International Collaborative Conference on Multidisciplinary Science
Volume. 1, Number. 2, Year 2024
Page 127-146
Available online at: https://iccms.ifrel.org/index.php/ICCMS

Environmental, Social, Governance (ESG) Disclosure, Return on Equity, and Company Value: Evidence from Non-Financial Companies in Indonesia

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***Abstract**. This study aims to analyze the impact of environmental, social, and governance disclosure, as well as return on equity, on company value. 364 non-financial companies listed on the Indonesia Stock Exchange (IDX) between 2019 and 2022 comprise the study's population. The purposive sampling, the chosen sampling technique, yielded 116 companies and a total of 464 observations. The study used secondary data, specifically financial statements and annual reports, along with documentary techniques to gather research data. The study employed panel data analysis and hypothesis testing, utilizing the EViews version 12 application. The results indicated that there was no significant impact of environmental, social, governance, and return on equity on the company value.*

***Keywords:** environmental, social, governance, ROE, company value.*

1. INTRODUCTION

Company value has a key role in measuring the success of a company in managing resources economically, efficiently, and effectively. The increase in company value is an important indicator of success, which provides benefits for shareholders and investors (Ramadhan & Takarini, 2022). Increasing company value is the main goal for companies oriented toward maximizing profits, as it reflects a company's ability to provide benefits to investors and owners (Wiagustini, 2018).

To increase company value, company capital has an important role. Well-managed capital has an impact on the value of the company, and one form of corporate capital is shares, which are traded in the capital market. The capital market plays an important role in mobilizing funds from the investor community that wants to invest in the company. Investors who buy company shares aim to receive dividends and capital gains. In this context, the determination of dividend policy must prioritize the interests of stakeholders as reflected in the share price on the stock exchange (Ramadhan & Takarini, 2022).

In addition to share capital, another factor that needs to be considered by companies when increasing their value is environmental performance. Companies should pay attention to their contribution to the environment and society, not just focus on profits (Lankoski, 2000). Companies can cause environmental damage that impacts not only the company's environment

Received: October30, 2024; Revised: November 30, 2024; Accepted: December 18,2024; Published: December 30, 2024

but also the global environment. With increasing public awareness of environmental issues, the environment has also become an important factor in determining the value of the company (Birt, 2019).

Corporate responsibility for the environment is an important factor that can increase company value. Companies that fulfill social contracts with society tend to get positive responses and higher consumer loyalty. Investors are also more interested in companies that have a positive image in the eyes of society, because this has an impact on company performance and company value (Ramadhan & Takarini, 2022).

In an effort to increase company value, companies must also consider ESG (Environmental, Social, Governance) reporting. ESG is a concept that includes environmental, social, and corporate governance. ESG reporting helps companies build a favorable reputation, create business sustainability, and attract long-term investment (Tarmuji, Maelah, & Tarmuji, 2016). ESG disclosure is an important step in maintaining a company's financial stability, supporting ethical decision-making, and increasing transparency (Eccles, Krzus, & Ribot, 2015).

The Indonesian government has supported companies in implementing sustainability reporting through the Financial Services Authority Regulation. The purpose of sustainability reporting is to maintain economic stability and inclusiveness by creating synergies between economic, social, and environmental aspects (Husada & Handayani, 2021).

Return on equity (ROE) is an important indicator in assessing company performance. ROE measures the company's ability to generate profits using its own capital. Previous research results show that ROE affects company value (Jufrizen & Al Fatin, 2020). Other research shows a relationship between ESG and company value, with varying results depending on the research period (Behl et al., 2021; Anna Melinda & Ratna Wardhani, 2020).

Company value is a key indicator of a company's success in managing resources and achieving public trust. Increasing company value depends not only on financial aspects but also on non-financial factors such as environmental performance, social responsibility, and corporate governance. ESG reporting is becoming increasingly important in meeting stakeholder expectations and creating long-term value. Therefore, companies need to pay attention to how to manage ESG aspects and ROE to increase company value and achieve business sustainability.

2. LITERATURE REVIEW

Signaling Theory

Ross (1977) developed the Signaling Theory, which emphasizes the importance of an entity conveying information to outsiders, especially investors, in making investment decisions. This theory explains that entities that voluntarily present excellent financial reports will provide positive signals to investors, encouraging them to invest their funds, and as a result, the value of shares increases. Conversely, financial reports that show poor performance will provide a negative signal (Dewi, 2020).

