

ABSTRACT

This study examines the effect of each aspect of Environmental, Social, Governance (ESG) disclosure on firm value and how the role of audit quality in moderating the relationship.

This research was conducted using panel data regression from 22 companies in the energy and basic materials sector that listed on the Indonesia Stock Exchange (IDX) in the period 2021-2023, with a total of 66 samples.

The results of this study indicate that only Governance disclosure has a significant positive effect on firm value (Tobin's Q). Meanwhile, Environmental disclosure has a negative insignificant effect and Social disclosure has a positive insignificant effect. In this study, the role of audit quality does not strengthen the relationship of each aspect of Environmental, Social, and Governance to firm value. This result indicates that good governance is more concerned by investors than environmental and social aspects, while audit quality is not a determining factor in the relationship. Given these results, it is important for policymakers to tighten regulations on ESG disclosure. Future research can consider a larger sample, manually calculate ESG scores for companies whose data are not available on Bloomberg, and use other moderation variables, such as external assurance.

Keywords: Environmental Disclosure, Social Disclosure, Governance Disclosure, Firm Value, Audit Quality, Energy Sector, Basic Material Sector

