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The Effect of Environmental, Social, and Governance (ESG) Disclosure on the Value of Industrials Sector Companies Listed on the IDX for the 2022-2024 Period

Shevi Andrea Valenia[1*], Rasyidi Faiz Akbar[2]

[1,2]Department of Management, Faculty of Economics and Business, Universitas Negeri Surabaya, Surabaya, Indonesia
*Email: shevi.22157@mhs.unesa.ac.id

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ABSTRACT

This study aims to examine the effect of environmental disclosure, social disclosure, governance disclosure, dan ESG disclosure on firm value in Industrials sector companies listed on the Indonesia Stock Exchange during 2022-2024. This research employed a quantitative approach using secondary data from companies' annual reports and the ESG Intelligence database. The sample consisted of 42 companies, 126 observations selected through purposive sampling. Data were analyzed using panel data regression and STATA 17. The results indicate that environmental disclosure, social disclosure, governance disclosure, and ESG disclosure have no significant effect on firm value as measured by Tobin's Q. These findings suggest that ESG disclosure has not yet become a primary factor influencing investors' assessment of firm value in the Industrials sector.

Keywords: Environmental Disclosure, Social Disclosure, Governance Disclosure, ESG Disclosure, Firm Value.

1. INTRODUCTION

The development of the modern capital market has changed the way investors value companies. If previously the assessment focused more on historical financial performance, now investors also consider the company's ability to maintain business sustainability and manage long-term risks (Guo & Yu, 2024). The change is driven by increased attention to non-financial risks, covering environmental, social, and corporate governance aspects, so that market valuations are not only based on current performance, but also on the company's resilience to future risks and growth opportunities (Zhou et al., 2024).

Under these conditions, company value is the main indicator that reflects market perception of the company's performance, growth prospects, and risk level, especially in the industrials sector (Guo & Yu, 2024). Companies with low values are generally perceived to have higher risks, limited growth prospects, and poor management quality. This perception can reduce investor interest, increase capital costs, and limit companies' access to funding sources (Chau et al., 2025). Empirically, a company's value is measured using Tobin's Q ratio, which is a comparison between a company's market value and the value of its assets to describe a company's ability to create economic value from its assets (Seok et al., 2024).

Company value analysis becomes increasingly important when applied to the industrials sector which has different operational and risk characteristics than other sectors (Suhartini et al., 2024). Based on the classification of the Indonesia Stock Exchange (IDX), the industrials sector includes companies that provide products and services that support the production process of other sectors. This sector has a great contribution to the national economy through the creation of added value, labor absorption, and increased national income (Indriyanti et al., 2023). Its contribution to Indonesia's Gross Domestic Product will even reach 18.98% in 2024, making it one of the main supporting sectors of the national economy (Central Statistics Agency, 2025). Therefore, the company's ability to maintain investor trust through increasing the company's value is an important aspect to be studied.

Despite having a strategic role, the industrials sector shows interesting market valuation dynamics. IDX data for the 2022–2024 period shows that the market capitalization of this sector has consistently declined. On the other hand, Tobin's Q values show

a different pattern, namely that they had decreased in 2023, then increased again in 2024. This divergence indicates that the decline in stock prices causes the market capitalization to weaken, while the increase in the company's assets and liabilities drives an increase in Tobin's Q. This condition reflects the expansion of operations that are considered productive by the market, so that even though the stock price is under pressure in the short term, investors still give positive forward-looking expectations on the company's asset efficiency and long-term prospects (Akanksha & Manickam, 2026).

The difference between market cap trends and Tobin's Q shows that investors' decisions are no longer based solely on financial indicators. As attention to corporate sustainability increases, non-financial information is becoming one of the important bases in investment decision-making. One of the information that is getting more attention is ESG disclosure, which is considered to be able to explain the variation in company values in the industrials sector (Khan, 2022).

ESG disclosure is the disclosure of information about the management of environmental, social, and governance aspects of a company (Wang et al., 2025). This information functions as a medium of communication between companies and investors to reduce information asymmetry, increase management credibility, and demonstrate the company's ability to manage non-financial risks effectively (Cui et al., 2025). However, various studies show that the influence of ESG disclosure on company value still produces diverse findings because it is influenced by the quality of disclosure and industry characteristics (Khan, 2022).

