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THE EFFECT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE ON FIRM VALUE IN ENERGY SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN THE PERIOD 2021 - 2023

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ABSTRACT

This study aims to examine the effect of Environmental, Social, and Governance Disclosure (ESG) on firm value. The dependent variable used in this study is firm value measured using Tobin's Q, PBV, and PER. While the independent variable ESG Disclosure is measured based on the ESG disclosure index adjusted to the Global Reporting Initiative (GRI) guidelines and measured using CSRIj. This study uses a quantitative approach with secondary data obtained from the company's annual report and sustainability report during the observation period and the data used in this study were obtained from the company's website or the IDX website (BEI). The population used in the study were energy sector companies listed on the Indonesia Stock Exchange for the 2021-2023 period. The sample of this study was determined using the purposive sampling method, so that the number of samples that met the criteria was 67 company data. The research hypothesis testing used multiple linear regression analysis. This study processes data using Microsoft Excel and conducts testing using SPSS 25 software. The results of this study indicate that Environmental, Social, and Governance Disclosure have an effect on company value (Firm Value)

Keywords: Environmental, Social and Governance Disclosure, Company Value, Tobin's Q, Energy Companies.

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh Environmental, Social, and Governance Disclosure (ESG) terhadap nilai perusahaan. Variabel dependen yang digunakan dalam penelitian ini adalah nilai perusahaan yang diukur menggunakan Tobin's Q, PBV, dan PER. Sedangkan variabel independen ESG Disclosure diukur berdasarkan indeks ESG Disclosure yang disesuaikan dengan pedoman Global Reporting Initiative (GRI) dan diukur menggunakan CSRIj. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang diperoleh dari laporan tahunan perusahaan dan laporan keberlanjutan selama periode pengamatan dan data yang digunakan dalam penelitian ini diperoleh dari situs web perusahaan atau situs web BEI. Populasi yang digunakan dalam penelitian adalah perusahaan sektor energi yang terdaftar di Bursa Efek Indonesia periode 2021-2023. Sampel penelitian ini ditentukan dengan menggunakan metode purposive sampling, sehingga jumlah sampel yang memenuhi kriteria adalah 67 data perusahaan. Pengujian hipotesis penelitian menggunakan analisis regresi linier berganda. Penelitian ini mengolah data menggunakan Microsoft Excel dan melakukan pengujian menggunakan software SPSS 25. Hasil penelitian ini menunjukkan bahwa Pengungkapan Lingkungan, Sosial, dan Tata Kelola berpengaruh terhadap Nilai Perusahaan (Firm Value)

Kata Kunci: Pengungkapan Lingkungan, Sosial dan Tata Kelola, Nilai Perusahaan, Tobin's Q, Perusahaan Energi

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I. INTRODUCTION

Companies in conducting their business do not only aim to increase profits, but also strive to maximize shareholder welfare through increasing company value (Santoso, 2023). Enhancing company value is one important aspect that can influence investors' perceptions. The concept of company value is related to shareholder value as they have high bargaining power within the company. Lonkani (2018) states, "that the concept of company value has changed from being based solely on shareholders to involving all stakeholder groups, and investors' views on company value have also changed." The purpose of this research is to determine the extent to which company size factors and profitability leverage affect the disclosure of social responsibility in manufacturing companies listed on the Indonesia Stock Exchange.

Company value refers to investors' perspective on a company which is often related to stock prices (Rezki et al., 2020). If there is an increase in the market price of shares, then the company value will also increase, which means the welfare of investors also increases (Mercyana et al., 2022). Company value becomes a very important benchmark for companies; when company value increases, it is certain that the company has good performance and future opportunities, making investors trust the quality of the company (Setiadharma & Machali, 2017).

The IDX Industrial Classification Guide explains that the energy sector encompasses all business activities related to energy provision, including exploration, extraction, and transformation of energy resources into energy, as well as transmission and distribution of both renewable and non-renewable energy (BEI, 2020). There are five industries in the energy sector: oil and gas, coal, oil gas and coal support, alternative energy equipment, and alternative fuel industry. The United Nations Conference on Trade and Development (2023), as well as the Directorate General of Oil and Gas (2022), revealed that the energy sector has become an attractive market for investors, where strong and rapid economic growth requires energy in large quantities.

