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The Impact of Environmental, Social, and Governance Disclosure on Corporate Reputation and Its Influence on Firm Value in the Energy Sector,

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A R T I C L E I N F O

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A B S T R A C T

This study examines the effects of environmental, social, and governance (ESG) disclosure on firm value, with corporate reputation as a mediating variable. The sample consists of energy sector firms listed on the Indonesia Stock Exchange during 2019–2023. Using Partial Least Squares–Structural Equation Modeling (PLS-SEM), the results indicate that environmental, social, and governance disclosures have significant positive effects on corporate reputation. Governance and social disclosures directly enhance firm value, while environmental disclosure shows no direct effect. Corporate reputation significantly contributes to firm value and partially mediates the relationship between ESG disclosure and firm value. These findings highlight the importance of credible ESG disclosure and reputation building in improving market valuation, particularly in emerging markets and energy-intensive industries.

INTRODUCTION

In the contemporary business landscape, accountability and sustainability have become paramount, compelling companies to be evaluated not just on financial performance but also on their environmental and social responsibilities. The integration of Environmental, Social, and Governance (ESG) principles serves as a crucial indicator for assessing the long-term viability and quality of a business. According to Wijaya (2021), a company's value, which reflects market perception of its ability to generate sustainable profits, is influenced by both internal factors, such as financial performance, and external factors, including public perception and regulatory pressures. For instance, stable and increasing stock prices indicate strong fundamentals and effective management strategies, thereby enhancing investor confidence and company value.

As competition intensifies in the free market, companies must adopt strategies to enhance their value, balancing financial performance with the management of their operational impacts on society and the environment. Xiao et al. (2023) assert that businesses should not solely pursue profit but also consider the long-term implications of their activities. The rapid growth of business often leads to negative environmental consequences, as highlighted by Husada and Handayani (2021), who noted that unsustainable practices could result in severe ecological damage, contradicting economic growth indicators. The Indonesian government's commitment to integrating environmental issues into its national development agenda further underscores the necessity for companies to adopt sustainable practices to bolster their long-term value.

Corporate reputation, a significant intangible asset, is heavily influenced by environmental and social issues (Islam et al., 2020). Effective reputation management requires companies to integrate ESG aspects into their operations. The relationship between ESG performance and corporate reputation is critical; as S. Wu et al. (2022) suggest, a company's value can reflect investor trust in its ability to maintain a positive reputation through sustainable practices. This interconnection highlights the importance of a robust ESG strategy in enhancing a company's standing in the eyes of stakeholders, ultimately influencing its market value.

In summary, the interplay between ESG disclosure, corporate reputation, and firm value is increasingly evident, particularly in the energy sector, where environmental concerns are paramount. Companies that effectively communicate their commitment to sustainability are likely to enhance their reputation and, consequently, their market value. This dynamic necessitates further explore. The content is generally well-written, but here are some minor grammatical and stylistic improvements. The primary change was in the last sentence of the last paragraph, changing "into how" to "of how" for improved claritytion into how ESG practices can be leveraged to foster a positive corporate image and improve financial performance in a rapidly evolving market.

LITERATURE REVIEW

Corporate Value

The primary aim of firm value is to maximise shareholder wealth, enhancing the financial prosperity of business owners through optimal profit generation (Xiao et al., 2023). This objective is achieved via effective financial management practices, where each financial decision influences subsequent choices, ultimately impacting firm value. A robust firm value, reflected in market prices, signifies investor confidence and the potential for sustainable growth, underlining the importance of strategic management in enhancing shareholder wealth.

Several factors affect firm value, notably Environmental, Social, and Governance (ESG) disclosures. Environmental disclosure signals a company's commitment to responsible practices, boosting investor confidence and public trust (Ghoul et al., 2017). This transparency often correlates with increased stock prices, thereby enhancing firm value (Jin et al., 2023). Social disclosures further reinforce a company's reputation, fostering community acceptance and encouraging investment decisions that contribute to firm value. Governance disclosures, reflecting sound management practices, can significantly elevate stock prices as investors anticipate higher returns through dividends and reinvested profits.

A key metric for assessing firm value is the Price to Book Value (PBV) ratio, which is pivotal for investors in stock selection (Cline et al., 2018). A PBV exceeding one indicates that market valuation surpasses book value, suggesting investor confidence in prospects (Gitman, 2020). A higher PBV ratio not only reflects strong market performance but also signals robust shareholder wealth, reinforcing the notion that elevated firm value correlates with increased investor trust in long-term profitability (Marsha & Murtaqi, 2021).