In Indonesia, the implementation of ESG disclosure is growing after the issuance of OJK Regulation Number 51/POJK.03/2017 which requires public companies to submit sustainability reports that include environmental, social, and governance aspects. The regulation aims to increase transparency and accountability of companies in managing non-financial risks that can affect investor decisions (Rahmaniati & Ekawati, 2024). However, its implementation still faces various obstacles. Research shows that the quality and completeness of sustainability reports still differ between companies, influenced by company integrity, the use of external assurance, internal governance, the selection of ESG indicators, and the reporting methodology used (Larassati et al., 2024).

These problems are becoming increasingly important in the industrials sector because their operational characteristics have a relatively high level of ESG risk, especially due to production activities, natural resource utilization, and organizational complexity. In the environmental aspect, industrials companies face increasingly stringent compliance demands for environmental regulations. One example is the revocation of the operational license of PT Agincourt Resources, a subsidiary of PT United Tractors Tbk, due to the misuse of forest areas and environmental damage in Sumatra. This case shows that the management and disclosure of environmental risks is an important factor in maintaining operational sustainability while building investor trust in the company (Hidayat, 2026).

In the social dimension, industrials sector companies have a high dependence on operational labor so that aspects of work safety and employee welfare are important factors in maintaining the sustainability of company activities. PT Hexindo Adiperkasa Tbk, for example, places the occupational safety and health (K3) program and employee training as the main part of its implementation and sustainability reporting (Rosyiid et al., 2023). Meanwhile, in the governance dimension, companies with complex business structures, such as PT Astra International Tbk, require the implementation of strong governance to ensure the effectiveness of supervision, transparency, and accountability in the decision-making process (Soetikno & Wijaya, 2025). This condition shows that implementation and ESG disclosure are increasingly seen as important indicators in assessing a company's ability to manage risk while reflecting the long-term sustainability outlook.

This phenomenon shows that the industrials sector faces several major challenges, namely declining market capitalization as a reflection of market pressures, fluctuations in company value measured using Tobin's Q, and increasing investor attention to ESG risks. Differences in the quality of ESG disclosure between companies also have the potential to affect investors' perception of the company's value. Therefore, this study focuses on analyzing the influence of ESG disclosure on company value in industrials sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period.

Based on previous research studies, the relationship between ESG disclosure and company value still shows mixed results. These differences can be seen in the environmental, social, governance, and ESG disclosure dimensions as a whole. A number of studies have found a positive influence on company value. The inconsistency of these findings indicates that there is a research gap that is allegedly influenced by differences in company characteristics, company size, profitability level, type of industry, market conditions, research period, and analysis methods used.

In the environmental disclosure dimension, the company discloses information regarding the management of carbon emissions, energy use, waste management, and compliance with environmental regulations. Quality disclosure can improve a company's reputation, reduce environmental risks, and strengthen investor confidence so that it has the potential to increase company value (Abdi et al., 2022). However, some studies show that environmental disclosure does not always have a significant impact, and can even be perceived negatively due to the high cost of implementation and differences in the quality of reporting between companies (Charoensuk et al., 2025).

In the social disclosure dimension, the company shows its commitment to employees, consumers, and society through various social responsibility activities. Good social practices are believed to strengthen relationships with stakeholders, improve company reputation, and have a positive impact on company value (Yu & Xiao, 2022). However, some studies have found that social disclosure does not necessarily receive a positive response from the market due to the inconsistent quality of disclosure or is seen as an additional cost that has not provided direct economic benefits (Charoensuk et al., 2025).

Furthermore, governance disclosure focuses on the transparency of corporate governance, including the board structure, supervisory mechanisms, information disclosure, and protection of shareholder rights. Good governance can increase management credibility, reduce conflicts of interest, and strengthen investor trust so that it has the potential to increase

company value (Al Azizah & Haron, 2025). However, some studies show that the influence of governance disclosure is not necessarily significant if investors focus more on financial performance or when the implementation of governance is only administrative in nature without being followed by an improvement in the quality of disclosure (Remo-Diez et al., 2023).

In addition to each dimension, previous research also tested ESG disclosure in an integrated manner. Several studies have concluded that ESG disclosure can increase transparency, reduce non-financial risks, and provide positive signals about the company's sustainability strategy, thus having an impact on increasing company value (Rashwan et al., 2025). However, other studies have found that these influences are not significant or even negative due to inconsistent reporting quality, the potential for greenwashing, and the high cost of ESG implementation (Buallay, 2020).