Extensive development patterns not only drive economic and social growth but also cause excessive resource use and serious environmental pollution. According to Bappenas (Energy, 2020), for Indonesia, which has a proportion of fossil energy reaching 90% in the primary energy mix, the urgency to decarbonize is increasing. This aligns with the Indonesian government's commitment to strengthening the Paris Agreement and G20 agenda regarding climate change mitigation and mobilizing sustainable financing. Energy companies have a high level of sensitivity to environmental and social issues. Reducing environmental impacts or restoring ecosystems creates significant demands on energy sector resources.

II. LITERATURE REVIEW

Stakeholder Theory

Signaling Theory

Spence (1973) was the first to introduce signaling theory and stated that signals are necessary to avoid information asymmetry (Masmoud et al., 2022). Signaling theory is a general description of the use of signals. In the context of this research, signaling theory refers to information conveyed by companies as a positive signal regarding the company's growth potential to attract future investment. The fundamental assumption in signaling theory is that management has accurate information about company value that is unknown to external investors, and management always tries to maximize expected incentives (Rachmadina, 2022).

Signaling theory is a concept stating that agents, in this case companies, send information to principals or external parties to build relationships based on trust (Bashatweh et al., 2023). The lack of available information for outside parties about a company can have a negative impact on the company itself, resulting in decreased company value and low price valuation. One way to increase company value is by providing signals to external stakeholders. Companies are expected to present information through financial reports to external parties as an implementation of the theory.

Firm Value

Company value is the result of a long process that begins from the establishment of the company until now and depends on the level of public trust in the company's performance (Anggraini, 2020). High company value reflects a high level of prosperity within the company, and proportionally, company value is directly related to the profits gained by investors (Qureshi et al., 2020). According to Buallay (2019), company value can be reflected in its stock market price. When a company's stock price is at a low level, the company value tends to decrease.

Conversely, if the stock price increases, then the company value will also increase, thus increasing the welfare of shareholders and stock owners. In other words, when the company value is high, the return obtained by shareholders will be higher, and so will the level of welfare obtained by stock owners (Buallay, 2019). Company value is an assessment for investors in evaluating the success of a company. The market will give trust to the company if the company's performance and management reflect high company value, which in turn promises welfare for investors in the future (Kartika, 2021). This is why a company must be well-managed so that company value can continue to increase.

Company value can be identified through the use of financial ratios. Investors use these financial ratios to get a picture of company value, which allows them to evaluate company performance both in the past and to predict future performance. The following financial ratios are commonly used to calculate the value of a company:

Price to Book Value (PBV)

Price to Book Value (PBV) is a ratio that reflects the comparison between the market price per share and the book value per share. PBV presents a reflection of how much the market values the company's shares. The higher the PBV value, the greater the market's confidence in the company's prospects (Jeanice and Kim, 2023). This ratio provides an indication of whether shares are traded at a price higher or lower than the company's book value and can be an indication of the extent to which investors believe in the company's performance and growth.

Price to Earning Ratio (PER)

Price to Earning Ratio (PER) is a ratio that shows the comparison between the market price per share and the profit or earnings obtained by the company. PER reflects how many times market investors are willing to pay for each rupiah of earnings per share earned by the company, so this ratio can be considered as an indicator of the attractiveness of a stock. The higher the PER value, the greater the interest of investors in paying for the company's potential future earnings. Thus, high PER can be interpreted as a representation of optimism towards the company's earnings projections in the upcoming period.

Tobin's Q Ratio

James Tobin, an American Nobel Prize winner, was the first to develop the Tobin's Q Ratio. In general, Tobin's Q is one of the ratios used to calculate company value (Chin et al., 2019; Noguera, 2020). The quality level of growth prospects significantly affects the value shown by the Tobin's Q ratio (Aydogmus et al., 2022). This phenomenon occurs because when the market value of company assets increases compared to the book value of company assets, investors tend to be more willing to make larger investments to gain ownership in the company (Venia, 2022).

Environmental Disclosure

According to (Desy et al., 2018), "Environmental Disclosure is the disclosure of information regarding responsibility towards the environment in financial report instruments." According to Effendi (2012:120), "Environmental Disclosure is proxied by using the Environmental Disclosure score on the company's Annual report sample. The weight score used is the Indonesian Environmental Reporting Index (IER); the results will be more accurate and appropriate for use in Indonesia." Environmental Disclosure is important because through environmental disclosure in company annual reports, the public can monitor activities carried out by the company in order to fulfill its social responsibilities.

