

ABSTRACT

This study aims to determine the effect of Environmental, Social, and Governance (ESG) disclosure scores on financial performance and company value, as well as the role of company size as a moderating variable. The research variables include ESG disclosure score as independent variables, while financial performance is measured using Return on Assets (ROA) and company value is measured using the Price-to-Book Ratio as dependent variables. Company size is used as a moderating variable. Additionally, Return on Equity (ROE), Debt-to-Equity Ratio (DER), and Debt-to-Assets Ratio (DAR) are included as control variables.

This study uses secondary data and applies a purposive sampling method, involving 70 companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The analysis is conducted using multiple linear regression and Moderation Regression Analysis (MRA) with Eviews 13 software. The result, estimated using the Random Effect Model (REM), indicated that ESG disclosure scores have a significant positive effect on financial performance (as measured by ROA) and company value (as measured by the Price-to-Book Ratio). Furthermore, company size moderates the relationship between ESG disclosure scores and both financial performance and company value. The findings of this study contribute to the development of stakeholder theory and legitimacy theory, particularly in the field of corporate sustainability.

Keywords: ESG Disclosure Score; Financial Performance; Firm Value; Price-to-Book Ratio; Return on Assets; Firm Size