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# THE INFLUENCE OF ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) DISCLOSURE, LIQUIDITY, LEVERAGE, AND ACTIVITY ON FIRM VALUE

*(The effect of esg disclosure, liquidity,Leverage, and activities on value Company)*

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**ABSTRACT**

This study aims to examine the effect of Environmental, Social, and Governance (ESG) disclosure, liquidity, Leverage, and activity on firm value in technology sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. Firm value is measured using Price to Book Value (PBV), while liquidity by Current Ratio (CR), Leverage by Debt to Assets Ratio (DAR), and activity by Total Assets Turnover (TATO). This study employs a quantitative approach using purposive sampling to select the sample firms. The data are analyzed using multiple linear regression with the assistance of IBM SPSS Statistics version 27, preceded by descriptive statistical analysis and classical assumption tests. The results indicate that ESG disclosure, liquidity, and Leverage have a significant effect on firm value, while activity do not have a significant effect. The findings of this study are expected to contribute to the development of financial accounting literature and provide practical insights for corporate management and investors in making informed investment decisions, particularly in the technology sector.



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## INTRODUCTION

Company value is an important indicator reflecting a company's success in improving shareholder welfare. Company value is often measured using Price to Book Value (PBV), which is the ratio between the stock market price and the book value per share. The higher the PBV ratio, the higher the level of shareholder prosperity and investor confidence in the company's future prospects (Brigham & Houston, 2019). Therefore, company value is a key consideration for investors when making investment decisions. In Indonesia's technology sector, company values have exhibited considerable fluctuations in recent years. Data from the Indonesia Stock Exchange shows that the average PBV of technology companies experienced a significant increase in 2021 due to increased demand for digital services during the Covid-19 pandemic. However, this value declined from 2022 to 2023 due to stock market corrections and changes

in global economic conditions. This situation indicates that the technology sector offers significant growth opportunities, but also faces significant levels of risk and uncertainty.

In an effort to increase company value, management needs to consider various factors that can influence investor perceptions, both financial and non-financial. One non-financial factor that is gaining increasing attention is Environmental, Social, and Governance (ESG). ESG disclosure reflects a company's commitment to sustainability, social responsibility, and good corporate governance. According to Friede, Busch, and Bassen (2015), companies with good ESG disclosure tend to have more stable financial performance and are able to increase investor confidence in the company. In addition to non-financial factors, a company's financial performance is also an important indicator in assessing its value. Liquidity ratios indicate a company's ability to meet its short-term obligations (Kasmir, 2016). Meanwhile, leverage illustrates the extent to which a company uses debt in its capital structure (Ross et al., 2016). On the other hand, activity ratios such as Total Asset Turnover (TATO) reflect a company's efficiency in utilizing assets to generate sales (Hery, 2018). These three ratios are often used by investors to assess a company's financial condition and operational performance.

Several previous studies have shown mixed results regarding the influence of these variables on firm value. Christiaan et al.'s (2023) study found that ESG disclosure positively impacts firm value because it improves a company's reputation and transparency. Meanwhile, Prasetya and Musdholifah's (2020) study showed that liquidity does not always significantly impact firm value. These differing research findings suggest that the relationship between these variables and firm value requires further study, particularly in technology companies. Based on this background, this study aims to analyze the influence of ESG disclosure, liquidity, leverage, and activity on company value in technology sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period.

## THEORETICAL ORIETATION

### Signaling Theory

Signaling Theory explains that companies provide information signals to investors through financial reports and other disclosures. This information is used by investors to assess the company's future prospects. Good information disclosure will increase investor confidence and impact company value (Brigham & Houston, 2019).

### Stakeholder Theory

Stakeholder theory states that companies are responsible not only to shareholders but also to all stakeholders, such as employees, the government, the community, and investors. Companies that meet stakeholder interests will gain greater support, thereby improving company performance and value (Freeman, 1984).

### Trade-Off Theory

Trade-Off Theory explains that companies must balance the benefits and risks of using debt. Using debt can increase company value through tax shields, but too much debt can increase the company's financial risk (Myers, 2001).

## Environmental Social Governance (ESG) Disclosure

Environmental, Social, and Governance (ESG) disclosure is the level of transparency a company demonstrates in presenting sustainability-related information, including environmental, social, and governance aspects. ESG disclosures are presented in sustainability reports and annual reports, aiming to provide stakeholders with an overview of the company's performance in responsible and sustainable business practices. According to Anggraeni & Sulhan (2020), comprehensive ESG disclosure can strengthen a company's reputation, attract investor interest, and reduce the risk of asymmetric information. This provides a positive signal (good news) to investors, in accordance with Signaling Theory.