Although much research on environmental, social, governance, and ESG disclosure has been conducted, most of it still focuses on the manufacturing, energy, and non-financial sectors in general (Duan et al., 2023). Research that specifically examines the industrials sector based on the IDX-IC classification in Indonesia is still relatively limited. Additionally, most previous research has not considered the characteristics of a company, such as the size of the company and the level of profitability.

The purpose of this study is to analyze the influence of environmental disclosure, social disclosure, governance disclosure, and ESG disclosure on the value of industrials sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Signaling Theory

Signaling Theory explains that in conditions of information asymmetry, management as a party with more complete information can convey signals to investors to reduce uncertainty in decision-making. According to Spence (1973), parties with better information quality will provide signals that require a certain cost to be distinguished from other parties with lower information. The concept was then developed by Ross (1977) through incentive signaling, which explains that company decisions, such as funding structures and voluntary disclosures, can be used to communicate the company's prospects and management quality to the market.

The development of investor attention to sustainability aspects makes ESG disclosure one of the important signals in assessing the quality of company management and the level of risk. Quality ESG disclosure allows companies to convey information about sustainability practices and governance quality to investors so that it can differentiate the company from its competitors (Duan et al., 2023). In the perspective of Signaling Theory, credible ESG signals can reduce uncertainty, form positive investor perceptions, and improve market valuations of company value (Hu & Zhang, 2025). Therefore, this theory is the basis for research in explaining that the quality of ESG disclosure serves as a signal that reflects the quality of management and the company's long-term prospects so that it has the potential to affect the company's value.

2.2 Stakeholder Theory

Stakeholder Theory explains that the company is not only oriented to the interests of shareholders, but must also pay attention to all stakeholders who are influenced or influenced by the company's activities. Freeman (1984) states that the success of management is determined by its ability to identify, manage, and maintain relationships with various stakeholders, such as investors, employees, customers, suppliers, the community, and regulators, in order to create long-term value and gain social legitimacy.

The development of this theory was carried out by Mitchell et al. (1997) through the concept of stakeholder salience, which explains that a company's attention to stakeholders is influenced by the attributes of power, legitimacy, and urgency. In the context of ESG, the quality of ESG disclosure reflects the company's response to stakeholder expectations and supports the creation of sustainable relationships (Al Azizah & Haron, 2025). Effective ESG practices also have the potential to affect cash flow, risk levels, capital costs, company reputation, and company value (Yu & Xiao, 2022). Thus, Stakeholder Theory is the basis for research in explaining that stakeholder demands encourage an improvement in the quality of ESG disclosure, which can further affect investor perception and market valuation of company value.

3. RESEARCH MEHODOLOGY

This study uses a quantitative method with a causal approach to test the cause-effect relationship between independent variables and dependent variables. This approach was chosen because it meets the principles of empirical scientific research, objective, rational, measurable, and systematic. Data is collected using research instruments, then statistically analyzed to test the hypothesis that has been established (Sugiyono, 2023). This research focuses on the influence of environmental disclosure, social disclosure, governance disclosure, and ESG disclosure on company value.

Data sources include annual reports and financial statements of industrials sector companies listed on the Indonesia Stock Exchange (IDX) through the official website of the Indonesia Stock Exchange (IDX). Meanwhile, information on environmental disclosure, social disclosure, governance disclosure, and ESG disclosure was obtained from ESG Intelligence (ESGI) as an ESG data provider.

The research data was obtained online through the Indonesia Stock Exchange (IDX), the company's official website, and the ESG Intelligence (ESGI) database. The entire series of research was carried out in the May-June 2026 period.

The research population consists of all industrials sector companies listed on the Indonesia Stock Exchange (IDX) as many as 65 companies (Sugiyono, 2023). Samples were determined using the purposive sampling technique, which is the selection of samples based on certain criteria according to the research objectives (Sugiyono, 2023). The criteria used include companies listed on the IDX during the 2022–2024 period and have ESG disclosure data available on the ESGI database for the

same period. Based on the selection process, 42 companies were obtained that met the criteria so that, with an observation period of three years, the number of research data became 126 observations. The sample includes various industrials sector companies listed on the IDX, as presented in the list of research samples.