Legitimacy Theory

Legitimacy theory emphasizes that an entity will survive if the community believes that its activities and performance are in accordance with applicable norms and rules. To convince the public, companies often use environmental and social performance disclosures. This disclosure helps legitimize the company's activities in the eyes of society (Sari et al., 2017). In this way, companies ensure that they fulfill their environmental and social responsibilities, which can support the company's value.

Stakeholder Theory

Stakeholder theory states that companies have obligations to various stakeholders, such as shareholders, employees, suppliers, creditors, and society. Companies should meet the needs of all stakeholders and maintain positive relations. Research has shown that the company’s alignment with stakeholders can have a positive impact on company value (Ningwati et al., 2022).

Agency Theory

Agency theory refers to the relationship between owners and managers of a company. This theory says that shareholders want to see that managers maximize the value of the company and not just their personal interests. By implementing excellent corporate governance, companies can ensure effective management of shareholders' funds, thereby bolstering the company's value (Dewi, 2020).

Disclosure Theory

Disclosure Theory assumes that fuller disclosure of information will provide benefits that outweigh the costs. ESG disclosure is a concrete example of voluntary disclosure that can provide benefits to the company. This information provides a better understanding of the company’s performance in terms of environmental, social, and governance (Aji Aryonanto & Dewayanto, 2022).

Company Value

Company value reflects the company's success in managing resources economically, efficiently, and effectively, as well as gaining the trust of the general public. Company value is an indicator of rising stock prices. Thus, an increase in company value also indicates an increase in company performance (Seto et al., 2022).

Disclosure (ESG)

ESG disclosure is a practice that involves companies presenting information based on ESG principles, which include environmental, social, and corporate governance. These principles help companies carry out policies that are in line with aspects such as environmental protection, relationships with various external parties, as well as ethical governance. ESG disclosure involves the establishment of an ESG index, which evaluates a company's impact on the ecosystem, the company's ability to build customer trust and loyalty, and its ability to manage its rights and responsibilities. Each assessment pillar has various categories covering environmental, social, and governance issues. A percentile rank scoring methodology, based on data published by content research analysts worldwide (Refinitiv, 2021; Junius et al., 2020), evaluates these values in a range of 0 to 100.

Return on Equity.

ROE is a profit level measurement tool that measures the company's ability to generate profits from its capital. A company must generate high returns on equity as much as possible in order to survive in the business world. Maya (2008) asserts that investors commonly use ROE as a tool to make investment decisions (Ningwati et al., 2022).

Hypothesis Development

Effect of Environmental Disclosure on Company Value

Research by Ali Fatemi, Martin Glaum, and Stefanie Kaiser (2017) found that ESG disclosures, especially the environmental dimension, contribute positively to increasing company value. When a company discloses information about its environmental performance, it demonstrates its commitment to environmental issues and fosters positive perceptions among stakeholders, including investors. Investors tend to be more interested in investing in companies that have a favorable reputation in terms of environmental performance, such as efficient use of natural resources in production and operations (Behl, Kumari, Makhija, & Sharma, 2021). The impact is increased interest from investors, which can result in increased share prices and overall company value (Kurnia, 2019).

This finding aligns with the legitimacy theory, which illustrates management's efforts to enhance public perceptions by enhancing the company's image, including the disclosure of environmental performance information. Previous studies conducted by Melinda and Wardhani (2020) also showed a positive and significant relationship between corporate environmental performance as measured using the environmental ESG dimension and company value (Melinda & Wardhani, 2020).

H_1: Environmental (ESG) disclosure has a positive effect on company value.

The Effect of Social Disclosure on Company Value.

Disclosure of corporate social performance includes information on aspects such as labor, human rights, product responsibility, and community. Stakeholder theory underscores that the balance of stakeholder interests, in addition to financial gain, determines the company's success. Research shows that companies that care about social responsibility can strengthen their reputation and goodwill, which in turn can increase market share in the long run (Lako, 2014). Through social performance disclosure, companies create a sense of social responsibility, gain public acceptance, and strengthen relationships with stakeholders. This is in line with legitimacy theory, which relates to management's efforts to manage public perceptions and improve the company's reputation (Melinda & Wardhani, 2020). Masruroh and Makaryanawati's (2020) research shows that social responsibility disclosure has a positive impact on company value. Corporate social activities that prioritize the surrounding environment receive positive responses from investors, leading to an increase in stock prices, a key indicator of company value (Masruroh & Makaryanawati, 2020).