## Liquidity

Liquidity is a company's ability to meet its short-term obligations in a timely manner using its current assets. According to Weston & Copeland (2012), liquidity reflects a company's short-term financial strength, indicating how quickly assets can be converted into cash to pay current liabilities. The higher the level of liquidity, the stronger the company's ability to maintain the trust of creditors and investors. Liquidity is a company's ability to meet its short-term debts. Liquidity, as defined by the Current Ratio, can increase a company's value when it is able to meet its short-term obligations. This means that a better liquidity level will create a positive perception, increasing the company's value in the eyes of investors (Prasetya & Musdholifah, 2020). This study uses the Current Ratio (CR) as the primary measure of a company's liquidity. The Current Ratio compares current assets to current liabilities to determine how much of a company's short-term obligations can be covered by its current assets.

$$CR = \frac{\text{Current asset}}{\text{Current Debt}}$$

## Leverage

Leverage is the extent to which a company uses debt in its capital structure to finance assets and operational activities. According to Kasmir (2015), proportionally managed leverage can provide benefits such as tax shields because debt interest can be used to reduce taxable income. However, if the leverage level is too high, it can increase the risk of bankruptcy because the company may have difficulty paying interest and principal. In other words, leverage reflects how much a company relies on external funds compared to its own capital. Leverage is the ability to influence a situation or other people to gain greater profits or control what is or will happen. It can also be defined as a company's ability to use funds (assets) with fixed liabilities (money, preferred stock) to achieve its goal of optimizing the use of the owner's wealth (Mulyadi et al., 2022:25). In this study, leverage is measured using the Debt-to-Asset Ratio (DAR). This ratio indicates the proportion of a company's total assets financed by liabilities (debt).

$$DAR = \frac{\text{Total Hutang}}{\text{Total Aset}}$$

## Activity

Activity reflects a company's ability and effectiveness in utilizing all of its assets to generate sales. According to Hery (2018), the higher the Total Asset Turnover (TATO) ratio , the more efficiently the company utilizes its assets to support operational activities. This provides a positive signal to investors that company management is able to maximize existing assets to increase revenue, ultimately increasing the company's value. Total Asset Turnover (TATO) is a financial ratio used to measure a company's ability to efficiently utilize all of its assets to generate sales. This ratio indicates the rate of asset turnover over a given period and illustrates how much revenue or sales can be generated from each rupiah of assets invested in the company.

According to Hulasoh et al. (2021), the higher the TATO value, the better the company's performance, as it reflects faster asset turnover, supporting increased revenue and profits. Conversely, a low TATO indicates that assets are not being managed optimally, resulting in slow asset turnover and hampering sales growth. Thus, TATO not only measures a company's operational efficiency but also serves as a positive signal for investors, demonstrating management's ability to maximize asset utilization to generate sustainable income. A high TATO typically attracts investor interest, boosts market confidence, and contributes to increased company value.

This study uses Total Asset Turnover (TATO) as a measure of company activity.

$$\text{TATO} = \frac{\text{Sells}}{\text{Aktiva Toal}}$$

## Hypothesis Development

The Impact of Environmental Social Governance (ESG) Disclosure on Company Value

Environmental, Social, and Governance (ESG) disclosure is a form of corporate transparency in conveying information related to environmental, social, and governance responsibilities to stakeholders. According to Anggraeni and Sulhan (2020), transparent ESG disclosure can enhance a company's reputation and send a positive signal to investors regarding its commitment to sustainability. This aligns with Signaling Theory, which states that providing good information to the public can increase investor confidence in a company.

Furthermore, Stakeholder Theory explains that companies are not only responsible to shareholders but also to all stakeholders. Therefore, ESG disclosure serves as a means for companies to demonstrate social and environmental responsibility, thereby increasing stakeholder support and ultimately increasing company value. According to Wang and Sarkis (2017), companies that integrate ESG aspects into their business strategies tend to be more competitive and increase investor confidence.

Several empirical studies have shown that ESG disclosure has a positive effect on company value. Research by Saputra and Susilowati (2025) and Fakhriansyah et al. (2025) found that high levels of ESG disclosure can increase investor confidence, thus increasing company value. However, research by Romli and Abdurohim (2024) shows that ESG disclosure does not always have a significant effect on company value because some investors still prioritize financial indicators.

Based on this description, the research hypothesis is as follows:

$H_1$ : ESG disclosure has a positive effect on company value.
$H_2$ : Liquidity has a negative effect on company value
$H_3$ : Leverage has a positive effect on company value.
$H_4$ : Activity (TATO) has a negative but insignificant effect on company value.