Data collection is carried out using the documentation method, which is to obtain secondary data through available documents (Sugiyono, 2023). The documents used include financial statements, annual reports, and ESG disclosure data of companies in the industrials sector for the 2022–2024 period. Financial statements and annual reports are obtained from the Indonesia Stock Exchange (IDX), while ESG disclosure data is obtained from ESG Intelligence (ESGI).

Data analysis was carried out using panel data regression, which is a method that combines cross-sectional and time series data so that it is able to analyze variations between companies and between periods (Gujarati & Porter, 2009). Data processing was carried out using STATA version 17 to test the influence of environmental disclosure, social disclosure, governance disclosure, and ESG disclosure on company value.

4. RESULTS AND DISCUSSION

4.1 Research Results

Descriptive statistics are used to provide an overview of the characteristics and distribution of data in each research variable through the measure of the number of observations, mean, standard deviation, and minimum and maximum values.

Table 4.1 Descriptive Statistics

Variabel	Observations	Average	Standard Deviation	Min Value	Max Value
Company Value (Y)	126	1,4006	1,5279	0,3017	14,8457
Env *Disclosure* (X1)	126	0,3389	0,1796	0,0323	0,9032
Soc *Disclosure* (X2)	126	0,3071	0,1695	0,2777	0,8611
Gov *Disclosure* (X3)	126	0,2537	0,1110	0,3333	0,4333
ESG *Disclosure* (X4)	126	0,3008	0,1295	0,0928	0,7423

Source: Processed by the author with STATA 17 (2026)

The variable value of companies proxied using Tobin's Q has a mean of 1.4006, with a minimum value of 0.3017 and a maximum of 14.8457. An average value that exceeds one indicates that the market generally gives a positive assessment of industrials sector companies during the study period. Nevertheless, the fairly wide range of values and the standard deviation of 1.5279 indicate a considerable difference in market valuation among the companies in the sample.

The environmental disclosure variable has a mean of 0.3389, with a minimum value of 0.0323 and a maximum value of 0.9032. These results show that the level of disclosure of environmental aspects still varies between companies. An average of 33.89% indicates that the company has not fully disclosed all expected environmental indicators, while a standard deviation of 0.1796 indicates a moderate level of variation.

In the social disclosure variable, the mean was 0.3071, with a minimum value of 0.2777 and a maximum value of 0.8611. These findings show that companies on average disclose about 30.71% of the available social indicators. The standard deviation value of 0.1695 shows a difference in the level of disclosure between companies, although the data spread is not very high. This condition reflects that the company's attention to aspects of employees, society, and social responsibility is still diverse.

The governance disclosure variable recorded a mean of 0.2537, with a minimum value of 0.3333 and a maximum value of 0.4333. The average value shows that the level of governance disclosure is still relatively low compared to the indicators used. In addition, the standard deviation of 0.1111 indicates that the variation in governance disclosure between companies is relatively small, so the disclosure pattern tends to be homogeneous.

Meanwhile, the ESG disclosure variable has a mean of 0.3008, with a minimum value of 0.0928 and a maximum value of 0.7423. In general, industrials sector companies have implemented ESG disclosures, but the level of disclosure is still in the medium category. The standard deviation value of 0.1295 indicates that the difference in ESG disclosure levels between companies is relatively low, so the disclosures in the research sample tend to have a similar pattern.

This study utilizes panel data that combines cross-section and time-series dimensions, covering 42 companies in the 2022–2024 period. The use of panel data allows for a more comprehensive analysis of the relationship between variables because it takes into account variations between companies and changes over time. Before testing the hypothesis, the most suitable panel data regression model was first selected through three approaches, namely Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The best model was determined using the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test.

The results of the Chow Test showed a Prob > F value of 0.0003, smaller than the significance level of 0.05, so that the Fixed Effect Model (FEM) was considered more appropriate than the Common Effect Model (CEM). Furthermore, the Hausman Test yielded a Prob > chi2 of 0.5333, which is greater than 0.05, so that the Random Effect Model (REM) is more appropriate than the Fixed Effect Model (FEM). Meanwhile, the Lagrange Multiplier (LM) test obtained a Prob > chibar2 of 0.0003, which indicates that the Random Effect Model (REM) is better than the Common Effect Model (CEM). Based on all these results, the Random Effect Model (REM) was chosen as the estimation model used in the study.

