

ABSTRACT

This study aims to analyze the effect of Environmental, Social, and Governance (ESG) Disclosure on corporate financial performance, with Financial Slack as a moderating variable. ESG Disclosure is measured both in aggregate and by its three dimensions: Environmental Disclosure, Social Disclosure, and Governance Disclosure. Corporate financial performance is proxied by Tobin's Q, with control variables including Weighted Average Cost of Capital (WACC), Leverage, Firm Age, and Firm Size.

The study employs secondary data obtained from the Bloomberg Laboratory at the Faculty of Economics and Business, Universitas Diponegoro, as well as annual reports and financial statements published on the official websites of the Indonesia Stock Exchange (IDX) and the respective companies. The population comprises non-financial companies listed on the IDX during the 2021–2023 period. Using a purposive sampling method, 56 companies were selected as the research sample. Data were analyzed using Moderated Regression Analysis (MRA) through SPSS version 25.

The results indicate that ESG Disclosure, in aggregate, has a positive and significant effect on Tobin's Q. Financial Slack is found to positively moderate the relationship between ESG Disclosure and firm value. Further analysis of each ESG dimension reveals that Environmental, Social, and Governance Disclosures individually exert a positive influence on Tobin's Q. Moreover, the interaction terms between Financial Slack and each ESG dimension are also statistically significant, indicating that Financial Slack strengthens the effect of ESG Disclosure on firm value. These findings highlight the important role of ESG Disclosure—both in aggregate and by dimension—and Financial Slack in enhancing corporate value.

Keywords: ESG Disclosure, Environmental Disclosure, Social Disclosure, Governance Disclosure, Financial Slack, Tobin's Q

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