Corporate Reputation

Corporate reputation is increasingly recognised as a critical asset, particularly in the energy sector, where stakeholder scrutiny is intense. According to Feng, Wang, and Huang (2020), reputation can be gauged through formal achievements such as industry awards and quality certifications, which signal a company's operational quality and ethical standards. This external recognition not only enhances stakeholder perceptions but also contributes to overall corporate credibility. Kim and Kim (2021) further assert that corporate reputation reflects public evaluations of organisational performance, with awards serving as measurable indicators of this reputation. Thus, a robust reputation is linked to consistent performance and external validation, reinforcing the importance of transparency in Environmental, Social, and Governance (ESG) practices.

Shahzad, Rehman, and Abbas (2022) highlight that the quality of external recognition, including sustainability and governance awards, plays a significant role in shaping corporate reputation. The accumulation of such accolades is indicative of a company's commitment to excellence and social responsibility, which are increasingly valued by stakeholders. In the energy sector, where environmental impacts are scrutinised, a strong reputation can lead to enhanced trust and investor confidence, ultimately influencing company value. Therefore, the relationship between ESG disclosures and corporate reputation is critical for energy companies aiming to establish a competitive advantage in a rapidly evolving market.

In summary, the aggregation of stakeholder evaluations, reflected through awards and recognitions, underscores the importance of ESG disclosures in enhancing corporate reputation. As organisations strive for excellence, the external validation received through accolades not only solidifies their standing in the industry but also has a profound impact on their overall value.

Environment Disclosure

Environmental disclosure refers to the transparent communication of a company's environmental performance and impacts, including emissions, resource consumption, and waste management (Clarkson et al., 2021). This practice has gained significant importance due to increasing stakeholder demand for sustainability information. For instance, companies in the energy sector are now required to report their carbon footprints and compliance with environmental regulations, reflecting their commitment to sustainability (Cho et al., 2021). The Programme for Pollution Control (PROPER) in Indonesia, which ranks companies based on their environmental performance, illustrates how such disclosures can enhance corporate reputation and stakeholder trust (Kementerian Lingkungan Hidup, 2020). A company's environmental rating can directly influence its market value, as consumers and investors increasingly favour firms demonstrating responsible environmental practices (Longoni & Cagliano, 2022).

Sosial Disclosure

Social disclosure encompasses a company's commitment to social responsibility, including community engagement, employee welfare, and human rights practices. This aspect of disclosure is critical in enhancing corporate reputation, as stakeholders are more likely to support companies that demonstrate ethical practices (Tsang et al., 2023). For example, firms that actively participate in community development projects or maintain fair labour practices are perceived more favourably, leading to increased customer loyalty and brand equity. Research indicates that companies with strong social disclosures often see an uptick in their stock prices, as investors seek to align their portfolios with socially responsible entities (Fuadah et al., 2022). Furthermore, social disclosures can mitigate risks associated with reputational damage, as they provide transparency in a company's social impact initiatives.

Goverment Disclosure

Governance disclosure involves the transparency of a company's leadership structure, decision-making processes, and compliance with laws and regulations. Effective governance is crucial for building trust among stakeholders and enhancing corporate reputation (Muslichah, 2020). Companies that disclose their governance practices, such as board diversity and executive compensation, typically enjoy a competitive advantage in the marketplace. For instance, firms that adhere to high governance standards are less likely to face regulatory penalties and are perceived as more stable investments (Tsang et al., 2023). This is particularly relevant in the energy sector, where regulatory scrutiny is intense. Studies have shown that companies with robust governance frameworks tend to outperform their peers in terms of financial performance and market valuation (Longoni & Cagliano, 2022).

Hypothesis

Empirical research has established a positive correlation between environmental disclosure and company value. For instance, Plumlee et al. (2021) found that high-quality environmental disclosure is positively related to company market value, particularly when such disclosures include quantitative metrics and are independently verified. This observation is echoed by Clarkson et al. (2022), who conducted a study on U.S. companies and concluded that detailed and honest environmental disclosures significantly boost market valuations, as they are perceived as strong indicators of proactive management regarding sustainability issues.

Overall, prior research suggests that high-quality, transparent, and performance-based environmental disclosure positively influences company value. This is largely because investors tend to view companies with strong environmental commitments as possessing good risk management, long-term stability, and sustainable profit potential. Thus, the following hypothesis can be formulated:

H1: Environmental Disclosure has a positive and significant effect on Company Value.

