The Influence of ESG and Dividend Policy on Firm Value: The Moderating Role of Financial Performance in Multinational Consumer Goods Companies Listed in Indonesia and Malaysia

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ABSTRACT

This study aims to test whether there is an influence of Environment, Social and Governance (ESG) and Dividend Policy on Company Value (PBV) with Financial Performance (ROA) as a moderating variable. This study uses samples of Indonesian and Malaysian manufacturing companies respectively during the period 2019-2023. The sample was taken using a purposive sampling method, so the number of samples used in this study was 125 financial reports and sustainability reports from 25 (Indonesia 18 and Malaysia 7) manufacturing companies during the period 2019-2023. Hypothesis testing used in the study uses panel data regression analysis and moderated regression analysis (Moderated Regression Analysis) with the help of E-VIEWS software. The results of the hypothesis test prove that in Indonesia ESG and dividend policy have no effect on PBV. However, there are differences in Indonesia and Malaysia. Then the results of the test together (Indonesia and Malaysia) ROA is unable to strengthen ESG against PBV and ROA is able to strengthen Dividend Policy against PBV.

1. INTRODUCTION

*Environment, social and governance (ESG)*in recent decades as we have witnessed that it has become one of the main concerns in the global business world, one of which is in the Southeast Asian region. These multinational companies, especially those engaged in the consumer goods sector, are increasingly required to not only focus on corporate profitability, but also be responsible for the environment, society (social), and good corporate governance. The emphasis on ESG aspects is not only seen as a moral responsibility, but also a business strategy that can affect the company's value in the long term (Sulistyawati & Ratmono, 2023).

Companies in maintaining their success do not only focus on profit or profit alone, but there are substantial things in it, namely by implementing one of the obligations as a company by implementing ESG which is required by state regulations. ESG regulations will have an impact and protect the companies that run them, so this application is very important.

The implementation of ESG not only maintains the company's long-term success, but it will also provide a signal to stakeholders, in addition, the signals given by other factors also need to be considered, one of which is dividend policy because amid the importance of implementing ESG principles, dividend policy is one way for companies to show their commitment to stakeholders, including investors, while reflecting their ability to create sustainable long-term value (Farida, 2024).

As global awareness of sustainability increases, ESG-based investing has become a new trend in the financial world both in Indonesia and Malaysia. This practice reflects the integration of environmental, social, and governance issues in investment decision making. In addition, shareholders are one of the parts that can reflect the company's value, which in it provides an overview of how successful the company is in managing its resources so that it provides a signal that what is one of the company's goals is achieved properly. One of the most important things that Company Value runs well is where the interests of managers are aligned with the interests of shareholders, and managers do not take over the company's cash flow to pursue their own profits (Sulistyawati & Ratmono, 2023).

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The existence of a high-value company can provide a signal to stakeholders regarding maximum investment returns. Simply put, we use a little illustration using signal theory which describes that actions taken by company management provide investors with clues about how management views the company's future prospects.

According to Leland, HE, & Pyle, DH (1977) signal theory also explains how companies should provide useful signals to users of financial reports. The signals given by the company are in the form of information such as the company's financial reports related to management efforts in managing the company to obtain maximum and sustainable profits.

According to Sulistyawati & Ratmono (2023) Stock index can be used to determine the expansion of company size to measure investment return modeling, systematic risk, and asset class suitability performance against asset allocation (www.idx.co.id). Stock price indexes in several ASEAN member countries have decreased during the COVID-19 pandemic. Covid-19 which caused a decline and global economic losses. This incident was due to the weakening performance of the stock market index. The average performance of all indexes from January to August 30, 2020 for ASEAN countries was -12.51%.

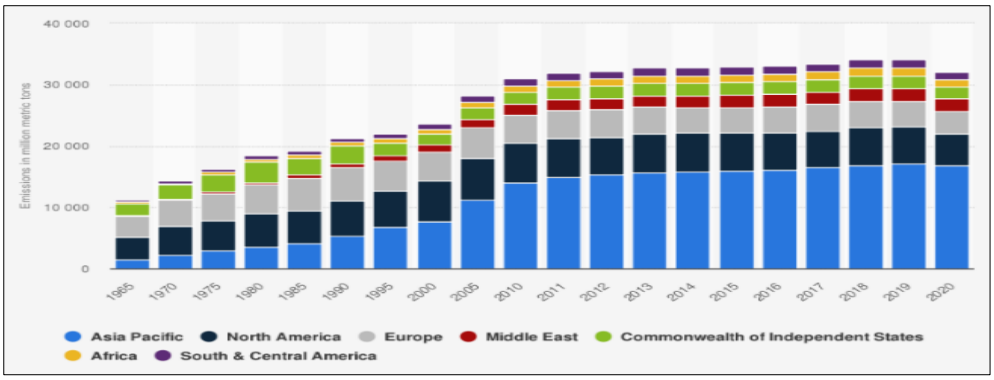
The data in the last eight months of 2022, the stock index of ASEAN member countries showed negative results, reflecting the economic uncertainty that occurred in the region. Singapore recorded the largest index decline of -22.03%, while the Malaysian Stock Exchange experienced a more moderate decline of -3.86%, making it the best among ASEAN countries. Indonesia, which is ranked 6th out of 10 ASEAN member countries, recorded an index decline of -15.36%.

The decline in the stock index value illustrates how a company's stock price can reflect the value of the company itself, where stock market performance is often an indicator of investor perceptions of a company's financial prospects and sustainability. According to Khuong et al. (2020), maximizing company value is one of the main goals of the company, because by achieving optimal Company Value, the company can also maximize shareholder value. Companies must also face increasingly pressing global challenges, such as climate change. These environmental issues not only affect the global ecosystem, but can also have a direct impact on the company's performance and sustainability.

Global climate change, caused by increasing temperatures in the atmosphere, oceans and land around the world is now a major challenge that must be faced by companies around the world, including those listed on the ASEAN stock market. One of the main causes of this climate change is the greenhouse effect, where gases such as carbon dioxide (CO2), methane (CH4), and nitrogen dioxide (NO2) trap the sun's heat in the atmosphere, causing the earth's temperature to increase. This is caused by the accumulation of greenhouse gas emissions that continue to increase due to human activities, such as the use of fossil fuels, changes in land use, and industrial activities (Herry Ginarjar, 2022).

The impact of climate change is very significant, with increasingly frequent phenomena such as rising sea levels due to melting polar ice, more frequent extreme weather, and longer dry seasons that disrupt various sectors of life. These challenges pose serious threats to the sustainability of the global ecosystem and human well-being. Therefore, efforts to address climate change require intense global collaboration, including by reducing greenhouse gas emissions, developing green technologies, and increasing public awareness of the importance of protecting the environment for future generations.