English Translation

This variable is measured using the GRI Index for environmental performance indicators using GRI 4. This measurement is also used in research by Lodhia, et al. (2012) using content analysis method to measure Environmental Disclosure. Environmental Disclosure measurement is done by the presence or absence of information items in the annual/sustainability report.

Social Disclosure

Corporate Social Responsibility Disclosure, often called Social Disclosure, Corporate Social Reporting, or Social Accounting (Masruroh et al., 2021), is a scheme and most important element in the relationship between corporations and society as well as stakeholders (Abidin & Lestari, 2019).

CSR aims to serve as accountability that has been implemented by companies within a certain period (Prasetyo & Meiranto, 2017). According to the World Business Council for Sustainable Development (WBCSD), CSR is a company's responsibility to act correctly and contribute to the company's economic improvement through raising the standard of living of workers and their families. This CSRD is both mandatory disclosure and voluntary disclosure (Tista & Putri, 2018). It can be concluded that CSR is the company's responsibility to the environment as well as social awareness and commitment to the environment that is carried out without neglecting corporate competence.

Corporate Social Responsibility Disclosure can be measured using a dichotomous approach or using a social responsibility disclosure list where in the annual report each disclosed item is given a score of "1" while items that are not disclosed receive a score of "0" (Adriani & Subardjo, 2017)

Governance Disclosure

Governance Disclosure is a system formed to manage and regulate companies. This system limits management's freedom in performing earnings management. Good corporate governance disclosure will signal to shareholders that the company's profits are good and of quality. This can be caused by good corporate governance disclosure that will motivate and control management in carrying out all company operational activities. Therefore, the impact caused by good Governance Disclosure in a company will affect the relationship between earnings management and company value (Winarta. et al, 2019).

Corporate governance aims to reduce institutional conflicts through the use of various agents such as institutional share ownership, management ownership, audit committees, and independent commissioners. This is expected to reduce earnings management activities carried out by management and have an impact on improving the quality of company earnings. However, in this study, corporate governance uses disclosures that refer to SE OJK Number 16/SE OJK.04/2021 (Nanang & Tanusdjaja, 2019).

According to (Majidah & Habiebah Ummie, 2019), Governance Disclosure becomes an instrument used by companies as disclosure of information regarding corporate governance. Governance Disclosure aims to manage risk in meeting company objectives and to provide assurance to investors that the company can provide profits. Based on these explanations, it can be concluded that Governance disclosure is a system of management or control of the company designed to meet company objectives by applying the principles of transparency, accountability, responsibility, independence, and fairness.

Hypotheses

The Effect of Environmental Disclosure on Firm Value

Environmental disclosure is documentation of environmental activities carried out by the company. Environmental disclosure shows that the company pays more attention to the environment. Legitimacy theory also shows that environmental disclosure is a medium for companies to legitimize their activities. Enhanced environmental disclosure increases investor interest, impacting company value.

The positive relationship between Environmental Disclosure and company value has been widely documented in previous research by Matsumura et al (2014), Gerged et al (2021), Hassan (2018), and Wibawa and Khomsiyah (2022).

The Effect of Social Disclosure on Firm Value

Hadi (2011) states that company orientation should shift from shareholder orientation with a starting point on economic performance measures (economic orientation) alone, towards environmental and community sustainability by taking into account social impacts (stakeholder orientation). Therefore, corporate social responsibility is very necessary at present. CSR is increasingly drawing attention from business people since government regulations.

CSR causes companies to pay more attention to their social responsibility activities to increase company value. The purpose of companies disclosing a lot of information about their CSR activities is to form a good organizational profile (Ratmono, et al., 2014). If a company has good social and environmental performance, investor confidence will emerge, resulting in a positive response through an increase in the share price of the company concerned (Rustiarini, 2010). The importance of CSR activities and regulations governing the obligations of companies to implement them.