**Thinking Framework**

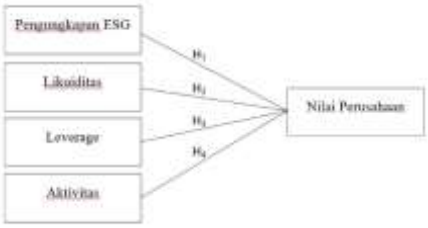


Figure 1. Thinking Framework

## RESEARCH METHODS

The type of research used in this study is causality research with an associative approach. Associative causality research examines cause and effect, thus identifying influencing and influenced variables, and examining the direction of the relationship between the independent variable and the dependent variable (Sugiyono, 2024). The method used is quantitative, where data are in the form of numbers and analysis using statistical tests.

**Population and Sample**

This study took samples from Technology Sector Companies listed on the Indonesia Stock Exchange (IDX) in 2020-2024, consisting of 18 companies from a population of 46 companies with 90 observation data. The processed data is secondary data in the form of Company financial reports and sustainability reports of the technology sub-sector listed on the Indonesia Stock Exchange (IDX) in 2020 to 2024 obtained from the official website of the Indonesia Stock Exchange through www.idx.co.id and the websites of each company. Data collection in this study used a purposive sampling technique, where data collection is based on certain criteria.

Table 1. Sampling Criteria

| No | Criteria | Number of Companies |
|---|---|---|
| 1. | Technology sector companies listed on the Indonesia Stock Exchange (IDX) during the observation period of 2020-2024. | 46 |

| | | |
|---|---|---|
| 2. | Technology sector companies conducting Initial Public Offerings (IPOs) in the 2020-2024 period | (25) |
| 3. | Technology sector companies that were suspended, delisted, or changed sectors during the 2020-2024 period. | (3) |
| Number of companies sampled | | 18 |

**Data Analysis**

In this study, the data analysis techniques used consist of two main approaches, namely descriptive analysis and inferential analysis with the help of Microsoft Excel software and IBM SPSS Statistics version 27. The analysis method used is path analysis . According to Ghozali (2016), path analysis is a development of multiple linear regression used to examine causal relationships between variables and measure the direct and indirect influence of independent variables on dependent variables.

This test was conducted to determine whether the resulting regression could be used to draw conclusions about how ESG disclosure , liquidity, leverage , and activity affect firm value (PVB). The formula for multiple linear regression analysis is as follows:

$$Y=a+b_1 X_1 +b_2 X_2 +b_3 X_3 +b_4 X_4 +e$$

Information:

Y = Company Value
α = Constant
$\beta_1 - \beta_4$ = Regression coefficient for each independent variable
$X_1$ = ESG Disclosure
$X_2$ = Liquidity
$X_3$ = Leverage
$X_4$ = Activity
ε = Variabel residual (error term)

**RESULTS AND DISCUSSION**

Statistics Descriptive

Table 2. Results of Descriptive Statistical Tests

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Pengungkapan ESG | 90 | .26 | .72 | .4127 | .07544 |
| Likuiditas | 90 | .21 | 38.08 | 4.6336 | 6.79294 |
| Leverage | 90 | .02 | 4.08 | .4296 | .58544 |
| Aktivitas | 90 | .01 | 11.61 | 2.3262 | 2.28880 |
| Nilai Perusahaan | 90 | -7.87 | 51.36 | 3.7631 | 8.64725 |
| Valid N (listwise) | 90 | | | | |

Table 2 shows the descriptive statistical results of 90 research data which can be explained as follows:

ESG disclosure in technology sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period had a minimum value of 0.26 and a maximum of 0.72, with an average value of 0.4127. The mean value, which is greater than the standard deviation (0.07544), indicates that the data is homogeneous. Liquidity, as proxied by the Current Ratio, has a minimum value of 0.21 and a maximum of 38.08, with an average of 4.6336. The mean value, which is smaller than the standard deviation (6.79294), indicates that the data is heterogeneous.

Leverage, proxied by the Debt to Asset Ratio, has a minimum value of 0.02 and a maximum of 4.08, with an average value of 0.4296. The mean value, which is smaller than the standard deviation (0.58544), indicates that the data is heterogeneous. ctivity proxied by Total Asset Turnover has a minimum value of 0.01 and a maximum of 11.61 with an average value of 2.3262. The mean value is greater than the standard deviation (2.28880) indicating that the data is homogeneous. he company value proxied by Price to Book Value has a minimum value of -7.87 and a maximum of 51.36 with an average of 3.7631. The mean value is smaller than the standard deviation (8.64725) indicating that the data is heterogeneous.