Zhang and Wang (2023) highlighted that consistent and integrated environmental disclosures within sustainability reports bolster corporate reputation. However, excessive disclosure without tangible actions may lead to negative perceptions of greenwashing, which can detrimentally affect reputation (Kim & Lyon, 2015). Thus, the credibility of environmental disclosure is crucial in shaping the relationship between disclosure practices and corporate reputation.

H2: Environmental Disclosure positively and significantly affects corporate reputation.

Previous studies support this hypothesis by demonstrating that social disclosure has a positive impact on corporate reputation. Ghuslan (2021) found that the quality of social reporting significantly influences corporate reputation, concluding that companies with strong social reporting enjoy a more positive reputation due to greater transparency in social responsibility. Similarly, Hu (2020) reported that CSR reporting improves corporate innovation sustainability and reduces information asymmetry between management and investors, thereby enhancing corporate image in capital markets. Andayani (2021) showed that positive corporate social behavior strengthens relationships with employees and investors while improving overall corporate reputation.

Based on the above discussion, the following hypothesis is proposed: **H3: Social disclosure has a positive and significant effect on corporate reputation.**

Numerous empirical studies indicate that social disclosure positively affects firm value by improving corporate image, attracting ethically oriented investors, and strengthening customer loyalty. Wang and Sarkis (2020) found that CSR disclosure emphasizing social contributions and community engagement has a positive impact on firm market value, particularly for firms with high stakeholder interaction intensity. Similarly, Orlitzky, Schmidt, and Rynes (2023), through a meta-analysis of more than 50 studies, concluded that corporate social performance (CSP) has a significant positive correlation with corporate financial performance (CFP), which serves as a proxy for firm value. Based on this discussion, the following hypothesis is proposed:
H4: Social disclosure has a positive and significant effect on firm value.

Empirical evidence supports this relationship. Khan and Subhan (2022), in the *Journal of Applied Accounting Research*, found that corporate governance disclosure indices are positively associated with corporate reputation in South Asian countries. Their findings suggest that strong governance disclosure enhances transparency and reduces information asymmetry, thereby reinforcing corporate reputation among shareholders and regulators.

However, corporate reputation may deteriorate when governance disclosure is merely symbolic and lacks substantive implementation. Ntim and Soobaroyen (2023) emphasize that symbolic governance disclosure unsupported by actual practices can generate negative perceptions of corporate integrity. Therefore, the quality of governance disclosure is more critical than the mere quantity of disclosed items (Michelon & Parbonetti, 2022).

Based on the above discussion, the following hypothesis is proposed: **H5: Governance disclosure has a positive and significant effect on corporate reputation.**

Empirical studies indicate that high-quality governance disclosure positively affects firm value by increasing investor confidence, reducing information asymmetry, and strengthening corporate image. Gompers, Ishii, and Metrick (2023) show that firms with strong governance structures exhibit higher firm value and financial performance. Similarly, Klapper and Love (2024) find that higher governance index scores are positively associated with firm value and profitability in emerging markets. Studies by Brown and Caylor (2021) and Khan and Subhan (2022) further confirm that transparent governance disclosure enhances market perceptions and firm value, particularly in Asian contexts.

Moreover, Albitar et al. (2020) demonstrate that ESG disclosure, especially the governance dimension, positively influences market value in energy and manufacturing sectors. Bhagat and Bolton (2008) also argue that firms with sound governance tend to have more efficient capital structures and lower cost of capital, thereby increasing firm value. However, symbolic governance disclosure without substantive implementation provides only short-term effects

on investor perception (Ntim & Soobaroyen, 2013). Overall, prior studies suggest that transparent, credible, and practice-based governance disclosure has a positive and significant effect on firm value.
H6: Governance disclosure has a positive and significant effect on firm value.

Empirical evidence supports a positive relationship between corporate reputation and firm value. Roberts and Dowling (2022) find that firms with strong reputations achieve more sustainable competitive advantages and superior long-term firm value. In Asia, Nguyen and Bui (2021) show that corporate reputation positively affects firm value by improving investor trust and access to external financing. Similar findings are reported by Cho et al. (2021) in South Korea, where strong reputations reduce information risk and stock price volatility.

Additionally, Walsh and Beatty (2020) emphasize the customer-based dimension of reputation, showing that firms with high reputational standing enjoy greater brand equity and firm value through enhanced customer loyalty. Surroca, Tribó, and Waddock (2010) further demonstrate that corporate reputation acts as a mechanism linking social resources to competitive advantage and increased firm value.