As awareness of the importance of good environmental, social and governance management increases, more and more investors are considering ESG factors in their investment decisions. Transparent and measurable ESG policies are expected to create long-term value for companies, taking into account their impact on the environment, society and the economy as a whole. Thus, companies that implement good ESG practices not only make a positive contribution to the planet, but can also increase their attractiveness in the eyes of investors, which in turn has an impact on increasing the company's value. Therefore, companies that are able to manage and integrate these factors into their business strategies tend to have more potential to survive and thrive amidst global economic uncertainty.



Graph 1. Global Carbon Dioxide Emissions 1965 – 2020 by Region
Source: Statistics (2021)

In the period from 1965 to 2020, global carbon dioxide (CO2) emissions showed a consistent upward trend, reflecting industrial growth and high energy consumption in various parts of the world. The peak of carbon dioxide emissions was recorded in 2018. However, in 2020, there was a significant decrease in carbon dioxide emissions, which is widely believed to be caused by the Covid-19 pandemic that hit almost the entire world. Restrictions on social and economic activities as an effort to slow the spread of the virus indirectly reduced energy consumption and industrial activities, thus having an impact on reducing greenhouse gas emissions (Sulistyawati & Ratmono, 2023).

Despite the decline, the Asia Pacific region, especially developing countries, remains a major contributor to high carbon dioxide emissions, indicating that efforts to reduce the impact of global warming are far from sufficient. Global warming caused by increasing concentrations of greenhouse gases, such as carbon dioxide, methane, and nitrogen dioxide, has a very significant impact on the future of humanity.

This trend of awareness of the importance of sustainability not only influences individual behavior but also creates pressure for companies, especially those operating in the Asia Pacific region, to integrate ESG principles into their business strategies. These companies, especially those listed on stock markets such as the Indonesia and Malaysia Stock Exchanges, are increasingly faced with demands from investors and consumers to demonstrate a commitment to environmental, social and good corporate governance aspects. This is in line with the Legitimacy Theory (Aditama, 2022) legitimacy theory emphasizes that companies must pay attention to all their activities so that they are in accordance with the norms and social values that apply in the community around the company's operations. Voluntary disclosure of ESG information can be used by external parties as an assessment of the company's compliance. So that the legitimacy theory can be the background for companies in issuing ESG information. Disclosure of ESG accountability is one strategy in minimizing the legitimacy gap.

According to the World Bank, (2023) that Indonesia and Malaysia are the countries with the largest economies in Southeast Asia and have many multinational companies operating across borders, it is important for both countries to lead in implementing ESG policies. This is not only to meet local market demands, but also to strengthen their competitiveness in the global market which is increasingly paying attention to sustainability factors. Thus, multinational companies in Indonesia and Malaysia have a strategic role in influencing global investment trends and in supporting climate change mitigation efforts and sustainable economic development.

With Indonesia and Malaysia as the largest economies in Southeast Asia and home to many multinational companies, both play a vital role in implementing ESG policies that are not only relevant in the local market, but can also enhance their competitiveness in the global market. These companies, with their focus on sustainability, contribute to climate change mitigation efforts and sustainable economic development. One way to keep companies demonstrating their commitment to sustainability is by getting an overview of the information provided by the company.

The information provided is in the form of a good signal, one of which is obtained from dividend policy. This dividend policy is able to provide good information, in addition that the policy is a signal that can explain that dividend announcements are not only a way to distribute profits, but also as a signal

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to investors that the company is able to achieve stable profits, which in turn can strengthen investor confidence in the company's future prospects (Michael John Brennan, 1970).

The signal theory in announcing dividend payments by management is a signal to investors, where it seems that management wants to show that the company can achieve the required profit so that it becomes something that provides benefits. The signal theory explains that the announcement of dividend payments by management is not only a step to distribute profits to shareholders, but also functions as a positive signal indicating that the company has good enough performance to generate stable profits. This is important because the dividends announced can provide an indication to investors that the company is able to achieve its financial goals. In this context, one way to measure and identify the extent to which Company Value is reflected in the stock price is through Price-to-Book Value (PBV), which is a relevant measurement alternative.

According to Arofah & Khomsiyah (2023), Price-to-Book Value (PBV) provides a clearer picture of the relationship between stock market prices and a company's book value. This concept also reflects how investors assess a company's long-term potential, especially when other variables, such as financial performance and ESG strategies, are also considered. PBV is often used to describe the extent to which a stock price reflects a company's book value, which can provide a more in-depth picture of a company's market value compared to its accounting value. In other words, the PBV ratio provides an indication of how much the market values a company's assets and future potential based on the information reflected in the financial statements.

From the financial report we know the value of the company, in one theory related to PBV which is marketed in providing valuable information according to Arofah & Khomsiyah (2023), it is stated that companies with good financial performance tend to generate higher Company Value, especially when they pay attention to sustainability factors such as ESG.

Good Corporate Financial Performance can also strengthen the positive impact of dividend policy on corporate value. With good performance, the announced dividend policy may be more appreciated by investors, because it is considered to reflect the stability and positive prospects of the company. Conversely, companies with poor financial performance may face difficulties in providing dividends that can increase corporate value. Therefore, the variable Corporate Financial Performance plays an important moderating role in the relationship between dividend policy, ESG and corporate value.

The increasing global emphasis on Environmental, Social, and Governance (ESG) practices alongside dividend policies reflects a critical shift in corporate strategies toward sustainable value creation. For multinational consumer goods companies operating in dynamic Southeast Asian markets such as Indonesia and Malaysia, understanding how ESG and dividend policies affect firm value is crucial amid evolving regulatory landscapes and stakeholder expectations. This urgency is compounded by the need to balance profitability with social responsibility and environmental stewardship in the face of climate change and economic uncertainties (Sulistyawati & Ratmono, 2023; Herry Ginarjar, 2022).

Despite growing research on ESG and dividend policies, limited studies have focused on the moderating role of financial performance, particularly return on assets (ROA), in Southeast Asian multinational consumer goods firms. Previous research often examines these variables in isolation or in developed markets, leaving a gap in understanding their integrated effects in emerging economies like Indonesia and Malaysia. Moreover, comparative studies across these neighboring countries remain sparse, creating a knowledge gap in regional corporate governance and financial performance dynamics.

As an illustration, the relationship between ESG, dividend policy and Corporate Value is greatly influenced by various external factors, including the impact of climate change, increasing social awareness of sustainability issues, and the company's financial performance which are the main determinants in increasing the company's value. Companies that can manage and integrate these factors into their business strategies have a greater potential to survive and thrive amidst global economic uncertainty.

2. METHOD

This research method is designed to collect, analyze, and interpret data systematically with the aim of obtaining valid and relevant results to answer research questions. The design used is important so that the entire research process can run accurately, provide reliable information, and be in accordance with the objectives to be achieved. As explained by Sugiyono (2018), the research method is a scientific method used to obtain data for a specific purpose. In this case, research emphasizes four main things: scientific methods, data, objectives, and usefulness.