H_2: Social (ESG) disclosure has a positive effect on company value.

The Effect of Governance Disclosure on Company Value

Governance disclosure includes information about management, CSR strategies, and stakeholders. The ESG governance score reflects the quality of corporate governance; a high score indicates excellent governance. Governance also plays an important role in controlling business operations. Legitimacy theory asserts that companies should comply with stakeholder expectations and social norms by applying the principles of ethical corporate governance and providing transparent information consistently. This aims to reduce misunderstandings and prevent immoral behavior within the company, thereby building a positive reputation (Lestari, 2021). Thus, the proposed hypothesis is:

H_3: Governance (ESG) disclosure has a positive effect on company value.

The Effect of Return on Equity (ROE) on Company Value

One of the fundamental factors in assessing the efficiency of the company's capital in generating profits is return on equity (ROE). We also use ROE to gauge the company's efficiency in generating profits through its equity. The company's value will increase as its ROE increases, indicating improved performance. Muhammad Faisol Efendi et al. (2018) said that ROE has a significant positive effect on company value. With the proposed hypothesis is:

H_4: Return on Equity (ROE) has a significant positive effect on company value.

3. METHODS

This research falls under the category of quantitative research due to its use of numerical data. This research utilizes secondary data. The company's annual report on the Indonesia Stock Exchange (IDX) for 2019-2022 served as the data source.

The dependent variable in this study is company value. The independent variables used in this study are environmental, social, governance, and return on equity. We used a purposive sampling method, which involves collecting samples based on specific criteria.

The criteria used include:

1. The IDX lists non-financial companies consecutively from 2019 to 2022
2. Issuing annual reports for the 2019-2022 period
3. Have complete information and data according to variables in 2019-2022

Based on the sample criteria above, the number of samples obtained from the observations in this study amounted to 116 companies. The number of observation periods used in this study was four years. This indicates that the study used 464 research data or observations.

4. RESULTS

Based on purposive sampling, the number of samples obtained from the observations in this study amounted to 116 companies. The number of observation periods used in this study was four years. Therefore, this study utilized a total of 464 research data points. Descriptive statistical analysis in this study includes mean, minimum, maximum, and standard deviation. Data processing for this descriptive analysis uses the EViews version 12 program. The following table provides a detailed description of the data for each variable:

Descriptive Analysis

Table 1: Descriptive Analysis Results

	Company Value	*Return on Equity.*
Mean	3.43E+08	0.157679
Median	16213910	0.080943
Maximum	1.14E+10	2.543400
Minimum	0.011949	0.00000
Std. Dev.	1.16E+09	0.266383

Source: Data processed by EViews 12

The descriptive analysis results indicate that, from 2019 to 2022, companies listed on the Indonesia Stock Exchange (IDX) provide financial reports that demonstrate the company's value, with a stable stock price that has increased over time. However, the actual value varies inconsistently each year. Table 4.2 displays a standard deviation value of 1.16E +09 for the company value, while the average value stands at 3.43E +08. Borneo Olah Sarana Sukses Tbk holds the lowest value of the company value, 0.011949, while Alakasa Industrindo Tbk holds the highest value, 1.14E+10.

Table 4.2 shows the value of the Return on Equity variable is in the range of 0.000000 to 2.543400. PT Sumalindo Lestari Jaya (SULI) owns the minimum value in 2019, while PT Indospring (INDS) owns the maximum value in 2020. The minimum value shown by ROE is at a positive value; if the ROE obtained is negative, it can be obtained from the calculation of net income divided by total equity, where not all companies have profits that show positive values or there are companies that in certain years experience losses or show negative profit values. The average ROE from 2019 to 2022 shows a value of 0.157679, and the standard deviation shows a value of 0.266383. The standard deviation value of this variable is greater than its average value. The greater the value of the standard deviation, the greater the average distance of each data unit from the mean. This shows that the sample in the ROE value study varied quite a bit during the study period. The greater the standard deviation value, the more spread the observation data in a study.

We gather, measure, and report information about a company or entity's environmental, social, and governance (ESG) composition. This involves collecting data on how the company operates in terms of the impacts of the three compositions. We then organize and calculate this information into a table or report format, enabling stakeholders like investors, regulators, and the general public to comprehend the company's performance in ESG aspects. Companies use ESG tabulation to measure and monitor their performance against these factors, pinpoint areas for improvement, and effectively communicate their efforts to stakeholders.