## Classical Assumption Test

All data from the three independent variables and one dependent variable are quantitative ratio data. To obtain accurate research results, a classical assumption test consisting of four tests is required: data normality, multicollinearity, heteroscedasticity, and autocorrelation (Ghozali, 2021).

## Data Normality Test

The normality test is useful for determining whether collected data is normally distributed or drawn from a normal population. Data normality can be tested using the one-sample Kolmogorov-Smirnov (KS) test using a significance level of 0.05 or 5%. The results of the data normality test are as follows:

Table 3 Results of Data Normality Test

**One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 90 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | .21945802 |
| Most Extreme Differences | Absolute | .094 |
| | Positive | .075 |
| | Negative | -.094 |
| Test Statistic | | .094 |
| Asymp. Sig. (2-tailed)[c] | | .064 |

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Sumber: Output SPSS 27

Table 3 shows that the Asymp. Sig. (2-tailed) value is 0.064 , which is greater than 0.05. Therefore, it can be concluded that the research data is normally distributed.

## Multicollinearity Test

To continue testing other classical assumptions, a multicollinearity test was performed to determine whether there was a correlation between the independent variables in the regression model. The results of the multicollinearity test are presented as follows:

Table 4. Multicollinearity Test Results

**Hasil Uji Multikolinearitas**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Pengungkapan ESG | .986 | 1.014 |
| | Likuiditas | .110 | 9.096 |
| | Leverage | .117 | 8.531 |
| | Aktivitas | .824 | 1.214 |

Sumber: Output SPSS 27

Table 4 shows that each independent variable does not have multicollinearity because each variable has a tolerance value of more than 0.10 and a VIF value of less than 10.

## Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is inequality in the variance of residuals from one observation to another in the regression model. The results of the heteroscedasticity test are as follows:

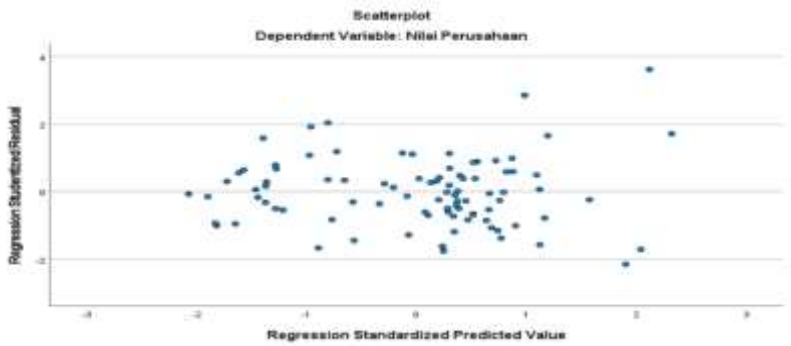


Figure 2 Heteroscedasticity Test Results Source: SPSS 27 Output Results

Figure 2 shows that the results of the heteroscedasticity test show no clear pattern, where the points are spread randomly, both above zero and below zero on the Y axis. Therefore, it can be concluded that the data in this study does not experience heteroscedasticity in the regression model.

**Autocorrelation Test**

Table 5. Autocorrelation Test Results

**Uji Durbin Watson**

| Model | Durbin-Watson |
|---|---|
| 1 | 1.904 |

a. Predictors: (Constant), Aktivitas, Pengungkapan ESG, Leverage, Likuiditas

b. Dependent Variable: Nilai Perusahaan

Sumber: Output SPSS

The SPSS test results obtained the DW value of the regression model is 1.904. This value is compared with a significant table of 5% (0.05) with a sample size of 90 data and the number of independent variables (k) is 4 + 1 = 5, then dL = 1.5420 is obtained so that the calculated DW value of 1.904 is greater than the upper limit (dU) which is 1.7758 and less than (4-dU) = 4 - 1.7758 = 2.224, so it can be concluded that there is no autocorrelation in this study (1.7758 < 1.904 < 2.224 ). Table 5 shows that in this study there are no symptoms of positive or negative autocorrelation (accepted).