Based on the above discussion, the following hypothesis is proposed: **H7: Corporate reputation has a positive and significant effect on firm value.**

The theoretical framework illustrates the relationships among concepts used to explain the research problem. Based on the phenomena described in the research background, supported by relevant theories and prior empirical studies, the conceptual framework of this study is developed to explain the relationships among the examined variables.

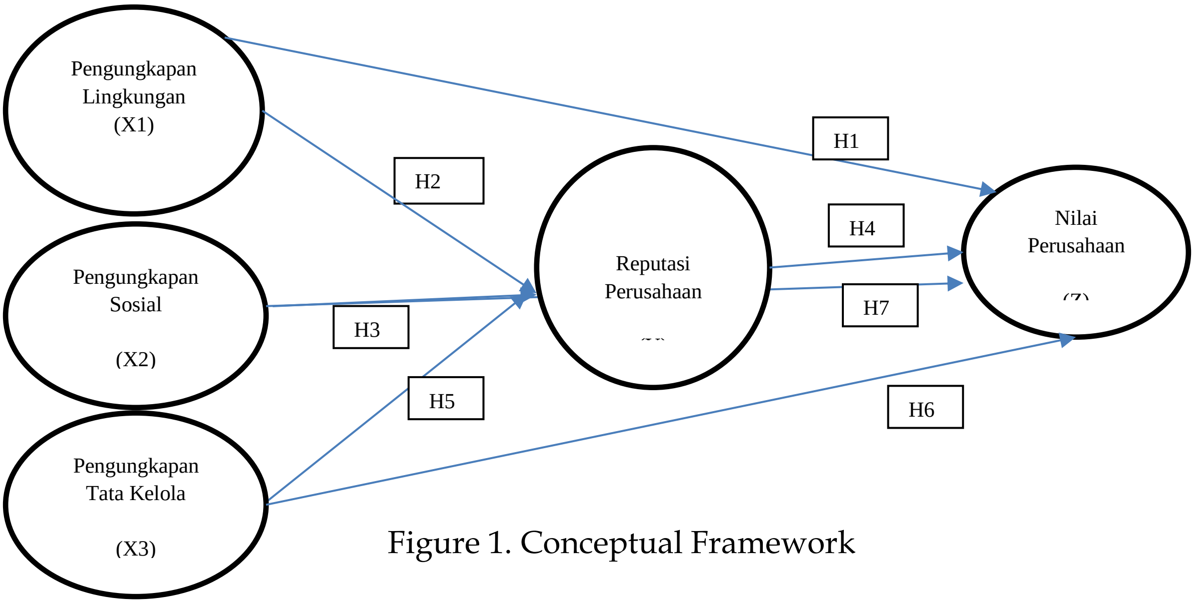


Figure 1. Conceptual Framework

METHODOLOGY

This study was conducted from August to November 2025 and consisted of several stages. The data collection stage (August–September 2025) involved gathering secondary data from annual reports, sustainability reports, and publications issued by the Indonesia Stock Exchange (IDX) and ESG rating institutions. The data processing and analysis stage (October 2025) included dataset construction. The research focused on energy sector companies listed on the Indonesia Stock Exchange and classified under the IDX Energy Sector Index during the 2019–2023 period.

This study employs a quantitative research approach based on positivist philosophy, aiming to test hypotheses using objectively measurable numerical data (Phillips, Clark, & Thomas, 2024). Quantitative methods are used to analyze relationships among variables, identify patterns and trends, and empirically test theoretical frameworks through statistical analysis.
The population consists of all energy sector companies listed on the Indonesia Stock Exchange between 2019 and 2023. According to IDX data, 74 energy sector firms were listed during this period. The sample was selected using non-probability purposive sampling, focusing on companies consistently included in the Energy Sector Index for five consecutive years (2019–2023). Based on these criteria, 14 companies were selected, resulting in 70 firm-year observations.

This study utilizes secondary data. According to Sekaran and Bougie (2016), secondary data are data collected by other parties for specific purposes and subsequently reused for research. The data used are documentary in nature, derived from official and credible sources, including financial statements, annual reports, sustainability reports, and stock price data. All data were obtained from official sources, particularly the Indonesia Stock Exchange (www.idx.co.id), ensuring data validity and reliability.

This study employs **Structural Equation Modeling (SEM)** as the primary data analysis technique. SEM is a multivariate statistical method that enables researchers to examine relationships among latent constructs and their indicators while explicitly accounting for measurement error (Hair et al., 2021). To accommodate the predictive and exploratory nature of the study and the presence of multiple latent constructs, this research adopts the **Partial Least Squares–Structural Equation Modeling (PLS-SEM)** approach (Sarstedt et al., 2022).

