

ABSTRACT

This study analyzes the effect of profitability on firm value with Environmental, Social, and Governance (ESG) as a mediating variable in non-financial companies in the ASEAN-5 region (Indonesia, Malaysia, Singapore, Thailand, and the Philippines) during the 2019-2023 period. The approach used is quantitative with the Fixed Effect Model method with panel data regression. Profitability is measured using ROA and ROE, ESG is measured through ESG Score, firm value is measured by Tobin's Q, and leverage and firm size are used as control variables.

The regression results show that ROA and ROE have a positive effect on firm value. ROA also has a positive effect on ESG, while ROE does not show a positive effect on ESG. ESG itself is proven to have a positive effect on firm value. In addition, ESG partially mediates the relationship between ROA and firm value, but does not mediate the relationship between ROE and firm value.

Robustness test is conducted by using ROE as a sensitivity test to ROA to see the consistency of results between profitability indicators. The results show that while the effect of ROA and ROE on firm value remains consistent, the effect of ROA and ROE on ESG shows a difference in direction. This highlights the instability of ESG's role as a mediating variable, which is highly dependent on the profitability indicators used. This finding confirms that the relationship between profitability, ESG and firm value in the ASEAN-5 region is highly sensitive to the choice between ROA or ROE in its measurement.

Keywords: Profitability, ESG, Firm Value, ASEAN-5.