**Multiple Linear Regression Analysis**

To determine how independent factors influence the dependent variable, multiple linear regression analysis was used. The purpose of this test was to determine whether the resulting regression could be used to draw conclusions or to determine the extent to which the variables impact the dependent variable, namely firm value (Y). The multiple linear regression analysis yielded the following findings:

Table 6. Results of Multiple Regression Analysis

**Uji Regresi Linier Berganda**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -1.749 | .682 | | -2.566 | .012 |
| | Pengungkapan ESG | 3.751 | 1.038 | .345 | 3.612 | .001 |
| | Likuiditas | -.709 | .251 | -.808 | -2.821 | .006 |
| | Leverage | 1.229 | .512 | .666 | 2.401 | .019 |
| | Aktivitas | -.075 | .147 | -.053 | -.508 | .612 |

a. Dependent Variable: Nilai Perusahaan

Source: SPSS 27 Output Results

Based on table 6, the results of the multiple linear regression analysis can produce the following equation:

**Enterprise Value = 0.345 ESG Disclosure-0.808 Liquidity+0.666 Leverage-0.053 Activity+e**

The explanation of the multiple linear regression model equation above is as follows:

1. The coefficient value ($\beta_1$) of the ESG Disclosure variable ($X_1$) is positive at 0.345, which means that for every 1 increase in ESG Disclosure (X1), the Company Value will increase by 0.345 (assuming the other variables remain constant).
2. The coefficient value ($\beta_2$) of the Liquidity variable ($X_2$) is negative at -0.808. This means that for every 1 increase in Liquidity ($X_3$), the Company Value will decrease by -0.808 (assuming the other variables remain constant).
3. The coefficient value ($\beta_3$) of the Leverage variable ($X_3$) is positive at 0.666 . This means that for every 1 increase in Leverage ($X_3$), the Company Value will increase by 0.666 (assuming the other variables remain constant).
4. The coefficient value ($\beta_4$) of the Activity variable ($X_4$) is negative at -0.053 . This means that for every 1 increase in Activity ($X_5$), the Company Value will decrease by 0.053 (assuming the other variables remain constant).

## Coefficient of Determination Test

The coefficient of determination analysis is used to determine the extent to which the independent variable explains the dependent variable. The determination value is found using the adjusted R-square value. The results of the coefficient of determination analysis are as follows:

Table 7. Results of the Determination Coefficient Test

**Koefisien Determinasi**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .483a | .234 | .198 | .56640 |

a. Predictors: (Constant), Aktivitas, Pengungkapan ESG, Leverage, Likuiditas. b. Dependent Variable: Nilai Perusahaan

Sumber: Output SPSS 27

Based on Table 7, the Adjusted R Square value is 0.198, or 19.8 % . This means that 19.8 % of the company's value is determined by the variables ESG Disclosure, Liquidity, Leverage, and Activity. The remaining 80.2% is due to other variables not examined in this study.

## Hypothesis Testing

To find out whether ESG Disclosure, Liquidity, Leverage, and Activities are accepted or rejected, what needs to be done is to conduct a test consisting of a T test and an F test. The independent variable is said to have an influence on the dependent variable if it has a significance below 0.05.

## Simultaneous Hypothesis Test (F Test)

Simultaneous hypothesis testing (F-test) is useful for determining the extent to which independent variables collectively explain the dependent variable. The following are the results of the simultaneous hypothesis testing (F-test):

Table 8. F Test Results

**Uji F**

**ANOVA[a]**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 8.317 | 4 | 2.079 | 6.482 | .000[b] |
| | Residual | 27.268 | 85 | .321 | | |
| | Total | 35.585 | 89 | | | |

a. Dependent Variable: Nilai Perusahaan

b. Predictors: (Constant), Aktivitas, Pengungkapan ESG, Leverage, Likuiditas

Sumber: Output SPSS 27

Based on table 8, it can be seen that the calculated F value is 6.482 . While the F table value with Df 1 = k = 4 and df2 = n – k - 1 = 90 – 4 - 1 = 85 obtained F table of 2.48 , so that the calculated F ( 6.482 > 2.48 ). The significance value in the F Test output is 0.00 0 , this figure shows that it is smaller than 0.05 (0.00 0 < 0.05). Then H0 is rejected and Ha is accepted, which shows that the independent variables namely ESG Disclosure, Liquidity, Leverage and Activity simultaneously significantly affect the dependent variable (Company Value) .