The type of research used in this study is associative quantitative with a causal relationship approach. This approach aims to explain the causal relationship between two or more variables, where changes in one variable can affect other variables. Firdaus et al. (2020) explained that in associative causality research, researchers aim to find out whether there is a relationship or influence between the independent variable and the dependent variable, how strong the relationship is, and whether the detected influence or relationship is significant.

This study uses secondary data derived from annual financial reports published by companies. The data sources can be accessed through the websites of the Indonesia Stock Exchange (www.idx.co.id) and Bursa Malaysia (www.bursamalaysia.com). These secondary data include articles, journals, and related literature that support the analysis. The main data sources are annual financial reports, annual reports, and sustainability reports of companies that meet the sample criteria for the period 2019-2023. Through this data collection, the study is expected to provide a clearer picture of the influence of the variables studied on the company's performance and value.

3. RESULTS

Common Effect Model

According to statistical and econometric literature, as explained by Ghozali (2019), the Common effect model is the simplest panel data approach. This model combines time series and cross-section data, then estimates the results using the Ordinary Least Squares method or the least squares technique. This approach does not consider the time or individual dimensions, so it is assumed that the behavior of company data is the same in various time periods.

This model is very useful when the data is considered homogeneous and there is no strong reason to assume variability between entities or time. However, the simplicity of this model is also its weakness, because it ignores the possibility of significant differences between different entities or time periods, which can cause inaccurate estimates if the homogeneity assumption is not met (Hamid et al., 2020). The disadvantage of this assumption model is the inconsistency of the model with the actual situation. The conditions of each research object are different, even the conditions of one object at one time will be very different at another time. The following are the results of the Common effect model test.

Table 4. Common Effect Model (CEM) Test Results

Dependent Variable: Y
Method: Panel Least Squares
Date: 01/22/25 Time: 17:50
Sample: 2019 2023
Periods included: 5
Cross-sections included: 25
Total panel (balanced) observations: 123

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.210	0.918	-5,672	0.000
X1	0.040	0.024	1,644	0.102

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X2	6,808	2.275	2,991	0.003
X1_Z	0.150	0.103	1,462	0.146
X2_Z	-20,370	17,753	-1.147	0.253

R-squared	0.222	Mean dependent variable	-1,858
Adjusted R-squared	0.196	SD dependent var	5.159
SE of regression	4.624	Akaike information criterion	5,940
Sum squared residual	2523.341	Black criterion	6,054
Log likelihood	-360.330	Hannan-Quinn critter.	5.986
F-statistic	8,464	Durbin-Watson stat	0.228
Prob(F-statistic)	0.000		

Source: Eviews Data Processing, 2024

Table 4 shows that the results of the common effect model test have a constant value of -5.210. with a Siq value of 0.000. The ESG variable has a regression coefficient value of 0.040 while the regression coefficient value on the Dividend Policy variable is 6.808 and the regression coefficient value of the ROA variable to ESG against Company Value is 0.146 and the regression coefficient value of the ROA variable to Dividend Policy against Company Value is 0.253. So the regression equation of the common effect model can be expressed as follows:

Y= -5.210 + 0.040 X1 - 6.808 X2 - 0.150 X1*Z-20.370

***Fixed Effect Model*(FEM)**

Fixed Effect Model(FEM) is a panel data model approach using dummy variable techniques to capture differences in intercepts between individuals. This model assumes that differences between individuals can be accommodated from differences in intercepts. However, the slope remains between individuals. The following are the results of the fixed effect model test:

Table 5. Fixed Effect Model (FEM) Test Results

Dependent Variable: Y
Method: Panel Least Squares
Date: 01/22/25 Time: 17:59
Sample: 2019 2023
Periods included: 5
Cross-sections included: 25
Total panel (balanced) observations: 123

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16,444	27,749	0.592	0.554
X1	-0.277	0.671	-0.413	0.680
X2	0.276	2.118	0.130	0.896
X1_Z	-1.068	0.243	-4.393	0.000
X2_Z	-4.114	31,881	-0.129	0.897

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.673	Mean dependent variable	2,357
Adjusted R-squared	0.578	SD dependent var	6,377
SE of regression	4.140	Akaike information criterion	5,879
Sum squared residual	1645.50	Black criterion	6,535
Log likelihood	-338,460	Hannan-Quinn critter.	6.145
F-statistic	7,078	Durbin-Watson stat	2,557
Prob(F-statistic)	0.000		

Source: Eviews Data Processing, 2024

Table 5 shows that the results of the fixed effect model test have a constant value of 16,444, the ESG variable has a regression coefficient value of -0.277, while the regression coefficient value on the Dividend Policy variable is 0.276, the regression coefficient value of the ESG variable on the Company Value profit is -1.068, so that the regression equation of the fixed effect model can be expressed as follows:

Y= 16.444 - 0.277 X1 0.276 X2*Z - -1.068 X2*Z

***Random Effect Model*(BRAKE)**

Random Effect Model(REM) is a panel data model where disturbance variables may be interrelated over time and between individuals. The difference in intercepts in the random effect model is accommodated by the error terms of each company. The method that can be used to estimate the random effect model is Generalized Least Squares which is estimated with the assumption of homoscedasticity and no cross-sectional correlation.

Table 6. Results of the Random Effect Model (REM) Test

The following are the results of the random effect model test:
Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 01/22/25 Time: 17:49
Sample: 2019 2023
Periods included: 5
Cross-sections included: 25
Total panel (balanced) observations: 123
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.775	1,825	-0.424	0.671
X1	0.101	0.043	2.328	0.021
X2	-0.218	1,895	-0.115	0.908
X1_Z	-0.898	0.221	-4.047	0.000
X2_Z	52,063	27,897	1,866	0.064
	Effects Specification			
			SD	Rho
Random cross section			3.943	0.477
Idiosyncratic random			4.122	0.522
	Weighted Statistics			

R-squared	0.152	Mean dependent variable	0.998
Adjusted R-squared	0.124	SD dependent var	4,820
SE of regression	4,510	Sum squared residual	441,148
F-statistic	5.411	Durbin-Watson stat	1,956
Prob(F-statistic)	0.000		
	Unweighted Statistics		
R-squared	-0.007	Mean dependent variable	2,357
Sum squared residual	5080.318	Durbin-Watson stat	0.939

Source: Eviews Data Processing, 2024

Table 6 shows that the results of the random effect model test have a constant value of 0.775, the ESG variable has a regression coefficient value of 0.101, while the regression coefficient value on the Dividend Policy variable is -0.218, the regression coefficient value of the ESG variable on Company Value is 52.063. The random effect model regression equation can be expressed as follows:

Y= 0.775 + 0.101 X1 - 0.218 X2 - 0.218 X1*Z – 52.063

Model Test Analysis

Analysis with model estimation in managing panel data is done to find out which model is most appropriate to use in research. In this model estimation, there are several test stages that can be used as tools in selecting a panel data regression model based on the characteristics of the data owned, namely:

Chow Test

The Chow test is used to choose between the Common effect and fixed effect models. If the probability value F<a (Significance level 5%) then the Fixed Effect Model is selected. If the probability F> a (Significance level 5%) then the Common effect model is selected. The Common effect test is the simplest panel data method, the approach used is ordinary least square (OLS) or the least squares technique to estimate panel data and the Fixed Effect test, this method uses dummy variables, this model is called the least square dummy variable (LSDV).