The Effect of Governance Disclosure on Firm Value

Hamdani (2018) defines good corporate governance as a form of governance that upholds the values of transparency, responsibility, accountability, professionalism, and fairness. Based on previous research findings mentioned by (Fajriah & Jumady, 2022), institutional ownership affects company value. Suryanto (2019) mentions that institutional ownership produces a significant influence on company performance. Meanwhile, based on research results from (Listiyowati & Indarti, 2018), (Siregar & Pambudi, 2017), (Agustina, 2021), institutional ownership does not affect company value. Some previous research results, namely (Ibrahim & Muthohar, 2019), (Alkhairani et al., 2020), mention that independent board of commissioners has a significant effect on company value. Meanwhile, based on research results from (Listiyowati & Indarti, 2018), independent board of commissioners does not affect company value. Suryanto (2019) mentions that independent board of commissioners produces an insignificant effect on company performance.

The Effect of Environmental Disclosure, Social Disclosure, and Governance Disclosure simultaneously on Firm Value.

According to research by (Chen et al., 2020), comprehensive and integrated ESG disclosure has the ability to enhance investors' perceptions of company performance. This is supported by findings from (Eccles et al., 2014) showing that a holistic approach in sustainability reporting can create strategic added value that goes beyond mere regulatory compliance. Empirical studies by (Cheng et al., 2017) prove that when companies disclose environmental, social, and governance information simultaneously, it can reduce information asymmetry and increase transparency. The implication is that this will reduce investment risk and increase stakeholder confidence, which in turn positively impacts company value. Research by (Khan et al., 2016) further confirms that the integration of ESG disclosure provides comprehensive signals about the company's commitment to managing risk and creating long-term value. This integrated approach allows investors to conduct deeper assessments of the company's performance and prospects.

III. RESEARCH METHODOLOGY

Research Type and Nature

This research is a quantitative study, which aims to analyze causality in defining the influence of independent variables, namely ESG disclosure, on the dependent variable, namely firm value. The data source used is secondary data, where the first data is in the form of annual reports and financial statements of energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2021 - 2023, which can be accessed through the official website of the Indonesia Stock Exchange, www.idx.co.id. Furthermore, the second data is in the form of sustainability reporting of energy sector companies listed on the Indonesia Stock Exchange (IDX) for 2021 - 2023, obtained from the website www.esgi.ai/sustainability-report/.

Research Variables and Operational Definitions of Variables

Collections of ideas and something unique or diverse are things that form research. Free or independent variables and dependent or non-free/bound variables are two of several types of variables used in research. In this study, the dependent variable is the variable whose value is estimated, and the independent variable is the variable that is the estimator. Based on the theoretical foundation of literature and how the research topic is formulated, the following operational variables are used:

Dependent Variable

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The dependent variable in this study is company value as measured using the Price to Book Value (PBV) ratio. The PBV ratio is an indicator that evaluates how much company value a company can generate from the invested model. In this study, the researcher uses a formula to calculate the firm value variable in accordance with research conducted by Bashatweh et al., (2023)

PBV = Share price / Book value of shares

Independent Variables

Independent variables in this study. Features that exist in a company are known as company characteristics. Company characteristics represented by profitability, company size, and leverage.

Environmental Disclosure

This variable is measured using the GRI Index of environmental performance indicators using GRI 4. This measurement is also used in research by Lodhia, et al. (2012) using content analysis method to measure Environmental disclosure. Measurement of Environmental disclosure is done by the presence or absence of information items in the annual/sustainability report. If the information item is not in the annual/sustainability report, it will be given a score of "0". If it is in the annual/sustainability report, it will be given a score of "1". Based on Lodhia, et al. (2012); Oates and Moradi-Motlagh (2016), the Environmental disclosure formula can be modified as follows:

ED = Items disclosed / Total disclosure items.

Social Disclosure

Corporate Social Responsibility Disclosure can be measured using a dichotomous approach or using a social responsibility disclosure list where in the annual report each disclosed item is given a score of "1" while items that are not disclosed receive a score of "0" (Adriani & Subardjo, 2017). The following is the formula for disclosing corporate social responsibility in the annual report:

CSRDIj = xij/nj

Governance Disclosure

Governance Disclosure is a system formed to manage and regulate companies. This system limits management's freedom in performing earnings management. Good corporate governance disclosure will signal to shareholders that the company's profits are good and of quality. This can be caused by good corporate governance disclosure that will motivate and control management in carrying out all company operational activities. Therefore, the impact caused by good Governance Disclosure in a company will affect the relationship between earnings management and company value (Winarta. et al, 2019).