Table 4.2 Estimation Model Selection

Test	Prob	Sig	Description	Verdict
Chow	0,0003	< 0.05	FEM is more accurate than CEM	FEM
Hausman	0,5333	> 0,05	REM is more accurate than FEM	REM
LM	0,0003	< 0.05	REM is more accurate than CEM	REM

Source: Processed by the author with STATA 17 (2026)

The Random Effect Model (REM) uses the Generalized Least Square (GLS) method which is able to accommodate the heterogeneity of characteristics between companies while considering the structure of variance in the panel data (Baltagi, 2021). Therefore, classical assumption testing is not performed in isolation and all subsequent hypothesis analysis uses the REM approach.

Table 4.3 Hypothesis Test Results

Dependent Variable (Y) : Company Value				
Independent Variables	Coefficient	Sig	R-Squared	Conclusion
Env *Disclosure* (X1)	-5,193989	0,981	0,0149	Not Significant
Soc *Disclosure* (X2)	-6,556314	0,980		Not Significant
Gov *Disclosure* (X3)	-4,886466	0,982		Not Significant
ESG *Disclosure* (X4)	17,88789	0,980		Not Significant
_cons	1,033877	0,014		
Forest Chi2	1,00			
Prob > chi2	0,9092			

Source: Processed by the author with STATA 17 (2026)

Hypothesis analysis was carried out to test the influence of environmental disclosure, social disclosure, governance disclosure, and ESG disclosure on the value of companies proxied with Tobin's Q in companies in the industrials sector for the 2022–2024 period. The result of the estimation results in a regression equation:

Y = 1.033877 − 5.193989X1 − 6.556314X2 − 4.886466X3 + 17.88789X4 + e

The equation shows the direction of the relationship between each independent variable and the company's value when the other variables are considered constants.

Simultaneous testing through the F-Test on the REM approach using the chi-square Wald statistics. The results of the analysis showed a Wald chi2 value of 1.00 with a Prob > chi2 of 0.9092, which was above the significance level of 0.05. Thus, together environmental disclosure, social disclosure, governance disclosure, and ESG disclosure do not have a significant influence on company value. These findings show that the combination of these four variables has not been able to explain the change in company value in the Industrials sector during the study period.

Based on the t-test or partial test, all independent variables also did not show a significant influence on the company's value. The environmental disclosure variable has a coefficient of -5.193989 with a significance value of 0.981, so it is not proven to affect the company's value. The social disclosure variable yielded a coefficient of -6.556314 with a significance of 0.980, which also showed a negative but insignificant relationship. Furthermore, governance disclosure obtained a coefficient of -4.886466 with a significance value of 0.982, so it does not support the research hypothesis. Meanwhile, ESG disclosure has a positive coefficient of 17.88789, but the significance value is 0.980, so the positive influence is not statistically significant. Therefore, all alternative hypotheses (Ha1, Ha2, Ha3, and Ha4) are rejected, while the null hypothesis cannot be rejected.

The model's ability to explain variations in company values is relatively low. The Overall R-squared value of 0.0149 shows that only 1.49% of the variation in company value can be explained by environmental disclosure, social disclosure, governance disclosure, and ESG disclosure, while the remaining 98.51% is influenced by other factors outside the model, such as profitability, company size, leverage, company growth, macroeconomic conditions, investor sentiment, capital market conditions, and other variables that are not analyzed in this study. In addition, an rho value of 0.3436 indicates that around 34.36% of the variation in the company's value comes from differences in characteristics between companies, while 65.64% is influenced by variations in the company during the observation period along with the fault component. Although there is a contribution of the characteristics of each company to the variation in company value, the results show that the model's ability to explain the phenomenon studied is still relatively limited.

Analysis based on company characteristics was carried out to find out whether the influence of environmental disclosure, social disclosure, governance disclosure, and ESG disclosure on company value is different in groups of companies with certain characteristics. Groupings are carried out based on company size (large and small) and profitability level (high and low). This approach aims to provide more detailed picture of the relationship between ESG disclosure and corporate value in each group.