PLS-SEM is a variance-based SEM technique that focuses on prediction and does not require strict assumptions regarding data normality or large sample sizes (Hair et al., 2021). Moreover, PLS-SEM is suitable for estimating complex models with low multicollinearity and robust measurement validity (Sarstedt et al., 2022). Data analysis was conducted using **SmartPLS version 4.0**, which supports comprehensive evaluation of the measurement model, structural model, and hypothesis testing (Kline, 2023).

According to Hair et al. (2021), PLS-SEM analysis involves three main stages:

(1) **Measurement Model (Outer Model)** evaluation to assess indicator validity and reliability.

(2) **Structural Model (Inner Model)** evaluation to test relationships among latent constructs; and
(3) **Hypothesis Testing** conducted using the bootstrapping resampling procedure.

The structural model is used to examine causal relationships among latent variables that cannot be measured directly. It represents the direction and strength of relationships between constructs based on the underlying theoretical framework (Sarstedt et al., 2022). The evaluation of the inner model focuses on the significance and magnitude of path coefficients, which must align with the hypothesized relationships.

Statistical significance is assessed using the bootstrapping procedure, which generates t-statistics and p-values. A relationship is considered significant if the t-statistics value is ≥ 1.96 and the p-value is ≤ 0.05 at a 95% confidence level (Kock & Hadaya, 2023).

In addition, structural model evaluation includes assessing the coefficient of determination (R^2) to measure the explanatory power of endogenous constructs, predictive relevance (Q^2) to evaluate the model's predictive capability, and effect size and model fit indicators to assess overall model quality (Hair et al., 2021; Henseler et al., 2021).

Coefficient of Determination (R^2)

R^2 measures the proportion of variance in endogenous constructs explained by exogenous constructs. According to Hair et al. (2021), R^2 values of 0.25, 0.50, and 0.75 indicate weak, moderate, and strong explanatory power, respectively.

Predictive Relevance (Q^2)

Predictive relevance is assessed using Stone–Geisser's Q^2 obtained through the blindfolding procedure in SmartPLS. A Q^2 value greater than zero indicates that the model has adequate predictive relevance, whereas a negative value suggests a lack of predictive capability (Hair et al., 2021; Sarstedt et al., 2022).

Goodness of Fit (GoF)

The Goodness of Fit (GoF) index evaluates the overall model validity by combining explanatory power (R^2) and convergent validity (AVE). According to Vinzi et al. (2004), GoF values of 0.10, 0.25, and 0.38 represent small, medium, and large fit levels, respectively. GoF is calculated using the formula:
$GoF = \sqrt{(R^2 \times AVE)}$.

Hypothesis Testing

Hypotheses are considered supported if the path coefficients are statistically significant, indicated by t-statistics ≥ 1.96 and p-values ≤ 0.05 at the 95% confidence level (Hair et al., 2021). For models involving mediation, indirect effects are evaluated using bootstrapping procedures (Hair et al., 2022). Hypotheses failing to meet these criteria are deemed unsupported.

RESEARCH RESULT

The structural model (inner model) is employed to define and analyze the relationships among latent constructs based on the estimation of path coefficients and their statistical significance. The evaluation of the structural model is conducted by examining the coefficient of determination (R^2), t-statistics, and p-values of each structural path to assess the strength and significance of the relationships among latent variables (Hair et al., 2021).

Table 1. R^2 value

Variabel	R-square	Kategori
Firm Value (PBV) (Z)	0.347	Moderat
Corporate Reputation (Y)	0.444	Moderat

The R^2 value for Corporate Reputation (0.444) indicates that 44.4% of the variance in corporate reputation is explained by the exogenous constructs, such as environmental, social, and governance (ESG) disclosure. The remaining 55.6% is influenced by other factors outside the research model. This value falls within the moderate category, as it lies between 0.25 and 0.50 (Hair et al., 2021).

Meanwhile, the R^2 value for Firm Value (PBV) of 0.347 suggests that 34.7% of the variance in firm value can be explained by other constructs in the model, such as corporate reputation and ESG disclosure. This result also falls into the moderate category, indicating that the model demonstrates a reasonably good explanatory power, although external variables such as profitability, leverage, and market conditions may further influence firm value (Henseler et al., 2021).