## Partial Hypothesis Test (T-Test)

The t-test is used to determine the extent to which an individual independent variable influences the variation of the dependent variable. The results of the partial test (t-test) are as follows:

Table 9. T-Test Results

**Uji Parsial T**

| Model | | T | Sig. |
|---|---|---|---|
| 1 | (Constant) | -2.566 | .012 |
| | Pengungkapan ESG | 3.612 | .001 |
| | Likuiditas | -2.821 | .006 |
| | Leverage | 2.401 | .019 |
| | Aktivitas | -.508 | .612 |

Sumber: Output SPSS 27

Based on table 9, it can be concluded that decision making is as follows:

1. ESG disclosure has a calculated t-value of 3.612 with a significance level of 0.001. This value is greater than the t-table value of 1.98861 and a significance level of <0.05, thus H1 is accepted. This indicates that ESG disclosure has a positive and significant effect on firm value.
2. Liquidity has a calculated t-value of -2.821 with a significance level of 0.006. This value is greater than the t-table value of -1.98861 and a significance level of <0.05, thus H2 is accepted. This indicates that liquidity has a negative and significant effect on firm value.
3. Leverage has a t-value of 2.401 with a significance level of 0.019. This value is greater than the t-table of 1.98861 and a significance level of <0.05, thus H3 is accepted. This indicates that leverage has a positive and significant effect on firm value.
4. Activity has a calculated t-value of -0.508 with a significance level of 0.612. This value is smaller than the t-table value of -1.98861 and a significance level of >0.05, thus rejecting H4. This indicates that activity has a negative but insignificant effect on firm value.

## RESULTS AND DISCUSSION

### The Impact of ESG Disclosure on Company Value

Hypothesis testing results indicate that Environmental, Social, and Governance (ESG) disclosure has a positive and significant effect on firm value. This means that the higher the level of ESG disclosure, the higher the firm value. ESG disclosure in this study was measured using the ESG disclosure index, while firm value was proxied by Price to Book Value (PBV). These findings indicate that investors consider not only financial performance but also a company's sustainability aspects. Companies that are transparent in disclosing environmental, social, and governance aspects are perceived as having lower risk and better long-term prospects, thereby increasing investor confidence and company value.

The results of this study align with Signaling Theory, which states that ESG disclosure can be a positive signal to investors regarding the quality of management and a company's prospects. Furthermore, Stakeholder Theory explains that companies that meet stakeholder interests through sustainable business practices will gain greater market support. These results are also consistent with research by Aydogmus et al. (2022), which found that ESG scores positively impact firm value. The following is the average ESG Disclosure and Company Value in the technology sector sampled in this study during the period 2020-2024 as follows :

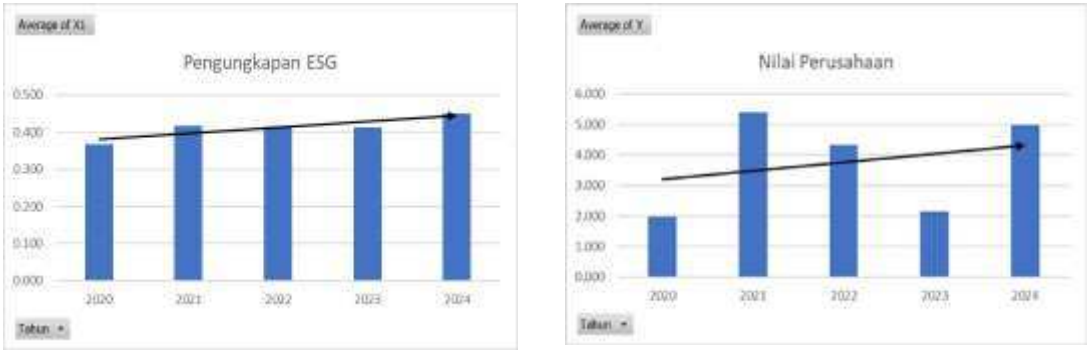


Figure 3 Average ESG Disclosure and Company Value

Figure 3 shows that the average Environmental, Social, and Governance disclosure increased between 2020 and 2024, while Company Value also increased. This means that the greater the number of ESG disclosures made by companies, the higher their Company Value. This supports the results of the hypothesis test, which states that ESG disclosure has a positive and significant effect on Company Value.

**The Effect of Liquidity on Company Value**

Hypothesis testing results indicate that liquidity has a negative and significant effect on firm value. This means that higher liquidity tends to decrease firm value, while decreasing liquidity is accompanied by an increase in firm value. In this study, liquidity is measured using the Current Ratio (CR), while firm value is proxied by Price to Book Value (PBV). These findings suggest that investors view excessively high liquidity as an indication of idle cash, or funds not being utilized productively. In the technology sector, companies that use their liquid assets for investment, expansion, or innovation development tend to be more highly valued by the market, increasing their company value.