Table 4.4 Hypothesis Test Results Based on Company Size

Dependent Variable (Y) : Company Value				
Independent Variables	Large Companies		Small Companies	
	Coefficient	Sig	Coefficient	Sig
Env *Disclosure* (X1)	6,090901	0,943	-1159,931	0,319
Soc *Disclosure* (X2)	6,517539	0,947	-1349,144	0,318
Gov *Disclosure* (X3)	5,243035	0,949	-1120,58	0,319
ESG *Disclosure* (X4)	-17,103955	0,948	3629,812	0,319
_cons	1,103955	0,948	1,505947	0,061
R-Squared	0,2062		0,0289	
Forest Chi2	1,38		2,16	
Prob > chi2	0,8475		0,7057	

Source: Processed by the author with STATA 17 (2026)

Table 4.5 Hypothesis Test Results Based on Company Profitability

Dependent Variable (Y) : Company Value				
Independent Variables	Companies with High Profitability		Companies with High Profitability	
	Coefficient	Sig	Coefficient	Sig
Env *Disclosure* (X1)	-1022,399	0,208	67,47578	0,799
Soc *Disclosure* (X2)	-1188,362	0,208	78,06106	0,800
Gov *Disclosure* (X3)	-990,0959	0,208	67,21827	0,794
ESG *Disclosure* (X4)	3200,744	0,208	-212,3994	0,798
_cons	1,691003	0,000	1,207641	0,051
R-Squared	0,0445		0,168	
Forest Chi2	2,33		0,80	
Prob > chi2	0,6745		0,9382	

Source: Processed by the author with STATA 17 (2026)

In a large group of companies, the analysis used a Random Effect Model (REM) of 21 companies or 63 observations. The results of the estimation show that environmental disclosure, social disclosure, and governance disclosure have a positive coefficient, while ESG disclosure has a negative coefficient. However, a Wald chi² value of 1.38 with a Prob > chi² of 0.8475 indicates that all independent variables simultaneously have no significant effect on the company's value. The results of the partial test also showed that the entire significance value was above 0.05 so that all hypotheses in this group were rejected. The Overall R-squared value of 0.2062 indicates that the model is able to explain 20.62% of the variation in the company's value, while the rest is influenced by other factors outside the model. Although the model's capabilities improved compared to the main model, the increase was not followed by the significance of the relationships between variables.

In small companies, the Random Effect Model (REM) analysis of 21 companies (63 observations) produced negative coefficients on environmental disclosure, social disclosure, and governance disclosure, while ESG disclosure showed positive coefficients. The Wald chi² result of 2.16 with a Prob > chi² of 0.7057 shows that the independent variables together have no significant effect on the value of the company. All partial test results also had a significance value above 0.05 so that all hypotheses were rejected. An Overall R-squared value of 0.0289 indicates that the model is only able to explain 2.89% of the variation in the company's value, while most of the variation is influenced by other factors. Compared to the main model, the increase in explanatory ability is relatively small.

Analysis of companies with high profitability was carried out using the Random Effect Model (REM) of 16 companies or 48 observations. The estimate shows negative coefficients in environmental disclosure, social disclosure, and governance disclosure, while ESG disclosure has a positive coefficient. A Wald chi² value of 2.33 with a Prob > chi² of 0.6745 indicates that the influence of all independent variables on the value of the firm is not simultaneously significant. The results of the partial test also showed that all variables had a significance level above 0.05, so the research hypothesis was not supported. An Overall R-squared value of 0.0445 indicates that the model explains only 4.45% of the company's value variation, while most of it is influenced by other factors. Despite improvements compared to the main model, the relationship between ESG disclosure and company value remains insignificant.

In the group of companies with low profitability, a Random Effect Model (REM) analysis was conducted on 26 companies or 78 observations. The estimation results show positive coefficients in environmental disclosure, social disclosure, and governance disclosure, while ESG disclosure has negative coefficients. A Wald chi² value of 0.80 with a Prob > chi² of 0.9382 indicates that all independent variables simultaneously have no significant effect on the company's value. The results of the partial test also showed that the entire significance value exceeded 0.05 so that all hypotheses were rejected. The Overall R-squared value of 0.0168 indicates that the model's ability to explain the variation in the company's value is only 1.68%, while most of it is influenced by other factors outside the model. Thus, both based on company size and profitability level, environmental disclosure, social disclosure, governance disclosure, and ESG disclosure have not shown a significant influence on company value.