The following are the results of the Chow Test:

Table 7. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Cross-section fixed effects test

Effects Test	Statistics	df	Prob.
Cross-section F	0.520196	(24.97)	0.5470
Cross-section Chi-square	141.751042	24	0.3234

Source: Eviews Data Processing Results, 2024

Based on the results of the Chow Test with Redundant Test, the chi-square probability value is 0.3234. Because the chi-square probability value is greater than alpha 0.05, the appropriate model is to use the Common Effect Model (CEM) because it is superior to the Fixed Effect Model (FEM).

Hausman test

The Hausman test is conducted to test the best model between the Fixed Effect Model and the random effect model. In drawing the results, it is done by comparing the F-Probability value with α, if the F-probability value is smaller (<) than the specified a, then the fixed effect model is accepted, and if otherwise if the F-probability value is greater (>) than α, then the random effect model is accepted, in this study the significance level is 0.05.

Table 8. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Cross-section random effects test

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross section	0.619099	3	0.8512

Source: Eviews Data Processing Results, 2024

Based on the test table, the results of the Hausman test show that the random cross-section probability value is 0.8512 > 0.05. Because the random cross-section probability value is greater than alpha 0.05, the most appropriate model in estimating the regression equation is the Random Effect Model (REM).

Lagrage Multiplier Test

The results of the Chow test that have been carried out show that the better model is the fixed effect, but the hausman test that has been used shows that the better model is the random effect model, so to determine the selection of a better model, a Lagrange multiplier test is carried out with the hypothesis that if the Chi-Square probability value <0.05 then hl is accepted and the best method is random effect and vice versa if the Chi-Square value> 0.05 then h0 is rejected and the best method used for testing is the Common Effect method, below are the results of the Lagrange Multiplier test.

Table 9. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypothesis: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Hypothesis Testing Cross section	Time	Both
Breusch Pagan	2.98882 (0.2356)	1.143569 (0.2849)	34.13239 (0.0000)
Honda	5.743589 (0.0000)	-1.069378 (0.8576)	3.305166 (0.0005)
King Wu	5.743589 (0.0000)	-1.069378 (0.8576)	1.180821 (0.1188)
Standardized Honda	6.531455 (0.0000)	-0.849014 (0.8021)	-0.105359 (0.5420)
Standardized King Wu	6.531455 (0.0000)	-0.849014 (0.8021)	-1.531589 (0.9372)
Gourieroux, et al.	--	--	32.98882 (0.0000)

Source: Eviews Data Processing Results, 2024

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From the results of the Lagrange multiplier test, the common effect model vs random effect model above, the Breusch-Pagan cross section was obtained > 0.05, namely 0.2356 > 0.05, which means that the most appropriate regression model used in this study is the common effect model.

Model Conclusion

The conclusion of panel data regression model testing provides an overview of the reliability and suitability of the model used in data analysis. By evaluating various approaches, such as common effect models, fixed effect models, and random effect models, it can help to determine the most appropriate model to describe the relationship between independent and dependent variables, as well as ensure the accuracy of the results to be obtained.

Table 10. Model Testing Conclusions

NO	Model Testing	Prob. Value	Sig Level	Decision
1	Chow Test	0.323	0.05	*Common Effect Model*
2	Hausman test	0.851	0.05	*Random Effect Model*
3	LM Test	0.235	0.05	*Common Effect Model*

Source: Eviews Data Processing, 2024

From the test results seen in table 4.10 above, more specifically the results of the model selection test show that in the first Chow test for panel data regression estimation, the CEM model is superior, as evidenced by the prob value of 0.323 > 0.05. In the second testing stage, the Hausman panel data regression estimation of the REM model is superior, as evidenced by the prob value of 0.851 > 0.05. In the final testing stage, the LM panel data regression estimation of the CEM model is superior, as evidenced by the prob value of 0.235 > 0.05. So the conclusion is drawn from a series of superior and appropriate model selection tests for estimating panel data regression, namely the Common Effect Model (CEM).

Descriptive Statistics (Comparative Indonesia and Malaysia)

Table 12. Descriptive Statistics

Variables	**Indonesia**				**Malaysia**			
	Mean	**Maximum**	**Std. Dev.**	**N**	**Mean**	**Maximum**	**Std. Dev.**	**N**
ESG	46,055	91,000	58534.72	90	31,000	57,000	15,019	35
Dividend Policy	0.334	1,655	9.459	90	0.0360	0.156	0.040	35
PBV	142,918	281,199	2904	90	0.001	3.38E	0.002	35

Source: Eviews Data Processing, 2024

Based on the results of data processing of companies listed on the Indonesia Stock Exchange, the average ESG value (Mean) is 46,055 with a maximum value of 91,000 and a very large standard deviation of 58,534. This shows a significant difference in ESG scores between companies on the Indonesia Stock Exchange. Meanwhile, companies on Bursa Malaysia have a lower average ESG value of 31,000, with a maximum value of 57,000 and a standard deviation of 15,019. This shows that the ESG level in Bursa Malaysia companies is more consistent and has smaller variations compared to those in Indonesia. This difference may be due to variations in ESG reporting standards or differences in ESG focus applied in each country.

In the Dividend Policy variable, the average Dividend Policy on the Indonesia Stock Exchange is 0.334 with a maximum value of 1.655 and a standard deviation of 9.459. This shows that the Dividend

Policy of companies on the Indonesia Stock Exchange has a relatively high value with quite large variations. On the other hand, companies on Bursa Malaysia have an average dividend policy of 0.036, with a maximum value of 0.156 and a standard deviation of 0.040. This value is lower than that on the Indonesia Stock Exchange and shows that the dividend policy on Bursa Malaysia is more stable and less varied. In other words, companies on the Indonesia Stock Exchange tend to distribute dividends in larger amounts, but with a higher level of variation than companies on Bursa Malaysia.