Types and Sources of Data

The secondary data used in this research is data obtained from the Indonesia Stock Exchange. That is, the annual reports of each manufacturing company/issuer listed on the IDX from 2021-2023. In addition, other data or information is obtained from company sites, journals, textbooks, internet, and Thesis.

IV. RESULTS AND DISCUSSION

Descriptive Statistical Test Results

Table 1. Results of Descriptive Statistical Analysis

Descriptive Statistics

N		Minimum	Maximum	Mean	Std. Deviation
Environmental Disclosure	201	.09	1.00	.4609	.19296
Social Disclosure	201	.16	.92	.4580	.14487
Governance Disclosure	201	.19	1.00	.5688	.12873
Firm Value	201	.16	24.89	2.0208	2.92071
Valid N (listwise)	201				

Source: SPSS Data Processing, 2025

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Based on the results of descriptive statistical analysis from 201 observations, it can be concluded that the level of disclosure of environmental, social, and corporate governance information tends to be at moderate to high levels with different variations. Environmental disclosure has an average of 0.4609 with a standard deviation of 0.19296, indicating considerable variation. Social disclosure has an average of 0.4580 and a standard deviation of 0.14487, showing higher consistency compared to environmental disclosure. Meanwhile, governance disclosure has the highest average of 0.5688 and the lowest standard deviation of 0.12873, reflecting the strongest consistency among the three aspects. On the other hand, company value shows a relatively low average of 2.0208 with a high standard deviation of 2.92071, indicating significant value differences between companies. Overall, this data shows substantial variation in disclosure practices and company values, indicating the need for further analysis of the factors that influence them.

Classical Assumption Test Results

Normality Test

Table 2. Normality Test Results

N		201
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.87597265
Most Extreme Differences	Absolute	.267
	Positive	.267
	Negative	-.213
Test Statistic		.267
Asymp. Sig. (2-tailed)		.783[c]

Source: SPSS Data Processing, 2025

Based on the Kolmogorov-Smirnov (K-S) test conducted on 201 samples, a statistical value of 0.267 and a significance value of 0.783 were obtained, indicating that there was no significant deviation from the normal distribution in the residuals of the regression model. This indicates that the residuals are normally distributed and support the validity of the regression model used. Residual normality is an important assumption in regression analysis to ensure accurate estimates. In addition, the histogram graph of the four variables also shows a bell-shaped pattern, which further strengthens that the data is normally distributed.

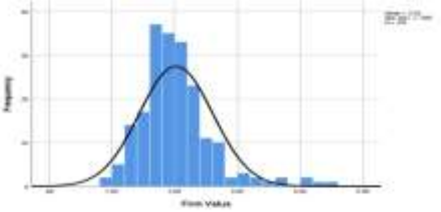

Figure 3. Histogram of Normality Test

Source: SPSS Data Processing, 2025

In addition, the histogram graph shows that the variable is normally distributed because the graph forms a bell. The graph can be seen in the image below.

Multicollinearity Test Results

Table 3. Multicollinearity Test Results

Coefficients[a]

Model		Tolerance	VIF
1	Environmental Disclosure	.277	3.612
	Social Disclosure	.279	3.579
	Governance Disclosure	.972	1.029

Source: SPSS Data Processing, 2025

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Based on the results of the multicollinearity test in Table 3, no significant indication of multicollinearity was found between the independent variables (Environmental Disclosure, Social Disclosure, and Governance Disclosure) in the regression model with firm value as the dependent variable. The VIF values for Environmental Disclosure and Social Disclosure are 3.612 and 3.579, respectively, and the Tolerance value is above 0.2, indicating a moderate correlation but still within reasonable limits. Meanwhile, Governance Disclosure has a Tolerance value of 0.972 and a VIF of 1.029, indicating no significant correlation with other variables. Overall, all VIF values are well below the critical threshold of 10, so it can be concluded that the regression model does not experience multicollinearity problems and is valid for use in the analysis.