The results of this study align with Signaling Theory, which explains that a decrease in liquidity can signal that a company is allocating its funds to productive activities that drive growth. Furthermore, Stakeholder Theory explains that the effective use of funds for innovation and expansion can benefit various stakeholders, thereby increasing company value. The results of this study are consistent with those of Wiyono et al. (2022), Ramli and Yusnaini (2022), and Utami and Suria (2021), which found that liquidity significantly influences firm value. However, these results differ from those of Hutagaol and Sinabutar (2021), which found that liquidity had no effect on firm value. The following are the average Liquidity and average Company Value in the technology sector that was sampled in this study during the 2020-2024 period as follows:

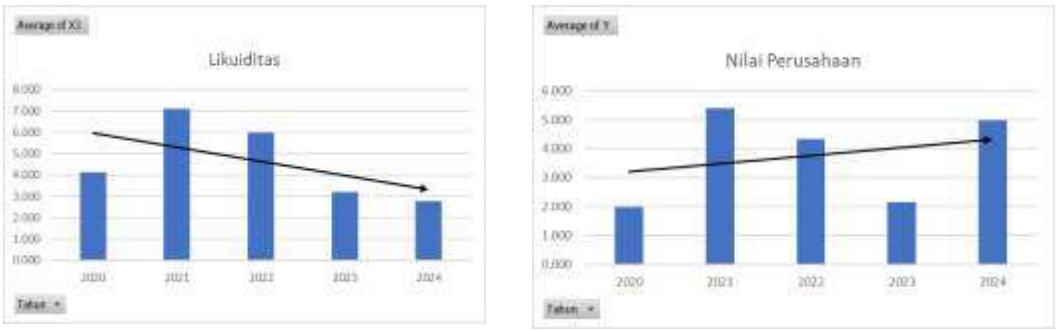


Figure 4 Average Liquidity and Firm Value

Graph 4 shows that the average Liquidity decreased , while the average Firm Value increased from 2020 to 2024. This proves the results of the hypothesis test, which shows that Liquidity has a negative and significant effect on Firm Value. Trend data shows that during the 2020-2024 period, sample technology companies tended to gradually reduce their liquidity ratios. This decrease was actually responded to by the market with an increase in firm value. This phenomenon confirms that in the technology sector, 'Cash is Trash' if left unchecked. Investors value companies that are willing to take liquidity risks (reduce cash ratios) to pursue innovative growth, as reflected in the significant negative effect of the liquidity variable on firm value.

**The Effect of Leverage on Company Value**

Hypothesis testing results indicate that leverage has a positive and significant effect on firm value. This means that the higher the leverage level, the higher the firm value tends to be. In this study, leverage is measured using the Debt-to-Asset Ratio (DAR), while firm value is proxied by Price-to-Book Value (PBV). This positive effect indicates that the use of debt can enhance a company's ability to expand and invest, thus driving growth. If the funds from debt generate a higher rate of return than the interest costs, shareholder profits will increase, impacting the company's value.

This finding aligns with Signaling Theory, which explains that a company's decision to increase debt can be a positive signal to investors regarding management's confidence in the company's future prospects and cash flows. Furthermore, Trade-Off Theory states that using debt provides a tax shield that can lower the tax burden, thereby increasing the company's value as long as the risk of bankruptcy remains manageable. The results of this study are consistent with those of Tandrio and Handoyo (2023) and Anugerah and Suryanawa (2019), which found that leverage significantly impacts firm value. However, these results are inconsistent with those of Lamba and Atahau (2022) and Wijaya et al. (2021), which found that leverage has no significant effect on firm value. The following is the average Leverage and average Company Value of the technology sector companies that were sampled in this study during the period 2020-2024 as follows :

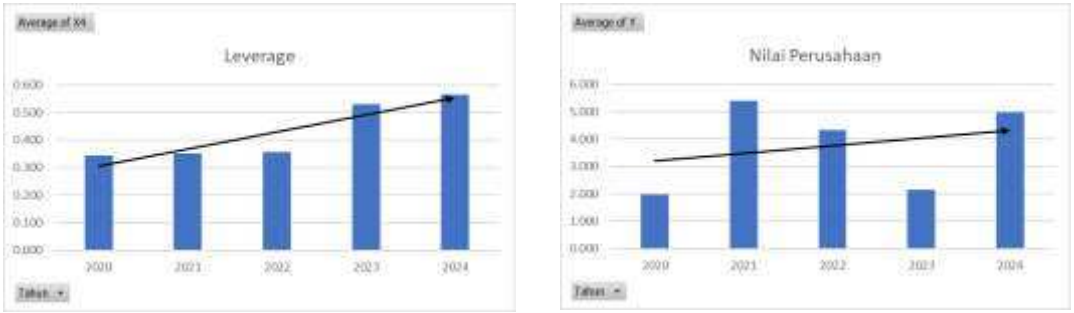


Figure 5 Average Leverage and Firm Value

Based on Figure 5, it shows that the average Leverage and average Company Value increased from 2020 to 2024. This supports the results of the hypothesis test which states that Leverage has a positive and significant effect on Company Value. The primary reason leverage has a significant positive effect is the creation of capital efficiency and the utilization of growth momentum. Debt allows companies to seize significant investment opportunities without having to wait for retained earnings to accumulate or dilute shares by issuing new shares. Furthermore, the generally lower cost of debt compared to the cost of equity lowers the weighted average cost of capital (WACC), which directly improves the valuation of a company's assets.