ESG tabulation results provide an overview of the extent to which companies adhere to sustainability and social responsibility practices. Thus, decisions based on environmental, social, and governance considerations often incorporate ESG data.

Panel Data Test

Chow test

Table 2: Chow Test Results.

Effect Test	Statistic	d.f.	Prob
Cross-section F	4.505	(115.344)	0.000
Cross-section Chi-square	426.299	115	0.000

Source: Data processed by EViews 12

The table above reveals that the probability of F in the Chow test, which examines the impact of environmental, social, and governance factors and return on equity on firm value, is 0.000. The test results show a probability value < 0.05; thus, the panel data regression estimation model for the effects of environmental, social, governance, and return on equity on company value is the Fixed Effect Model (FEM).

Hausman Test

Table 3: Hausmann Test Results.

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.995030	4	0.910

Source: Data processed by EViews 12

As in the table above, the results show that the probability in the Hausman test of the effect of environmental, social, and governance factors and return on equity on company value is 0.910. The test results indicate a probability value greater than 0.05, leading to the rejection of Ha. Therefore, the panel data regression estimation model for evaluating the impact of environmental, social, and governance factors, as well as return on equity, on company value is a random effect model.

Without the need for additional testing (the LM Test), it is clear from the two model selection tests that the RE model performs better for this panel data case than the FE and CE models.

Classical Assumption Test

Multicollinearity Test

Table 4: Multicollinearity Test Results.

	Environmental	Social	Governance	Return on Equity.
Environmental	1.000000	0.164659	-0.238714	-0.166532
Social	0.164659	1.000000	-0.065675	0.025079
Governance	-0.238714	-0.065675	1.000000	0.042761
Return on equity.	-0.166532	0.025076	0.042761	1.000000

Source: Data processed by EViews 12

The results of testing the multicollinearity assumption using the correlation coefficient value indicate that each variable has a correlation coefficient value of approximately 0.90. Therefore, the multicollinearity test assumption is satisfied.

Heteroscedasticity Test

Table 5: Heteroscedasticity test results.

Item	Value
Obs*R-squared	56.875
Prob. Chi-Square (11)	0.198

Source: Data processed by EViews 12

The test results table shows that the Obs*R-squared probability is 0.219. This is in accordance with the test requirements of the white test, where the Obs*R-squared probability value must be greater than the significance level (0.05). Therefore, we can conclude that the data does not exhibit heteroscedasticity, as it meets the criteria for values above the significance level.

Hypothesis Testing

Panel Data Regression Analysis

Table 6: Regression Analysis Results.

Variables	Coefficient
Company Value	953.85
Environmental	9.543
Social	-8.431
Governance	-4.064
Return on Equity.	9.625

Source: Data processed by EViews 12

The construction of the panel data linear regression equation is based on Table 6:

Company Value = 953.85 + 9.543 X1 - 8.431 X2 - 4.064 X3 + 9.625 X4 + e

Description:

Y = Company Value.

X1 = Environmental

X2 = Social

X3 = Governance

X4 = Return on Equity

The panel data regression equation used in this study can be explained as follows:

1) The constant value of 953.85 means that if the regression coefficient of the independent variable in the regression equation is considered zero, then the company value is 953.85.
2) The value of β1 = regression coefficient for Environmental = 9.543 is positive, indicating that if the Environmental variable increases by one unit, then the company value will also

increase by 9.543 times, assuming the constant and regression coefficients of the other independent variables in the regression equation are zero.

3) The value of β2 = regression coefficient for Social = -8.431 indicates that each increase in Social by one unit will reduce the company value by 8.431 times, assuming the constant and regression coefficients of the other independent variables in the regression equation are zero.
4) The regression coefficient for Governance is -4.064, which means that if Governance goes up by one unit, the Company Value will go down by 4.064 times. This is assuming that all the other variables in the regression equation are constant and have regression coefficients of zero.
5) The value of β4 = regression coefficient for Return On Equity = 9.625 is positive, indicating that if the Return On Equity variable increases by one unit, the Company Value will also increase by 9.625 times, assuming the constant and regression coefficient of the other independent variables in the regression equation are zero.

Test Coefficient of Determination (R Square)

Table 7: Results of the Coefficient of Determination.