Heteroscedasticity Test Results

Table 4. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.040	.941		.043	.966
	Environmental Disclosure	1.469	1.750	.112	.840	.402
	Social Disclosure	2.010	2.320	.115	.866	.387
	Governance Disclosure	2.773	1.400	.141	1.981	.490

a. Dependent Variable: ABS_RES
Source: SPSS Data Processing, 2025

The heteroscedasticity test shows that there is no inequality of residual variance in the regression model, because all independent variables—Environmental Disclosure (sig. 0.402), Social Disclosure (sig. 0.387), and Governance Disclosure (sig. 0.490)—have significance values above the threshold of 0.05. This indicates that the three variables do not significantly affect the absolute value of the residual, so that the residual can be considered homogeneously distributed. Thus, the regression model meets the assumption of homoscedasticity, increases the accuracy of regression parameter estimates and strengthens the validity and reliability of the model for decision making and research conclusions.

Table 5. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	.818	.815	.25137	1.525

a. Predictors: (Constant), *Governance Disclosure*, *Governance Disclosure*, *Environmental Disclosure*
b. Dependent Variable: *firm Value*
Source: SPSS Data Processing, 2025

Based on the results of the autocorrelation test in Table 5, the Durbin-Watson value of 1.525 indicates that there is no significant autocorrelation in the regression model, so that the classical assumption of being free from autocorrelation is met. This indicates that the residuals are randomly distributed and are not correlated between observations. In addition, the R value of 0.904 and R Square of 0.818 indicate that 81.8% of the variation in firm value can be explained by the independent variables (Environmental, Social, and Governance Disclosure), with an Adjusted R^2 value of 0.815 indicating model efficiency without overfitting. Overall, this regression model is valid and meets the classical assumptions in terms of autocorrelation and has very strong explanatory power.

Multiple Linear Analysis Results

Table 6. Results of Multiple Linear Analysis

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.

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1	(Constant)	.651	.597		1.091	.277
	Environmental Disclosure	2.341	1.110	.272	2.109	.036
	Social Disclosure	3.486	1.472	.304	2.369	.019
	Governance Disclosure	3.317	.888	.257	3.735	.000

a. Dependent Variable: *firm Value*
Sumber: Olah Data SPSS, 2025

Based on the results of multiple linear regression analysis in Table 4.7, it is known that the three independent variables—Environmental Disclosure, Social Disclosure, and Governance Disclosure—have a positive and significant effect on firm value. The regression equation obtained is: Firm Value = 0.542 + 1.259 (Environmental Disclosure) + 3.114 (Social Disclosure) + 1.459 (Governance Disclosure) + e. The regression coefficient shows that a one-unit increase in each ESG variable will increase firm value, with the largest influence coming from Social Disclosure. These results confirm that disclosure of sustainability and good governance aspects plays an important role in increasing investor perception and firm value in the market.

Hypothesis Testing

Partial Test Results (t-Test)

Table 7. Partial Test Results (t-Test)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.651	.597		1.091	.277
	Environmental Disclosure	2.341	1.110	.272	2.109	.036
	Social Disclosure	3.486	1.472	.304	2.369	.019
	Governance Disclosure	3.317	.888	.257	3.735	.000

a. Dependent Variable: *firm Value*
Source: SPSS Data Processing, 2025

The results of the partial test (t-test) show that the three ESG variables—Environmental, Social, and Governance Disclosure—have a positive and significant effect individually on firm value. Environmental Disclosure has a t-value of 2.109 (sig. 0.036), Social Disclosure of 2.369 (sig. 0.019), and Governance Disclosure shows the strongest effect with a t-value of 3.735 (sig. 0.000). All significance values are below 0.05, indicating that each variable partially makes a real contribution to increasing the company's value. This finding reinforces the importance of consistently implementing ESG principles as a strategy to increase the company's value and competitiveness in the market.
Simultaneous Test Results (F Test)

Table 8 Simultaneous Test Results (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.869	3	17.290	6.807	.000[b]
	Residual	500.409	197	2.540		
	Total	552.278	200			

a. Dependent Variable: *firm Value*
b. Predictors: (Constant), *Governance Disclosure*, Social *Disclosure*, *Environmental Disclosure*
Source: SPSS Data Processing, 2025

The results of the ANOVA test show that the regression model formed is statistically significant with a calculated F value of 6.807 and a significance of 0.000 (<0.05), which means that Environmental, Social, and Governance Disclosure simultaneously have a significant effect on firm value. The regression Sum of Squares value of 51.869 compared to the residual of 500.409 and a total of 552.278

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shows that the model is able to explain some of the variation in firm value. With three independent variables and 201 samples (total df = 200), this model is considered valid and suitable for use in predicting firm value. These results confirm that good ESG implementation is not only ethically and socially important, but also has a significant positive economic impact on the company's market value.

