ABSTRACT

This study aims to analyze the effect of ESG disclosure on firm value and to examine the moderating role of competitive advantage in that relationship. ESG disclosure and each of its pillars are measured using the Bloomberg ESG Disclosure Score along with the Bloomberg Environmental, Social, and Governance Disclosure Scores. Firm value is proxied by Tobin's Q, while competitive advantage is measured as the difference between Return on Invested Capital (ROIC) and Weighted Average Cost of Capital (WACC). In addition to the aggregate ESG variable, this study separately examines the effect of each ESG pillar, comprising environmental disclosure, social disclosure, and governance disclosure.

The research sample consists of 67 non-financial companies listed on the Indonesia Stock Exchange during the period 2020–2024, yielding a total of 335 observations. Data were obtained from the Bloomberg Terminal and analyzed using panel data regression with a Fixed Effect Model approach and the application of robust standard errors.

The findings reveal that ESG disclosure, environmental disclosure, and governance disclosure each exert a negative and significant effect on firm value, while social disclosure demonstrates a marginally significant negative effect. Competitive advantage is found to strengthen the effect of ESG disclosure as well as each individual ESG pillar on firm value. These findings suggest that ESG disclosure has not yet been fully appreciated positively by the market. Nevertheless, ESG disclosure has the potential to contribute more meaningfully to firm value when supported by the competitive advantage of the company.

Key words: *ESG disclosure, competitive advantage, firm value.*

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