Item	Value
Adjusted R-Squared	0.110

Source: Data processed by EViews 12

The coefficient of determination (adjusted R-squared), which reaches 0.110, or is equivalent to 11%, reveals the magnitude of the influence of environmental, social, and governance factors and return on equity on company value. This indicates that the disclosure of environmental, social, governance, and return on equity is 11% of the company's value.

Other factors not included in this study account for 89% of the remaining value. This means that apart from variables such as environmental, social, governance, and return on equity, there are other factors that also impact a company value of as much as 89%.

Simultaneous Test (F Test)

Table 8: Simultaneous Test Results for the F Test.

Item	Value
F-statistic	0.946
Prob (F-statistic)	0.437

Source: Data processed by EViews 12

Table 4.9 presents the results of testing the hypothesis simultaneously, revealing an Fcount value of 0.946 and a probability of 0.437. This result indicates that the probability is more than 0.05, namely 0.437 < 0.05, so it can be concluded that environmental, social, and governance factors and return on equity together do not have a significant effect on company value.

T-test

Table 9: Results of T-Test.

Variable	T-Statistik	Prob
Company Value	2.088	0.037
Environmental	0.574	0.566
Social	-1.425	0.154
Governance	-1.217	0.224
Return on Equity.	0.707	0.479

Source: Data processed by EViews 12

1) First Hypothesis

The results of the analysis using EViews software are presented in Table 4.10 (regression analysis results), where the environmental variable has a value of count = 0.574 and a probability of 0.566. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Given that the probability value of the environmental variable, 0.566, surpasses the significance level of 0.05 (0.566 > 0.05), we can conclude the rejection of the first hypothesis, which asserts that the environment influences firm value. The appendix demonstrates that the overall total ESG indicators also have an impact. The appendix shows that the overall total ESG indicators also have an impact.

2) Second Hypothesis

Based on the analysis using EViews software, Table 4.10 (regression analysis results) shows results on social variables with a value of count = -1.425 and a probability of 0.154. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the social variable, namely 0.154, is greater than the significance level of 0.05 (0.154 > 0.05), it can be concluded that the second hypothesis, which states that social has no effect on company value, **is rejected.**

However, in the calculation of this hypothesis analysis using the total score per social or individual indicator where the measurement results are rejected, there is a difference if the measurement uses the highest score and the lowest score, each of which has an influence on the company's value; this can be seen in the appendix. The appendix illustrates the impact of utilizing the entire set of ESG indicators.

3) Third hypothesis

Based on the EViews software analysis results presented in Table 4.10 (regression analysis results), the governance variable has a value of count = -1.217 and a probability of 0.224. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the governance variable, namely 0.224, is greater than the significance level of 0.05 (0.224 > 0.05), it can be concluded that the third hypothesis, which states that governance has no significant effect on firm value, **is rejected.**

However, in the calculation of this hypothesis analysis using the total score per governance indicator or individually, where the measurement results are rejected, there is a difference if the measurement uses the highest score and the lowest score; each has an influence on the company's value; this can be seen in the appendix. The appendix illustrates the impact of using the overall total ESG indicators.

4) Fourth Hypothesis

Based on the results of the analysis using EViews software in Table 4.10 (regression analysis results), there are results on the return on equity variable with a value of t count = 0.707 and a probability of 0.479. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the return on equity variable, namely 0.479, is greater than the significance level of 0.05 (00.479 > 0.05, it can be concluded that the fourth hypothesis, which states that return on equity has no significant effect on firm value, **is rejected**. Just like other variables, the highest and lowest ratios of the return on equity variable affect it, as shown in the appendix.

5. DISCUSSION

This study aims to examine the effect of institutional ownership (X1), family ownership (X2), government ownership (X3), and type of industry (X4) on audit report lag (Y) in all companies listed on the IDX for the period 2018-2021. Based on the analysis results, the research findings are discussed as follows:

This study aims to examine the analysis of the influence of Environmental (X1), Social (X2), and Governance (X3) factors and Return On Equity (X4) on company value in non-financial companies. Based on the analysis, the research results are discussed as follows:

1. The Effect of Environmental Disclosure on Company Value in Non-Financial Companies Listed on the Indonesia Stock Exchange

Based on the results of the analysis using EViews software in Table 7.6 (regression analysis results), there are results on environmental variables with a value of $t$count = 0.39 and a probability of 0.69. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the environmental variable, namely 0.69, is greater than the significance level of 0.05 (0.69 > 0.05), it can be concluded that the first hypothesis, which states that the environment has an effect on company value as measured using the Tobin's Q ratio value approach, is true. Hypothesis (H1), which assumes that the environment has no effect on company value, can be concluded that it is rejected.