Results of the Determination Coefficient Test (R^2 Test)

Tabel 9. Hasil Uji Koefisien Determinasi (Uji R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.306[a]	.094	.080	1.59378

a. Predictors: (Constant), *Governance Disclosure*, Social *Disclosure*, *Environmental Disclosure*
b. Dependent Variable: *firm Value*
Source: SPSS Data Processing, 2025

The R Square value of 0.094 and the Adjusted R Square of 0.080 indicate that Environmental, Social, and Governance Disclosure together are only able to explain around 9.4% and 8.0% of the variation in firm value, so their contribution is relatively small. Although the test results show a significant influence, the R value of 0.306 indicates a weak to moderate relationship between ESG and firm value. This shows that although ESG is important, there are still many other factors outside of ESG that also affect firm value, such as profitability, firm size, and market conditions. In conclusion, this regression model is significant but limited, and ESG is one of many factors that form firm value in a complex manner.

Effects of Environmental Disclosure on Firm Value

The research results show that Environmental Disclosure has a positive and significant effect on Firm Value, with a regression coefficient of 2.341, indicating that an increase in environmental disclosure units can increase company value. This is in line with legitimacy theory and stakeholder theory, which explain that companies that are transparent in environmental management can enhance reputation, gain investor trust, and attract consumers who care about sustainability. This research also supports previous findings showing that environmental disclosure increases company value, reflecting that sustainability reporting is not just an obligation but also a strategy to increase the attractiveness and market value of companies.

Effects of Social Disclosure on Firm Value

The research results show that social disclosure has a positive and significant effect on company value, with a regression coefficient of 3.486, which means that each increase in social disclosure units can increase company value by 3.486 units. These findings are in line with legitimacy theory and stakeholder theory, indicating that transparent social disclosure enhances company reputation, builds stakeholder trust, and in turn increases the company's market value. Businesses that emphasize social responsibility tend to be more valued by consumers, employees, and investors, thereby increasing the company's market appeal. These findings support the hypothesis that social disclosure positively affects company value, with important implications for companies to improve the quality of their social disclosures to enhance reputation and market value.

Effects of Governance Disclosure on Firm Value

This research shows that social disclosure has a positive and significant effect on company value, with a regression coefficient of 3.486, which means that each increase in social disclosure can increase company value. These findings support legitimacy theory and stakeholder theory, which state that transparency in social disclosure can improve company reputation, build stakeholder trust, and increase market value. Companies that focus on social responsibility are more valued by consumers, employees, and investors, which ultimately increases market attractiveness and company value.

Simultaneous Effects of Environmental Disclosure, Social Disclosure, and Governance Disclosure on Firm Value

This research shows that environmental, social, and governance (ESG) disclosure simultaneously has a significant effect on company value, with F test results showing a value of 6.807

and significance of 0.000. This supports stakeholder theory and legitimacy theory, which explain that ESG disclosure increases stakeholder trust and helps companies gain social legitimacy, which in turn increases market value. Transparent ESG disclosure demonstrates a company's commitment to sustainability and can increase investment interest and company reputation in the eyes of consumers and regulators. This research also suggests companies integrate all three ESG elements in their disclosure practices to increase overall company value.

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This research analyzes the effect of Environmental, Social, and Governance (ESG) disclosure on company value in non-financial companies listed on the Indonesia Stock Exchange (IDX) for the period 2021 - 2023. The results show that ESG disclosure as a whole has a significant effect on company value, with disclosure of environmental, social, and governance aspects each showing a positive and significant influence. These findings indicate that good ESG disclosure can enhance investors' perceptions of company value, with attention to social responsibility and good governance practices also playing important roles. However, this research has limitations related to data that only covers three years of observation and does not control for macroeconomic or other external factors that may affect company value.

Recommendations

Based on the conclusions and limitations of the research, several recommendations are provided: companies are advised to improve the quality and consistency of ESG disclosure, which will not only increase company value but also demonstrate commitment to sustainability. For investors, ESG disclosure, especially social and governance aspects, can be used as indicators in investment decision-making. For future researchers, it is recommended to use a longer research period to get a more comprehensive picture, as well as consider control variables such as company size, leverage, or macroeconomic conditions to obtain more robust results.

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