Meanwhile, in the Price-to-Book Value (PBV) variable, companies on the Indonesia Stock Exchange have an average PBV of 142,918 with a maximum value of 281,199 and a standard deviation of 2,904. This shows that the market valuation of companies on the Indonesia Stock Exchange is relatively higher than their assets, although there are significant differences between companies. In contrast, companies on Bursa Malaysia have a much smaller average PBV, which is 0.001, with a maximum value of 3.38 and a standard deviation of 0.002. This shows that the market valuation of companies on Bursa Malaysia is lower but more consistent. From this data, it can be concluded that the PBV of companies on the Indonesia Stock Exchange is higher than on Bursa Malaysia, which indicates that investors value the assets of companies on the Indonesia Stock Exchange more optimistically.

Conclusion of Model Selection Results and Model Selection Test (Comparative Indonesia and Malaysia)

Table 11. Results of Model Selection and Testing

NO	Country	Model Testing	Prob Value	Sig Level	Decision
1	Indonesia	Chow Test	0.0900	0.05	*Common Effect Model*
	Malaysia		0.0609	0.05	*Common Effect Model*
2	Indonesia	Hausman test	0.3021	0.05	*Random Effect Model*
	Malaysia		0.4425	0.05	*Random Effect Model*
3	Indonesia	LM Test	0.1046	0.05	*Common Effect Model*
	Malaysia		0.0701	0.05	*Common Effect Model*

Source: Eviews Data Processing, 2024

Viewed from the table above 4.11 more specifically in Indonesia the results of the model selection test show that in the first Chow test for panel data regression estimation the CEM model is superior as evidenced by the prob value of 0.0900 > 0.05. In the second testing stage, Hausman's panel data regression estimation of the REM model is superior as evidenced by the prob value of 0.3021 > 0.05. In the final testing stage, LM panel data regression estimation of the CEM model is superior as evidenced by the prob value of 0.1046 > 0.05. So the conclusion is drawn from a series of superior and appropriate model selection tests for estimating panel data regression, namely the Common Effect Model (CEM).

*Whereas*in Malaysia if seen from the table above 4.11 more specifically the results of the model selection test show that in the first Chow test for panel data regression estimation the CEM model is superior as evidenced by the prob value of 0.0609 > 0.05. In the second testing stage, Hausman's panel data regression estimation of the REM model is superior as evidenced by the prob value of 0.4425 > 0.05. In the final testing stage, LM panel data regression estimation of the CEM model is superior as evidenced by the prob value of 0.0701 > 0.05. So the conclusion is drawn from a series of superior and appropriate model selection tests for estimating panel data regression, namely the Common Effect Model (CEM).

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Classical Assumption Test

Normality Test

The Normality Test aims to determine whether the independent and dependent variables in the regression model have normally distributed data or not. The normality test in this study was carried out using the Jarque-Bera (JB) test. To detect whether the data is normally distributed or not, it is done by comparing the calculated JB probability value with the significance level $\alpha = 0.05$. If the JB probability value> 0.05, it is concluded that the data is normally distributed. Conversely, if the JB probability value <0.05, it is concluded that the data is not normally distributed. The following are the results of the normality test expressed using histogram graphics:

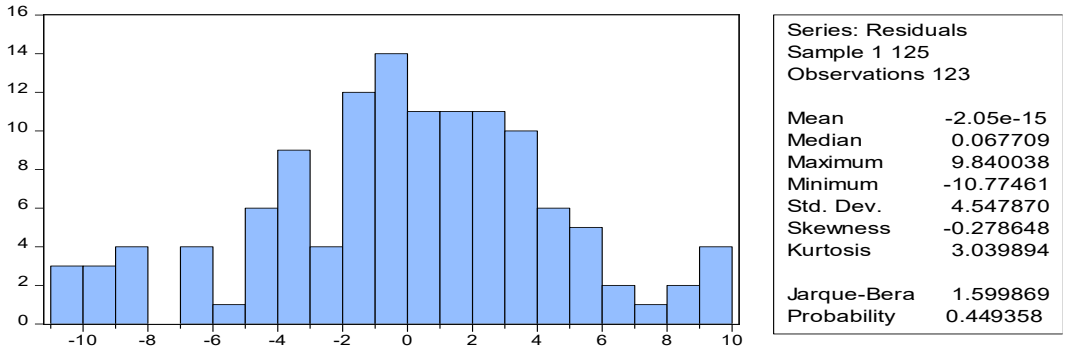

Figure 1 Normality Test

Source: Eviews Data Processing, 2024

Based on Figure 4.1 above, after the outlier is performed, the probability value is 0.449 > 0.05. So there are no symptoms of normality in this study. From the table above, it is known that the number of data samples used is 123 samples from 125 previous data samples. The reduction in data is due to outlier data issued in the study. So for further research, it will use data from 123 samples.

Normality Test (Comparative Indonesia and Malaysia)

Table 13. Normality Test

Regression Model	Country	Asymp.Sig	Country	Asymp.Sig
ESG Against PBV (X1)	Indonesia	0.081	Malaysia	0.832
Dividend Policy on PBV (X2)				
PBV(Y)				

Source: Eviews Data Processing, 2024

Based on table 4.13 above after outliers were made for companies in Indonesia and data was transformed using the company's LOG in Malaysian companies, it is known that the probability value of Indonesian companies with ESG variables against PBV in Indonesia has a Sig value of 0.081> 0.05 so that the data does not show symptoms of normality. The results of the data in Indonesia have been analyzed and handled for outliers. This indicates the presence of extreme data that may affect the regression results. After handling, the results are still not significant.

Meanwhile, in Malaysian companies, the Sig value is 0.832 > 0.05 so that the data is also normally distributed. The data in Malaysia was transformed into a logarithm (LOG) to overcome the possibility of a non-normal distribution. This transformation may help stabilize the variance, but the results still show no significance. Then the effect of Dividend Policy on PBV in Indonesia gets a Sig value of 0.071 > 0.05 so the data is normally distributed. While companies in Malaysia have a Sig value of 0.063 > 0.05 so that the data is also normally distributed. From the description of the two countries between Indonesia and Malaysia, ESG on PBV of both countries shows a normal data distribution, but Malaysia has a Sig value of 0.832 which is much higher than Indonesia 0.081, this shows that the distribution of ESG data on PBV in Malaysia is closer to a better distribution than in Indonesia.

While the second variable, namely Dividend Policy on PBV of both countries also shows a normal data distribution, but the Sig value in Malaysia is 0.063 higher than in Indonesia 0.071, thus the distribution of Dividend Policy data on PBV in both countries is quite similar, but Malaysia is slightly closer to normality. From all data for both regression models in Indonesia and Malaysia are normally distributed based on the results of the Kolmogorov-Smirnov test. Companies in Malaysia tend to have better data distribution with a higher Sig value than in Indonesia.