4.2 Discussion

1. The effect of environmental disclosure on company value

The results of the test using the Random Effect Model (REM) show that environmental disclosure does not have a significant effect on the value of companies in the Industrials sector listed on the IDX during the 2022–2024 period, so H1 is rejected. These findings indicate that information regarding environmental disclosure has not been the main consideration of investors in assessing companies proxied using Tobin's Q. This condition shows that investors still prioritize financial performance, growth prospects, and the company's ability to generate profits over information on environmental aspects. In addition, the capital-intensive nature of the Industrials sector causes the company to focus more on operational efficiency and business expansion, so that the benefits of environmental disclosure have not been reflected in the increase in company value.

Further analysis based on company characteristics, namely size and profitability, shows that there are differences in the direction of the environmental disclosure coefficient in each group of companies. However, all test results showed a significance level above 0.05, so size and profitability were not able to moderate the relationship between environmental disclosure and company value. Thus, the results of the additional analysis further strengthen the conclusions of the main model.

Based on Signaling Theory, environmental disclosure should be a positive signal regarding the company's commitment to sustainability. However, the results of the study show that these signals have not been responded positively by investors. Similarly, according to Stakeholder Theory, the company's efforts to meet stakeholder expectations through environmental disclosure have not been able to increase the company's value. These results are consistent with the research of Al Azizah and Haron (2025), Charoensuk et al. (2025), Bahadır and Akarsu (2024), Rahman and Wuryaningsih (2025), and Buallay (2020) which states that environmental disclosure has no effect on company value. On the contrary, these results differ from the findings of Abdi et al. (2022), A. Almaqtari et al. (2022), Yu and Xiao (2022), and Suparjono (2025) who reported positive influences. The difference in results is estimated to be influenced by variations in sample characteristics, industry sectors, quality of ESG disclosures, and capital market conditions.

2. The Influence of Social Disclosure on Company Value

The results of the test using the Random Effect Model (REM) show that social disclosure does not have a significant influence on the value of companies in the Industrials sector on the IDX during the 2022–2024 period, so H2 is rejected. This shows that information regarding social responsibility has not yet become a factor that investors consider in determining the value of the company. Although the company has disclosed various social activities, such as human resource development, employee well-being, and relationships with the community, investors are still more focused on the company's financial condition, business prospects, and ability to make a profit.

Analysis based on company size and profitability shows that there is a variation in the direction of the social disclosure coefficient in each group of companies. However, all test results still show a significance value above 0.05 so that the characteristics of the company have not been able to change the relationship between social disclosure and company value. These results reinforce the conclusion that the influence of social disclosure on company value has not been empirically proven.

In the perspective of Signaling Theory, the disclosure of social information should reflect the company's commitment to social responsibility so that it becomes a positive signal for investors. However, this study shows that the signal has not received a meaningful response. In line with Stakeholder Theory, although the company strives to meet the expectations of its stakeholders through various social activities, these efforts have not had an impact on increasing the company's value. These findings support the research results of Charoensuk et al. (2025), Bahadır and Akarsu (2024), Rahman and Wuryaningsih (2025), and Suparjono (2025) which stated that social disclosure has no effect on company value. In contrast, Abdi et al. (2022), Lee et al. (2025), and Aydoğmuş et al. (2022) found a positive influence. The difference is allegedly influenced by the characteristics of the sample, market conditions, and the level of investor attention to social issues.

3. The Influence of Governance Disclosure on Company Value

Based on the results of the test using the Random Effect Model (REM), governance disclosure does not have a significant effect on the value of companies in the Industrials sector listed on the IDX for the 2022–2024 period, so H3 is rejected. These results show that corporate governance disclosure has not been a major factor influencing investor confidence in the company's value. Investors still consider fundamental factors more, such as financial performance, business prospects, and the ability to generate profits. In addition, the implementation of good corporate governance in public companies has become part of regulatory compliance so that governance disclosure has not been able to provide a competitive advantage that distinguishes companies from each other.

Analysis based on the size and profitability of the company shows that the direction of the governance disclosure coefficient is different in each group of companies. However, all test results showed a significance level above 0.05, so these two characteristics have not been able to change the relationship between governance disclosure and company value. Thus, the results of the additional analysis support the results of the main model.