**The Influence of Activities on Company Value**

Hypothesis testing results indicate that activity has a negative but insignificant effect on firm value. This means that the level of firm activity does not significantly impact firm value. In this study, activity is measured using Total Asset Turnover (TATO), which compares sales to total assets, while firm value is proxied by Price to Book Value (PBV). These results indicate that asset utilization efficiency is not always a primary consideration for investors when valuing companies, particularly in the technology sector. This is because technology companies often possess intangible assets, such as software, innovation, and brands, which are not fully reflected in the asset turnover ratio. Consequently, changes in the asset turnover ratio do not significantly impact a company's market value.

This finding can be explained through Signaling Theory, where the activity ratio is not considered a strong signal by investors in assessing a company's prospects. Furthermore, Stakeholder Theory suggests that technology companies tend to prioritize long-term investments such as technology development and innovation over short-term asset turnover efficiency, so the activity ratio does not directly impact company value. These findings are consistent with research by Cahyono and Aryani (2024), which states that Total Asset Turnover has no effect on company value.

The following is the average activity and average company value of the technology sector companies that were sampled in this study during the period 2020-2024 as follows :

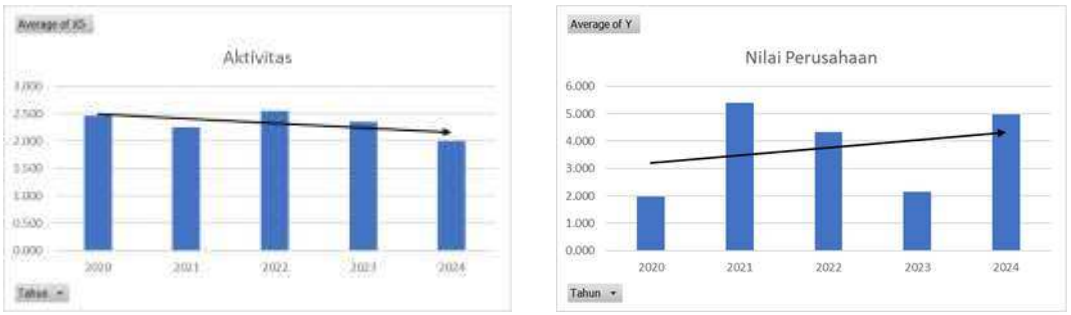


Figure 6 Average Company Activity and Value

Based on the graph 6 , it can be seen that the average Activity decreased from 2020 to 2024 , while the average Company Value increased from 2020 to 2024. This supports the results of the hypothesis test which states that Activity has a negative but not significant effect on Company Value. Conceptually, a negative but insignificant relationship indicates that a decrease in asset turnover is accompanied by an increase in company value, although the impact is very weak or not statistically significant. This can occur if sales increases are implemented inefficiently, for example through price wars or large-scale promotions that drain profit margins. Furthermore, assets are not working hard enough to generate sales . However, the market does not view this as a desperate measure, so the PBV tends to increase.

## CONCLUSION

Based on the results of the data analysis that has been tested, it can be concluded that the influence of independent variables on the dependent variable is as follows:

1. ESG disclosure has a significant positive effect on Company Value.

2. Liquidity has a significant negative effect on Company Value.
3. Leverage has a significant positive effect on Company Value.
4. Activities do not affect Company Value.

**Suggestion**

Based on the limitations of the researcher mentioned above, the research results require more detailed study for further research to reduce or eliminate these limitations. Suggestions for further research are as follows:

1. Further research is recommended to add variables or use other variables that can have an influence on Company Value such as Capital Structure (2022) , Assets Growth (2022) , Company Size (2022) , Working Capital Turnover (2021), Profitability (Aldi, et al, 2020).
2. Further researchers are advised to use other companies as research objects such as food and beverages, energy or others, and use a larger sample of companies.
3. Future researchers are advised to add years of research to obtain different results, and so that they can be used as a comparison for research in the following year.

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