Multicollinearity Test

Table 14. Multicollinearity Test

Variance Inflation Factors Date: 12/10/24 Time: 13:59 Sample: 1 125 Included observations: 123			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.843769	4.853272	NA
X1	0.000618	8.161361	2.032468
X2	5.179849	3.549987	1.983898
X1Z	0.010619	4.106893	3.621218
X2Z	315.1718	3.866051	3.383101

Source: Eviews Data Processing, 2024

Based on the results of the table above 4.14, it can be concluded that all independent variables used in the equation are free from multicollinearity problems because all variables used in this study have a tolerance value ≥ 0.10 and a VIF value ≤ 10, which means that the data used for this study does not experience multicollinearity.

This study confirms that the existence of correlation between independent variables indicates that they are not substantially correlated with each other, which will later reduce the risk of bad multicollinearity to parameter estimates in a regression model. This indicates that the results of the analysis and interpretation carried out on the relationship between independent variables and dependent variables in the study conducted.

Multicollinearity Test (Comparative Indonesia and Malaysia)

Table 15. Multicollinearity Test

Variance Inflation Factors Date: 12/20/24 Time: 21:14 Sample: 1 78 Included observations: 78			Variance Inflation Factors Date: 12/17/24 Time: 22:53 Sample: 1 35 Included observations: 35	
	Coefficient	Uncentered	Centered	
Variable	Variance	VIF	VIF	
C	Indonesia	0.090	5.235	NA
	Malaysia	8.84E	6,535	NA
X1	Indonesia	7.61E	9.999	2,573
	Malaysia	6.90E	6.020	1.118
X2	Indonesia	0.003	7,629	6,043
	Malaysia	0.000	2.177	1.205
X1_Z	Indonesia	0.338	3,897	1,611
	Malaysia	2.26E	3.165	2,563
X2_Z	Indonesia	3,070	5,589	4,557
	Malaysia	0.134	3.107	2,638

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Source: Eviews Data Processing, 2024

Based on the results of the table above 4.15, it can be concluded that all independent variables used in the equation in Indonesia and Malaysia are free from multicollinearity problems because all variables used in this study have a tolerance value ≥ 0.10 and a VIF value ≤ 10, which means that the data used for this study does not experience multicollinearity. This study confirms that the existence of a correlation between independent variables indicates that they are not substantially correlated with each other, which will later reduce the risk of adverse multicollinearity on parameter estimates in a regression model. This indicates that the results of the analysis and interpretation carried out on the relationship between independent variables and dependent variables in the study conducted.

It is known that for variables X1 and X2, the centered VIF value in Indonesia is lower than in Indonesia, this indicates that the model in Malaysia is freer from multicollinearity problems. While the interaction variables (X1Z and X2Z) in Malaysia also have lower VIFs than in Indonesia. So we can conclude that the uncentered model has high multicollinearity, especially in Indonesia. Then the model in Malaysia as a whole shows lower multicollinearity than the model in Indonesia.

Heteroscedasticity Test

Table 16. Heteroscedasticity Test

Heteroskedasticity Test: Glejser			
F-statistic	2,083	Prob. F(4,117)	0.087
Obs*R-squared	8.112	Chi-Square Prob.(4)	0.087
Scaled explained SS	15.107	Chi-Square Prob.(4)	0.004

Source: Eviews Data Processing, 2024

Based on the table above 4.16 with the results of the Glejser test, it is known that the Prob. F value is 0.087 > 0.05, which value has identified that it is greater than the 0.05 that has been determined so that there are no symptoms or problems in the Heteroscedasticity test.

Heteroscedasticity Test (Comparative Indonesia and Malaysia)

Table 17. Heteroscedasticity Test

Heteroskedasticity Test: Glejser Null hypothesis: Homoskedasticity				
Indonesia	F-statistic	2,348	Prob. F(4,73)	0.062
	Obs*R-squared	8,893	Chi-Square Prob.(4)	0.063
	Scaled explained SS	6.101	Chi-Square Prob.(4)	0.191
Malaysia	F-statistic	0.906	Prob. F(13,21)	0.560
	Obs*R-squared	1.258	Chi-Square Prob.(13)	0.480
	Scaled explained SS	1,638	Chi-Square Prob.(13)	0.228

Source: Eviews Data Processing, 2024

Based on the table above 4.17 with the results of the Glejser test, it is known that from the two countries the average value of Prob. F is 0.062 in Indonesia 0.560 and Malaysia > 0.05, which value has identified that it is greater than the 0.05 that has been determined so that there are no symptoms or problems in the Heteroscedasticity test.

Autocorrelation Test

Table 18. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.127	Prob. F(2,115)	0.880

Obs*R-squared	0.269	Chi-Square Prob.(2)	0.873

Source: Eviews Data Processing, 2024

Based on the table above 4.18, it is known that the Prob. F value is 0.880 > 0.05, in this test conducted by the researcher it is known that the value is greater than 0.05 which indicates that there are no symptoms or problems in the autocorrelation test.

Autocorrelation Test (Comparative Indonesia and Malaysia)

Table 19. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test: Null hypothesis: No serial correlation at up to 2 lags				
Indonesia	F-statistic	2.385	Prob. F(2,71)	0.721
	Obs*R-squared	3.134	Chi-Square Prob.(2)	0.071
Malaysia	F-statistic	0.073	Prob. F(2,27)	0.929
	Obs*R-squared	0.184	Chi-Square Prob.(2)	0.911

Source: Eviews Data Processing, 2024

Based on the table above 4.19, it is known that Indonesia has a Prob. F value of 0.721> 0.05, while Malaysia has a Prob. F value of 0.929> 0.05, in this test, Indonesia and Malaysia conducted by researchers, it is known that the value is greater than 0.05 which indicates that there are no symptoms or problems in the autocorrelation test. In general, from the results of the data, Malaysia shows a higher p-value than Indonesia, this indicates that the Malaysian model is more stable against the possibility of autocorrelation. While Indonesia, although the p-value in Indonesia on Obs*R-squared (0.071) is close to 0.05, this model can still be considered free from autocorrelation.

Panel Data Regression Analysis

Table 20. Panel Data Test

Dependent Variable: Y
Method: Least Squares
Date: 12/10/24 Time: 14:01
Sample: 1 125
Included observations: 123

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.210	0.918	-5,672	0.000
X1	0.040	0.024	1,644	0.102
X2	6,808	2.275	2,991	0.003
X1Z	0.150	0.103	1,462	0.146
X2Z	-20,370	17,753	-1.147	0.253

R-squared	0.222	Mean dependent variable	-1,858
Adjusted R-squared	0.196	SD dependent var	5.159
SE of regression	4.624	Akaike information criterion	5,940
Sum squared residual	2523.341	Black criterion	6,054
Log likelihood	-360.330	Hannan-Quinn critter.	5.986
F-statistic	8,464	Durbin-Watson stat	0.228
Prob(F-statistic)	0.000		

Source: Eviews Data Processing, 2024

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From Table 4.20 above, it is known that:

F-Test or Simultaneous Test

The results of Eviews data processing in the F test to see whether or not there is an influence of independent variables simultaneously on the dependent variable and to test whether the model used is fixed or not. The results of data processing in table 4.20 above show a significant value of 0.000 (Sig 0.000 <0.05). This means that the regression equation obtained is reliable or the model used is fixed, then this means that the variables X1, X2, X1Z and X2Z are able to explain the dependent variable (Y) together or there is a simultaneous influence of the independent variable on the Dependent variable.