In this hypothesis, using the total score per environmental or individual indicator where the measurement results are rejected, there are differences in tests if the measurement is using the highest score or lowest score of each; this can be seen in the appendix. The highest environmental score has no effect on company value because environmental factors can vary depending on various factors, including industry, location, geography, and company policy. However, certain aspects may have a limited influence on company value, making the measurement of the highest or lowest score insignificant, as it depends on the factors that influence it. The appendix shows how the total of all ESG indicators impacts the company.

The results of this analysis are not in line with research conducted by Ali Fatemi, Martin Glaum, and Stefanie Kaiser (2017), which states that ESG increases company value, which means that environmental corporate has a positive effect on company value. Environmental disclosure demonstrates the performance and image of a company's environmental responsibility, thereby enhancing the assessment of stakeholders. One of them, investors will be more interested in companies that have a good image and gain trust from the public that the company has carried out good environmental performance, such as using natural resources in production and operations more efficiently (Behl, Kumari, Makhija, & Sharma, 2021).

Based on legitimacy theory, namely the existence of a social contract between the company and the community around the company’s location and the use of available resources, this environmental activity carried out by the company is a responsibility that must be carried out by the company because it has used natural resources around the community. Therefore, the company's environmental disclosure will enhance its performance and image in the community, leading to greater trust from the community and stakeholders.

The results obtained in this research are not in line with research conducted by Ardila (2017) and Sawitri (2017), which states that environmental performance has no significant effect on company value because not all investors see performance as a criterion for investing. For investors, good environmental performance does not guarantee that a company can provide them with benefits. Additionally, environmental processing will increase the company's costs, potentially impacting investor income. This research is also in line with research conducted by Astuti and Juwendah (2017), which states that environmental performance has no significant effect on company value. Research

conducted by Wibowo (2020), which states that environmental performance disclosure has no effect on company value.

Based on the results of the, the company can improve its environmental performance through the use of resources reflected in improving the company's performance and capacity to reduce the use of fuel, energy, or water and find more eco-efficient solutions through improved supply chain management. Companies can also increase their commitment and effectiveness toward reducing environmental emissions in their production and operational processes. Companies can also demonstrate innovation by reducing environmental costs and burdens for their customers, and by creating new market opportunities through innovative environmental technologies, processes, or eco-designed products.

2. The Effect of Social Disclosure on Company Value in Non-Financial Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the results of the analysis using EViews software in Table 7.6 (regression analysis results), there are results on social variables with a value of $t$count = -0.81 and a probability of 0.41. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the social variable, namely 0.41, is greater than the significance level of 0.05 (0.41< 0.05). Hypothesis (H2),) which assumes that social performance affects company value, it can be concluded that H2 is rejected.

However, in the calculation of this hypothesis analysis using the total score per social or individual indicator where the measurement results are rejected, there is a difference if the measurement uses the highest score and the lowest score, each of which has an influence on the company's value; this can be seen in the appendix. The appendix illustrates the impact of utilizing the entire set of ESG indicators.

The findings of this study align with Anna & Ratna's (2020) research, which suggests a positive impact of social performance on company value. Furthermore, Aboud & Diab's research (2018) states that there is a positive and significant relationship between corporate social performance and company value. Then, Hastuti's research (2016) asserts that social performance significantly influences the value of manufacturing companies. This research shows that companies that have carried out social activities will be responded to by stakeholders and increase the value of the company so that the company becomes better known by stakeholders.

The results of this research are not in line with research conducted by Wibowo (2020), which states that the results that social performance disclosure has no effect on company value. Along with research conducted by Astuti and Juwendah (2017), which also states that disclosure of social performance has no significant effect on company value. Given that a company's reputation is influenced by its company value, it follows that if social performance does not have a significant impact on company value, it will also not have an impact on company reputation. However, this study's results contradict Aboud & Diab's (2018) research, which asserts a positive and significant relationship between corporate social performance and company value.

Through the disclosure of social performance, companies portray the impression of social responsibility so that they are accepted by the community. With the acceptance of the community, it is expected to strengthen the company's interaction with stakeholders, which in turn can improve the company's reputation or image. This is in accordance with legitimacy theory relating to how management seeks to control public perceptions by improving the company's reputation.