According to Signaling Theory, governance disclosure is a signal about the transparency and accountability of the company. However, the signal has not received a significant response from investors. In line with Stakeholder Theory, good governance practices are indeed important to maintain relationships with stakeholders, but in the context of the Industrials sector during the research period, governance disclosure has not been able to increase the value of the company. These results are in line with the research of Yu and Xiao (2022), Charoensuk et al. (2025), Bahadır and Akarsu (2024), and Nur'aeni and Sari (2023) which stated that governance disclosure has no effect on company value. On the other hand, Abdi et al. (2022), A. Almaqtari et al. (2022), Al Azizah and Haron (2025), and Rahman and Wuryaningsih (2025) reported a positive influence. These differences are suspected to be influenced by variations in sample characteristics, the effectiveness of governance implementation, and market conditions in each study.

4. The effect of ESG disclosure on company value

The results of the test using the Random Effect Model (REM) show that ESG disclosure does not have a significant effect on the value of companies in the Industrials sector listed on the IDX during the 2022–2024 period, so H4 is rejected. These findings show that overall ESG disclosure has not been able to increase the company's value as measured using Tobin's Q. This condition indicates that investors still prioritize financial indicators, growth

prospects, and the company's ability to generate profits over ESG information. In addition, the difference in the level of implementation and quality of ESG disclosure in each company causes the information conveyed to be not strong enough to influence market perception.

Additional analysis based on company size and profitability shows that the direction of the ESG disclosure coefficient is different in each group of companies. However, all test results produced a significance value above 0.05, so the characteristics of the company have not been able to change the relationship between ESG disclosure and company value. Variations in the direction of the coefficients indicate differences in investor responses according to company characteristics, but these differences have not been proven to be empirically significant, thus reinforcing the results of the main model.

Judging from Signaling Theory, ESG disclosure should be a signal of the company's commitment to sustainability, while Stakeholder Theory emphasizes the importance of disclosure in meeting stakeholder expectations. However, the results of the study show that these signals have not been able to increase the company's value through market response. These findings are in line with the research of Qureshi et al. (2021), Al Azizah and Haron (2025), Bahadır and Akarsu (2024), and Ningrum et al. (2026) which concluded that ESG disclosure has no effect on company value. In contrast, A. Almaqtari et al. (2022), Yu and Xiao (2022), Lee et al. (2025), and Aydoğmuş et al. (2022) found a positive influence. The difference in results is suspected to be influenced by the characteristics of the company, the level of implementation and quality of ESG disclosure, as well as the capital market conditions in each study.

Conclusion

The results of the study show that all of these variables do not have a significant influence on the company's value. Environmental disclosure has not been the information that investors prioritize in assessing companies so that they are not able to increase the value of the company. Similarly, social disclosure has not received a strong enough market response to have an impact on increasing the company's value. In terms of governance disclosure, corporate governance disclosure has also not become the main basis for investors in determining the company's valuation.

Overall, ESG disclosure has no effect on company value because investor decisions are still more influenced by the company's fundamental conditions, especially financial performance, than information about sustainability. In addition, analysis based on company characteristics indicates that company size and profitability level have no significant impact on the relationship between environmental, social, governance, and overall ESG disclosure and company value. This pattern is consistent across all group companies, confirming that the influence of these variables on company value is statistically insignificant.

Based on the results of the study, companies are advised not only to increase the breadth of ESG disclosure, but also to improve the quality of the implementation of environmental, social, and governance aspects so that the benefits can be felt by stakeholders and contribute to increasing company value. In addition, the delivery of ESG information needs to be done more transparently, consistently, and in accordance with applicable reporting standards so that it has a higher level of credibility and is able to increase investor confidence. The company also needs to maintain financial performance, profitability, operational efficiency, and growth strategy because these factors are still the main considerations in the formation of company value.

For investors, ESG information should be used as a basis for investment decision-making, but its use needs to be combined with an analysis of the company's fundamental conditions, including profitability, growth prospects, business risks, and the company's ability to create long-term value. Meanwhile, researchers are further advised to extend the observation period so that the development of ESG implementation can be observed more comprehensively. Subsequent research can also expand the scope of the industrials sector, increase the number of samples, and include other variables that have the potential to affect the company's value, such as profitability, leverage, company size, ownership structure, and quality of corporate governance. In addition, the use of corporate value proxies other than Tobin's Q and different sources of ESG measurement can be considered to produce more comprehensive findings.

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