Coefficient of Determination Test (R2)

The Determination Coefficient aims to see or measure how far the model's ability to explain the dependent variable. From the Eviews 12 output display in table 4.20 above, the value of R Square is 0.196. This indicates that the contribution of the independent variable to the dependent variable is 19.66%, while the remaining 80.34% (100-19.66) is determined by other factors outside the model that were not detected in this study.

Results of Equation from Table 4.20

$$\boldsymbol{Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X1 * Z + \beta 4X2 * Z + \varepsilon}$$

From the equation above it can be explained that:

a. The constant value of -5.21 indicates that if the dependent variable, namely PBV, is zero, then PBV is a constant of -0.035%.
b. The ESG coefficient value of 0.04 indicates that an increase in ESG by one unit will result in an increase in PBV of 0.04% units assuming other variables are constant.
c. The Dividend Policy coefficient value of 6.80 indicates that an increase in Dividend Policy by one unit will result in an increase in PBV of 6.80% units assuming other variables are constant.
d. The ESG * ROA coefficient value of 0.15 indicates that an increase in ESG * ROA in one unit will result in an increase in PBV of 0.15% units assuming other variables are constant.
e. The coefficient value of Dividend Policy * ROA of -20.37 indicates that a decrease in Dividend Policy * ROA by one unit will result in a decrease in PBV of -20.37% units assuming other variables are constant.

Hypothesis Testing Results with T-Test

Decision making to reject or accept the hypothesis with the amount of data 123 and with a significance level of 5% with the formula t table = t (α / 2; nk-1) = t (0.05 / 2; 123 -4 -1) = (0.025; 28) so that the selected t-table value on data 118 of 1,980 is based on the following criteria. Based on the comparison of the values of $thitung$ and $ttabel$ the basis for making the decision is:

1) If $thitung <$, then H0 is accepted and Ha is rejected (there is no influence).
2) If $thitung >$, then H0 is rejected and Ha is accepted (there is an influence).

So, the results of the hypothesis from Table 4.20 include:

1. There is an influence between the ESG variable (X1) on PBV (Y), because the t-count value> t-table (1.644 < 1.980) and the significance value is 0.102> 0.05. So there is an influence between the X1 variable on Y, or in other words H0 is accepted and Ha is rejected.
2. There is a significant positive influence between the Dividend Policy variable (X2) on PBV (Y), because the t-count value> t-table (2.991> 1.980) and the significance value is 0.003 <0.05. So there is an influence between the X2 variable on Y, or in other words H0 is rejected and Ha is accepted.
3. There is no influence between the ESG * ROA (X1Z) variables on PBV (Y), because the t-count value> t-table (1.462 < 1.980) and the significance value is 0.146> 0.05. So there is no influence between the X1Z variable on Y, or in other words H0 is accepted and Ha is rejected.
4. There is no influence between the variables Dividend Policy * ROA (X2Z) on PBV (Y), because the t-count value> t-table (-1.147 < 1.980) and the significance value is 0.253> 0.05. So there is no influence between the variables X2Z on Y, or in other words H0 is accepted and Ha is rejected.

Multiple Linear Regression Analysis, Hypothesis Testing and Determination Coefficient (Comparative Indonesia and Malaysia)

Table 21. Multiple Regression Test for Indonesia and Malaysia

Coefficientsa

Model	Country	Unstandardized Coefficients		t	Sig.	R Square (r2)
		B	Std. Error (r2)			
C	Indonesia	0.001	0.000	1,823	0.078	0.055
	Malaysia	1,098	0.300	3,659	0.005	0.547
X1	Indonesia	2.58E	2.63E	0.098	0.922	0.055
	Malaysia	-0.003	0.008	-0.423	0.673	0.547
X2	Indonesia	1.56E	0.000	0.032	0.268	0.055
	Malaysia	0.882	0.582	1,515	0.133	0.547
X1_Z	Indonesia	-0.011	0.010	-1.126	0.974	0.055
	Malaysia	0.174	0.056	3,076	0.002	0.547
X2_Z	Indonesia	0.194	0.366	0.529	0.600	0.055
	Malaysia	3,850	5,540	0.694	0.489	0.547

Source: Eviews Data Processing, 2024

Based on Table 4.21, the regression model equation created for the two countries is as follows:

F-Test or Simultaneous Test

The results of Eviews data processing on the F test to see whether or not there is an influence of independent variables simultaneously on the dependent variable and to test whether the model used is fixed or not in companies in both countries. The results of data processing in table 4.21 above Indonesian companies show a value (Sig 0.673 > 0.05). This means that companies in Indonesia are weak in explaining the relationship between independent and dependent variables. The regression equation obtained is reliable or the model used is fixed, then this means that the variables X1, X2, X1Z and X2Z in Indonesia are able to explain the dependent variable (Y) together or there is no influence of the independent variable on the Dependent variable.

The results of data processing in table 4.21 above for Malaysian companies show a value (Sig 0.547 > 0.05). This means that companies in Malaysia are better at explaining the relationship between variables than models in Indonesia. Independent variables in Malaysia are more relevant in explaining dependent variables because social, economic, or data structure factors in Malaysia may be more in line with the regression model used in this study. While in Indonesia, the data or variables used may be less relevant, or there are important factors that are not included in this research model.

Coefficient of Determination Test (R2)

The Determination Coefficient aims to see or measure how far the model's ability to explain the dependent variable. From the Eviews 12 output display in table 4.21 Indonesia above the magnitude of R Square is -0.005. This indicates that the contribution of the independent variable to the dependent variable is 5.55%, while the remaining 94.45% (100-94.45) is determined by other factors outside the model that are not detected in this study.

While in Malaysia the R Square value is 0.054, this indicates that the contribution of the independent variable to the dependent variable is 54.76%, while the remaining 45.24% (100-45.24) is determined by other factors outside the model that are not detected in this study. We can understand that Malaysia is better than Indonesia due to the relevance of the existing data.