3. The Effect of Governance Disclosure on Company Value in Non-Financial Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the results of the analysis using EViews software in Table 7.6 (regression analysis results), there are the results of the governance variable with a value of $t$count = -0.39 and a probability of 0.69. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the governance variable, namely 0.69, is greater than the significance level of 0.05 ($0.69 > 0.05$), it can be concluded that the third hypothesis, which states that governance has no significant effect on company value, is true. Hypothesis (H3), which assumes that governance has an effect on company value, it can be concluded that H3 is rejected.

However, in the calculation of this hypothesis analysis using the total score per governance indicator or individually, where the measurement results are rejected, there is a difference if the measurement uses the highest score or the lowest score, each of which has an influence on company value; this can be seen in the appendix.

Based on legitimacy theory, it states that companies must act in accordance with the expectations of stakeholders and act within the limits of existing norms in society in order to get a good assessment from stakeholders so as to create a good corporate reputation. However, the results of this research indicate that governance performance has no

significant impact on corporate reputation. This implies that stakeholders cannot use a company's good or bad governance as a determinant of its reputation.

This research is not in line with research conducted by Hasna (2014), which also found that corporate governance performance does not affect company value. Research by Zaitul, Wahyuni & Hamdi (2020) shows that disclosure of governance has no effect on company value. Lestari's (2021) research asserts that corporate governance does not enhance a company's reputation.

Increasing the commitment and effectiveness of companies in adhering to the best practices of corporate governance principles can improve corporate governance performance. This can be done, among other things, through risk management in the company. Additionally, companies can enhance the effectiveness of treating shareholders equally and utilizing anti-takeover tools. Company practices to communicate that the company has integrated economic, social, and environmental dimensions in the decision-making process are also steps that can be taken to improve governance performance.

4. The Effect of Return on Equity Disclosure on Company Value in Non-Financial CompaniesListedd on the Indonesia Stock Exchange in 2019-2022

Based on the results of the analysis using EViews software in Table 7.6 (Regression analysis results), there are results on the return on equity variable with a value of $t$count = -0.58 and a probability of 0.55. The significance level (0.05) determines the acceptance or rejection of the hypothesis. Because the probability value of the return on equity variable, namely 0.55, is greater than the significance level of 0.05 (0.55 > 0.05). So the hypothesis (H4), which assumes that return on equity has a significant effect on company value, can be concluded that H4 is rejected.

The relationship between return on equity and company value can be very significant. The higher the ROE, the more efficient the company is in utilizing the capital provided by shareholders. Although ROE is an important financial indicator, there are situations where it may not significantly affect company value. Other factors like capital structure, industry risk, and economic conditions can influence the relationship between ROE and company value. As with the environmental, social, and governance variables that have scores, then there are the highest and lowest scores. On return on equity, if the highest percent ratio also has an influence on company value, the greater the return on equity reflects the company’s ability to generate high profits for shareholders, the data can be seen in the attachment.

The results of research conducted by Kalsum Yahya et al. (2021) say that ROE has a negative effect on company value, that the higher the ROE, the lower the company value; this shows that every 1% increase in ROE causes the stock price to decrease by 0.013673.

The results of the research support research conducted by Kusmawardani (2010), which also states that ROE has a negative and significant effect on company value. This research is not in line with research conducted by Muhammad Faisol Efendi et al. (2018), which states that ROE has a significant positive effect on company value.

6. CONCLUSION

According to research tests, the following are found:

1. Environmental disclosure of companies in Indonesia as measured by using ESG Environmental Score has no effect on company value.
2. Social disclosure of companies in Indonesia as measured using ESG Social Score has no significant effect on company Value.
3. Disclosure of corporate governance in Indonesia as measured using ESG Governance Score has no significant effect on company value.
4. Return on equity has no significant effect on company value. Based on this, return on equity (ROE) does not always have a significant relationship to the value of the company.

LIMITATION

This research has several limitations that need to be considered when evaluating the results. These limitations limit the study's scope and may provide opportunities for future research. The following is a more detailed explanation of these limitations:

1. The results of the calculation of the variation of the variables used in this research are still relatively low, so it can be concluded that there are still many other variables that can cause audit report lag.
2. This research only relies on secondary data, such as financial reports and audit reports from companies listed on the Indonesia Stock Exchange.

This research only uses companies listed on the Indonesia Stock Exchange.

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