Overall, the R^2 values for corporate reputation (0.444) and firm value (0.347) indicate that the research model possesses adequate predictive capability (moderate explanatory power) in explaining the relationships among latent constructs. These findings support the notion that ESG disclosure and corporate reputation play an important role in enhancing firm value during the observed period.

Following the estimation of R^2 values, the next step in structural model evaluation is assessing the statistical significance of the path coefficients using the t-test. For a two-tailed hypothesis, the critical t-values are **1.65 (10% significance level)**, **1.96 (5% significance level)**, and **2.58 (1% significance level)**.

The significance of the relationships among latent variables is determined through the **bootstrapping procedure**, a non-parametric resampling method used to estimate standard errors and test the significance of outer weights, outer loadings, and path coefficients. In this study, bootstrapping was conducted using subsamples with a significant level of 10%.

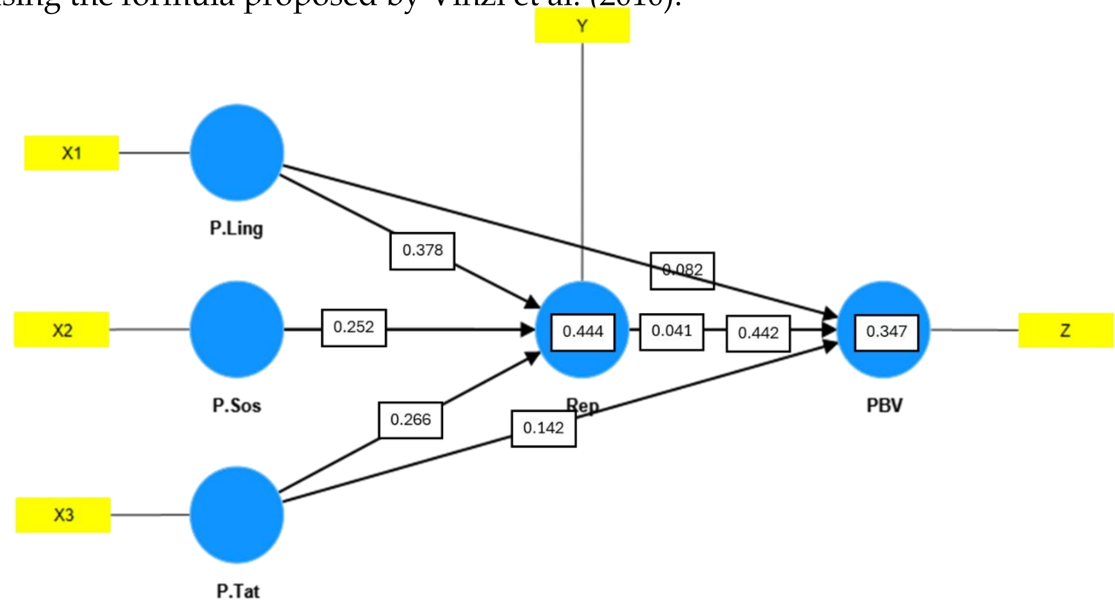
The results indicate that **environmental, social, and governance disclosures** have a significant effect on both **corporate reputation** and **firm value**, suggesting that ESG disclosure enhances corporate image and public trust, which subsequently contributes to firm value. Furthermore, **corporate reputation has a significant effect on firm value (PBV)**, indicating that reputation functions as a mediating variable in the relationship between ESG disclosure and firm value. In other words, ESG disclosure improves firm value both **directly and indirectly through corporate reputation**.

The predictive relevance test (Q^2) is used to evaluate the predictive capability of the structural model in explaining endogenous variables. Q^2 values indicate how well the model can predict omitted data points and serve as an important indicator of model adequacy in PLS-SEM (Hair et al., 2021).

In PLS-SEM, Q^2 values are obtained through the **blindfolding procedure**, which omits part of the data and predicts the omitted values using the estimated model. Higher Q^2 values indicate stronger predictive relevance (Sarstedt et al., 2022).

The Q^2 value for **Corporate Reputation (0.385)** indicates a **moderate predictive relevance**, suggesting that ESG-related variables are able to predict corporate reputation with adequate accuracy. Similarly, the Q^2 value for **Firm Value (PBV) of 0.305** also reflects **moderate predictive relevance**, indicating that the model possesses sufficient capability in predicting firm value based on ESG disclosure and reputation.