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Results of Equation from Table 4.21

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X1 * Z + \beta 4X2 * Z + \varepsilon$$

$$Y\ Indonesia = \alpha + \beta 1X1Indonesia + \beta 2X2Indonesia + \beta 3X1Indonesia * ZIndonesia + \beta 4X2Indonesia * ZIndonesia + \varepsilon$$

$$Y\ Malaysia = \alpha + \beta 1X1Malaysia + \beta 2X2Malaysia + \beta 3X1Malaysia * ZMalaysia + \beta 4X2Malaysia * ZMalaysia + \varepsilon$$

From the equation above it can be explained that:

a. The constant value in Indonesia of 0.001 indicates that if the dependent variable, namely PBV, is zero, then the PBV is a constant of 0.17%. While in Malaysia 1.098 indicates that if all independent variables are zero, then the PBV value is 1.098 or 109.9%.
b. The ESG coefficient value in Indonesia of 2.58 indicates that an increase in ESG in one unit will result in an increase in PBV of 0.000% units assuming other variables are constant. While in Malaysia of -0.003 indicates that every increase in X1Z by one unit will result in a decrease in PBV of 0.37% assuming other variables are constant.
c. The coefficient value in Indonesia Dividend Policy of 1.56 indicates that an increase in Dividend Policy in one unit of number will result in an increase in PBV of 0.001% units assuming other variables are constant. While in Malaysia the coefficient of 0.882 indicates that every increase in X2Z by one unit will result in an increase in PBV of 88.23% assuming other variables are constant.
d. The ESG * ROA coefficient value in Indonesia of -0.113 indicates that an increase in ESG * ROA in one unit will result in an increase in PBV of 0.13% units assuming other variables are constant. While the coefficient value of 0.174 indicates that every increase in X1Z by one unit will result in an increase in PBV of 17.44% assuming other variables are constant.
e. The coefficient value of Dividend Policy * ROA in Indonesia of 0.194 indicates that a decrease in Dividend Policy * ROA in one unit will result in a decrease in PBV of 19.41% units assuming other variables are constant. While in Malaysia the coefficient value of 3.850 indicates that every increase in X2_Z by one unit will result in an increase in PBV of 385.08% assuming other variables are constant.
f. The regression model in Malaysia has a stronger relationship between independent and dependent variables compared to Indonesia, as seen from the larger variable coefficients and higher R2. While in Indonesia, the influence of independent variables on PBV is relatively small, even some variables show almost insignificant contributions. So it is known that in Malaysia, some of the above variables such as X2Z and so on can make a large contribution to changes in PBV indicating a better model to explain PBV variations.

Hypothesis Testing Results with T-Test

Decision making to reject or accept the hypothesis with the amount of data from each country in the Indonesian company 78 sample companies and Malaysia 35 sample companies with a significance level of 5% with the formula t table = t (α / 2; nk-1) = t (0.05 / 2; 123 -4 -1) = (0.025; 28) so that the selected t-table value on data 118 of 1,980 is based on the following criteria. Based on the comparison of the values of $thitung$ and $ttabel$ the basis for making the decision is:

1) If $thitung$ < , then H0 is accepted and Ha is rejected (there is no influence).
2) If $thitung$ > , then H0 is rejected and Ha is accepted (there is an influence).

So, the results of the hypothesis from Table 4.21 include:

a. In Indonesia between ESG variables (X1) and PBV (Y), because the t-count value> t-table (1.823 < 1.980) and the significance value of 0.102> 0.05. So there is no influence between variable X1 and Y, or in other words H0 is accepted and Ha is rejected.
b. In Malaysia, the ESG variable (X1) on PBV (Y), because the t-count value > t-table (1.823 < 1.980) and the significance value of 0.102 > 0.05, so there is no influence between the X1 variable on Y, or in other words, H0 is accepted and Ha is rejected.

c. In Indonesia, between the Dividend Policy variable (X2) and PBV (Y), because the t-count value > t-table (0.032 > 1.980) and the significance value of 0.268 < 0.05, there is no influence between the X2 variable and Y, or in other words, H0 is rejected and Ha is accepted.
d. In Malaysia, the Dividend Policy variable (X2) on PBV (Y), because the t-count value > t-table (1.515 > 1.980) and the significance value of 0.133 > 0.05, so there is no influence between the X2 variable on Y, or in other words, H0 is accepted and Ha is rejected.
e. Overall, from the comparative testing of the difference hypothesis in Indonesia and Malaysia, in Indonesia there are no independent variables or variable interactions that have a significant influence on PBV, as well as in Malaysia.

DISCUSSION

This study reveals notable differences between Indonesia and Malaysia in how ESG and dividend policies impact firm value, moderated by financial performance. In Indonesia, dividend policy significantly influences firm value, while ESG shows no significant direct effect. Conversely, the Malaysian market exhibits distinct dynamics, suggesting contextual factors such as regulatory environment, investor behavior, and corporate governance structures play crucial roles (Sulistyawati & Ratmono, 2023; Herry Ginarjar, 2022).

The lack of a significant direct ESG effect in Indonesia may stem from varied ESG reporting standards or less mature sustainability practices compared to Malaysia (Aditama, 2022). Meanwhile, the moderating effect of ROA on dividend policy and firm value underscores financial performance as a critical lens through which investors evaluate corporate signals (Michael John Brennan, 1970).

These findings align with signaling theory, where dividend announcements convey firm stability and growth prospects, influencing investor confidence (Leland & Pyle, 1977; Brennan, 1970). They also resonate with legitimacy theory, emphasizing the importance of ESG disclosures for corporate social acceptance and long-term sustainability (Aditama, 2022; Nawawi, 2020).

For practitioners, these results suggest multinational companies should tailor ESG and dividend strategies to regional market conditions, integrating financial performance metrics to optimize firm value. Policymakers may also consider harmonizing ESG standards to reduce regional disparities and enhance corporate governance effectiveness (Sulistyawati & Ratmono, 2023; Rahman & Bakri, 2019).

Limitations include sample size constraints and sector specificity, indicating future research should broaden scope, consider other industries, and adopt longitudinal designs to capture evolving ESG and financial policy impacts (Muniroh et al., 2022; Dewi & Nihayati, 2024).

CONCLUSION

Service quality was found to have a significant positive impact on purchasing decisions, accounting for 29.1% of the variation in purchasing behavior. This conclusion is supported by hypothesis testing, where the calculated t-value (6.216) exceeded the critical t-value (1.986). Similarly, promotion also demonstrated a significant positive effect on purchasing decisions, contributing 46.2% to the variance, with a calculated t-value (8.979) surpassing the threshold (1.986). When considered together, service quality and promotion jointly exerted a significant positive influence on purchasing decisions, explaining 49.6% of the total variance, while the remaining 50.4% was attributed to other factors. This simultaneous effect was validated by an F-test, where the calculated F-value (45.694) was greater than the critical F-value (2.700). Furthermore, purchasing decisions themselves had a significant positive effect on consumer satisfaction, contributing 30.1%, as evidenced by a calculated t-value (6.367) exceeding the critical value (1.986).

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