

ABSTRACT

This research aims to investigate the impact of ESG disclosure on firm value and to understand the role of competitive advantage in mediating the relationship between ESG disclosure and firm value. The dependent variable of this research is the company's value measured by Tobin's Q. The independent variable of this research is ESG disclosure using the ESG disclosure score from the Bloomberg Database. The mediating variable used is competitive advantage, measured by the difference between Return on Invested Capital (ROIC) and Weighted Average Cost of Capital (WACC). The control variables in this study include leverage taken from the Bloomberg Database using the formula Total debt divided by Total assets, company size measured by the logarithm of total assets, and the size of the audit committee (Soac) taken from the Bloomberg Database.

This empirical study uses secondary data obtained from annual reports, company financial statements listed on the Indonesia Stock Exchange, and the Bloomberg database. This study uses the purposive sampling method to determine the sample. Through this method, 80 companies listed on the Indonesia Stock Exchange in 2023 were obtained as the final sample in this study. Additionally, data processing was conducted using the Structural Equation Modeling-Partial Least Squares SEM-PLS method through WarpPLS 7.0 software.

Empirical findings show that ESG disclosure has a significant negative impact on company value. Other findings indicate that ESG disclosure has a significant positive impact on competitive advantage, which in turn also has a significant positive impact on company value. However, through this empirical study, it was found that competitive advantage does not significantly mediate the relationship between ESG disclosure and firm value.

Keywords: ESG Disclosure, Firm Value, Competitive Advantage, Leverage, Size, Soac