The Goodness of Fit (GoF) index is used to assess the overall fit of the PLS-SEM model by combining the average variance extracted (AVE) and the coefficient of determination (R^2) (Hair et al., 2021). The GoF value is calculated using the formula proposed by Vinzi et al. (2010):



Hypothesis testing in this study is based on t-statistics (t-values) and p-values to assess the significance of relationships among latent variables. A hypothesis is accepted when the t-value exceeds the critical value of 1.96 and the p-value is below 0.05, indicating statistical significance at the 5% level (Hair et al., 2021). In the PLS-SEM framework, these statistics are obtained using the bootstrapping procedure, a non-parametric resampling technique that estimates the significance of path coefficients without assuming data normality (Henseler et al., 2021). The results of the accepted and rejected hypotheses are presented in Table 2

Table 2. Hypotesis Test

Hipotesis	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Interpretasi
P.Ling -> PBV	0.082	0.083	0.091	2.944	0.037	Signifikan → Pengungkapan lingkungan **berpengaruh langsung terhadap nilai perusahaan (PBV)**.
P.Ling -> Rep	0.378	0.380	0.080	4.717	0.020	Signifikan → Pengungkapan lingkungan **berpengaruh positif terhadap reputasi perusahaan**.
P.Sos -> Rep	0.252	0.253	0.099	2.555	0.011	Signifikan → Pengungkapan sosial **berpengaruh positif terhadap reputasi perusahaan**.
P.Sos -> PBV	0.041	0.047	0.105	2.916	0.036	signifikan → Pengungkapan sosial **berpengaruh langsung terhadap nilai perusahaan**.
P.Tat -> Rep	0.266	0.265	0.093	2.875	0.004	Signifikan → Pengungkapan tata kelola **berpengaruh positif terhadap reputasi perusahaan**.
P.Tat -> PBV	0.142	0.139	0.101	1.979	0.016	Signifikan → Pengungkapan tata kelola **berpengaruh langsung terhadap nilai perusahaan**.
Rep -> PBV	0.442	0.438	0.112	3.941	0.008	Signifikan → **Reputasi perusahaan berpengaruh positif dan signifikan terhadap nilai perusahaan (PBV)**.

The empirical results demonstrate that environmental, social, and governance (ESG) disclosures play a significant role in enhancing both corporate reputation and firm value among energy sector companies listed on the IDX-IC. Consistent with stakeholder and signaling theories, environmental disclosure positively affects firm value (H1) and corporate reputation (H2), indicating that transparent reporting of environmental practices is perceived by stakeholders as a signal of long-term sustainability and risk management.

Social disclosure also exhibits a positive and significant influence on corporate reputation (H3) and firm value (H4). These findings suggest that firms actively engaging in social responsibility initiatives are more likely to gain stakeholder trust, which subsequently translates into reputational benefits and economic value creation. This supports the view that social performance functions not only as a legitimacy mechanism but also as a strategic asset in capital markets.

Furthermore, governance disclosure significantly enhances corporate reputation (H5) and firm value (H6), underscoring the importance of transparent and accountable governance structures in reducing information asymmetry and strengthening investor confidence. Strong governance practices signal managerial credibility and effective oversight, which are positively valued by the market.

Finally, corporate reputation is found to have a strong and positive effect on firm value (H7), confirming its mediating role in linking ESG disclosure to market valuation. This result indicates that ESG initiatives contribute to firm value not only directly but also indirectly through reputational capital, reinforcing the strategic importance of integrated ESG disclosure in achieving sustainable firm performance.

DISCUSSION

Based on the hypothesis testing results, this study provides several important insights into the relationships among ESG disclosure, corporate reputation, and firm value for companies listed in the IDX-IC during the 2019–2023 period.

First, **environmental disclosure (P.Ling) has a positive and significant effect on firm value (PBV)**. This finding suggests that environmental information disclosed by firms is recognized by the capital market, although its impact may depend on disclosure quality, credibility, and contextual factors. Consistent with legitimacy theory, environmental disclosure serves as a mechanism to gain social acceptance; however, its contribution to firm value tends to be stronger when supported by real environmental performance and assurance.

Second, **environmental disclosure significantly enhances corporate reputation**. This result supports legitimacy theory, indicating that firms use environmental disclosure as a strategic tool to build trust and legitimacy among stakeholders. Prior international studies similarly confirm that transparent environmental reporting strengthens corporate reputation, particularly in environmentally sensitive industries.

Third, **social disclosure (P.Sos) has a significant positive effect on corporate reputation**. In line with stakeholder theory, social disclosure reflects a firm's commitment to employees, communities, and society, thereby strengthening stakeholder trust and reputational capital. This finding reinforces the view that social responsibility communication is an important determinant of corporate reputation.

