petrochemicals, and others. The performance of Indonesia's manufacturing sector, particularly in the metal and raw materials sub-sectors, is currently under significant pressure. One of the factors is massive imports that pose serious challenges for the metal sub-sector, both in terms of profitability and solvency, which need special attention to restore industrial performance amid these unfavorable conditions. The approach of ESG aspects certainly has a positive impact on the social and environmental scope of the company, as well as better reciprocal gains, so that the implementation of ESG can determine the financial performance factors within the company.

This research aims to analyze the impact of the implementation of Environmental, Social, and Governance (ESG), profitability, and solvency on the value of companies in the metal and similar subsector listed on the Indonesia Stock Exchange (IDX). In addition, this study also aims to examine the simultaneous and partial effects of ESG implementation, profitability, and solvency on firm value to provide a more comprehensive understanding of the factors influencing the market performance of companies in that subsector.

This research for analyze the influence of ESG, profitability, and solvency on the value of companies in the metal and similar subsector listed on the Indonesia Stock Exchange during the period 2018-2023. The method used is a quantitative method, with sampling through purposive sampling technique, resulting in 10 companies over a period of 6 years, yielding a total of 10 research samples. Testing was conducted using t-tests and f-tests, while data analysis relied on descriptive statistics and panel data regression.

The results of the study indicate that ESG, profitability, and solvency simultaneously affect the value of the company. In the partial test, the ESG and Solvency variables significantly affect the company's value, while profitability does not significantly affect the company's value. For future research, it is expected to adopt a qualitative approach to delve deeper into the perceptions of management and stakeholders regarding the integration of ESG into business strategies, as well as to identify other new variables that certainly affect the value of the company.

Keywords: ESG, Profitability, Solvency, Company Value, Financial Report