Fourth, **social disclosure also shows a positive and significant relationship with firm value**, although the effect is relatively modest. From a signaling and legitimacy perspective, social disclosure contributes to firm value only when stakeholders perceive it as credible and aligned with the firm's core business strategy. In emerging markets, symbolic or misaligned social activities may weaken the valuation impact.

Fifth, **governance disclosure (P.Tat) has a significant positive effect on corporate reputation**. While governance practices are generally less visible to the public than environmental or social actions, transparent governance structures still contribute to reputational outcomes, particularly in contexts with weaker regulatory enforcement where governance disclosure serves as an important credibility signal.

Sixth, **governance disclosure significantly increases firm value**. This result strongly supports signaling theory, as transparent and high-quality governance disclosure signals lower risk, better management quality, and stronger internal controls, leading investors to assign higher firm valuations. Among ESG dimensions, governance appears to be the most consistent driver of firm value.

Finally, **corporate reputation has a strong and significant positive effect on firm value**. This finding confirms reputation theory, which views reputation as a valuable intangible asset that reduces perceived risk and enhances investor confidence. Reputation also functions as a key mediating mechanism through which ESG disclosure translates into higher firm value.

Overall, the results indicate that **ESG disclosure positively influences firm value both directly and indirectly through corporate reputation**. Corporate reputation plays a crucial mediating role, strengthening the economic relevance of sustainability disclosure in the Indonesian capital market context.

CONCLUSIONS AND RECOMMENDATIONS

This study examines the effects of **Environmental Disclosure, Social Disclosure, Governance Disclosure, and Corporate Reputation on Firm Value**, using energy sector companies listed on the Indonesia Stock Exchange (IDX) during the **2019–2023** period. Based on the results of hypothesis testing and data analysis, the following conclusions can be drawn:

Environmental Disclosure (P.Ling) has a positive effect on **Corporate Reputation** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. **Social Disclosure (P.Sos)** has a positive effect on **Corporate Reputation** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. **Governance Disclosure (P.Tat)** has a positive effect on **Firm Value** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. **Environmental Disclosure (P.Ling)** have a positive effect on **Firm Value** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. **Social Disclosure (P.Sos)** has a positive effect on **Firm Value** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. **Governance Disclosure (P.Tat)** has a positive effect on **Firm Value** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. **Corporate Reputation** has a positive effect on **Firm Value** among energy sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period.

ADVANCED RESEARCH

This study is subject to several limitations that should be considered when interpreting the findings. First, the analysis relies exclusively on secondary data obtained from annual reports, sustainability reports, and publicly available disclosures from the Indonesia Stock Exchange and ESG rating institutions. This reliance limits the ability to verify the accuracy, consistency, and substantive implementation of ESG practices beyond what is formally disclosed by firms. Second, the observation period is restricted to 2019–2023, which, while ensuring data consistency, may not fully capture the long-term and dynamic effects of ESG disclosure on corporate reputation and firm value, particularly amid regulatory changes and the global energy transition.

Third, the study focuses solely on energy sector firms classified under the IDX Industrial Classification (IDX-IC), which may limit the generalizability of the results to other industries with different ESG characteristics and stakeholder pressures. Fourth, corporate reputation is proxied using a quantitative measure based on awards, which may not fully reflect stakeholders' qualitative perceptions of trust, credibility, and corporate image. Finally, the model does not incorporate control variables such as firm size, profitability, leverage, or firm age, which may also influence the relationships between ESG disclosure, corporate reputation, and firm value.

Future research is encouraged to extend this study by incorporating primary or mixed-method data to complement secondary ESG disclosures, enabling a more comprehensive assessment of disclosure quality and stakeholder perceptions of corporate reputation. Expanding the observation period beyond five years would allow for a deeper understanding of the long-term and dynamic effects of ESG disclosure on corporate reputation and firm value, particularly in the context of evolving regulations and the global energy transition. In addition, future studies may broaden the scope to include multiple industry sectors to enhance the generalizability of findings and to compare ESG impacts across different institutional and industrial settings.

Furthermore, future research should consider employing more multidimensional measures of corporate reputation, such as reputation indices, media sentiment analysis, or stakeholder-based evaluations, to better capture its intangible and perceptual nature. Incorporating relevant control and moderating variables—such as firm size, profitability, leverage, regulatory strength, or ESG assurance—would improve model robustness and explanatory power. Comparative methodological approaches, including the use of alternative SEM techniques or panel data models, may also provide valuable insights into the consistency and reliability of the ESG–reputation–firm value relationship.

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