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The Influence of Environmental, Social, and Governance (ESG) Disclosure and Good Corporate Governance on Firm Value with Corporate Reputation as an Intervening Variable in Companies Listed in the IDXESGL Stock Index for the Period 2018-2022

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ABSTRACT

The aim of this research is to analyze the effect of environmental, social and governance (ESG) disclosure and good corporate governance on company value by using company reputation as an intervening variable in companies listed on the IDXESGL stock index. The period is from 2018 to 2022. This research uses a quantitative approach. This research covers companies that are members of the IDXESGL stock index from 2018 to 2022. A total of 30 companies and a total of 135 observations were used as samples. Data were analyzed using regression analysis and hypothesis testing was carried out using the t test using SPSS version 25 software. The findings show that ESG does not have a significant impact on corporate reputation. The board of directors also does not have a significant effect on the company's reputation. However, ESG has been proven to have a positive and significant impact on company value. On the other hand, the board of directors does not have a significant influence on company value. Furthermore, this research concludes that reputation does not act as a mediator in the relationship between ESG and shareholder value. However, reputation can mediate the relationship between board of directors and firm value.

INTRODUCTION

The number of investors in Indonesia has experienced a significant increase year by year. As of November 2022, PT Kustodian Sentral Efek Indonesia reported that the number of investors in Indonesia reached 10 million, with 99.78% being local investors. This indicates that local investors are increasingly aware of and confident in the importance of investing. The number of stock and other securities investors was recorded at 4,323,643, an increase of 25.27% compared to the previous year, which had 3,451,513 investors. In terms of investment instruments, the financial sector leads with 939,000 investors, followed by the infrastructure sector with 750,000 investors (KSEI, 2022).

Investors' perception of managers' skills in managing industrial energy resources efficiently is reflected in industrial value, which is an important aspect that is often related to share prices (Indrarini, 2019). The industrial value continues to grow so that it continues to be profitable for the owner. Price Book Value (PBV) is utilized as a marker to calculate the esteem of a company, which is gotten by likening the company's book esteem with its share cost. A moo PBV appears that the industry's share cost is typical. This research uses a type of industry reputation to evaluate the value of the industry. Industries that have a good reputation are expected to perform well, especially in terms of share prices. Businesses with solid management and a solid track record are usually more trusted by investors.

Price Book Value (PBV) is a ratio that equates the stock market value of a company with its book value (Brigham and Houston, 2017). In this research PBV is used as a proxy for industrial value. A large PBV increases market confidence in the industry's future prospects and represents greater wealth for shareholders (Hermuningsih, 2013). PBV helps determine whether a stock is undervalued or overvalued by equating the novel value with the market price. The PBV ratio continues to increase so that it continues to have a large influence on the industry's share price, this shows that the industry is successful in creating returns for shareholders. A larger PBV also reflects that investors share a greater evaluation of the industry. This continues to show that the industry is efficient in generating value and wealth for its shareholders (Brigham and Houston, 2017).

Fluctuations in stock prices and PBV ratios represent the market's dynamics and the performance of individual companies during specific periods. As stock prices rise and fall, investors naturally become concerned about the impact on their returns. Recently, investors have been paying attention not only to financial performance but also to non-financial factors, such as environmental, social, and governance (ESG) considerations, which are now becoming important criteria for investment decisions (M. Nelson, 2020).

One factor influencing firm value is ESG. ESG has become a global trend, especially with the emergence of environmentally friendly products that emphasize social principles and human rights. According to Yuniasih (2007), accountability can be achieved, and information asymmetry can be reduced if companies report and disclose ESG activities to stakeholders. With ESG reporting and disclosure, stakeholders can assess the implementation of ESG and provide rewards or sanctions to companies based on the evaluation results.

ESG relates to the operational processes of companies that focus not only on profit but also on environmental, social, and governance principles. According to Noviarianti (2020), ESG is one of the criteria used by companies for long-term investments, reflecting their ability to integrate and implement practices that consider environmental, social, and governance issues. Based on the Mandiri Institute (2022) survey, the implementation of ESG in Indonesia is not yet optimal. Of the 190 listed companies in Indonesia, only 52% monitor carbon emissions from their business activities, and 15% have set emission reduction targets. However, these criteria are essential in ESG principles.

Analysts proposed to examine ESG-focused ventures in Indonesia, backed by the IDX ESG Pioneers (IDXESGL) list and collaboration with Sustainalytics to supply ESG information. IDXESGL may be a stock file discharged by the Indonesian Affect Trade which appears companies that show exceptional execution in natural, social and administration viewpoints. The evaluation of ESG components at IDXESGL employments ESG Hazard to degree financial dangers related to natural, social and administration components. The selection of companies in IDXESGL stems from their commitment to long-term business applications and rigorous implementation and assessment of ESG performance. This is evident from local investments, where assets managed in ESG-themed mutual funds soared to IDR 3.4 trillion in October 2021, marking an 80-fold increase from IDR 42.2 billion in 2016 (KEHATI, 2021). This trend illustrates the growing attractiveness of ESG to stakeholders, as companies excelling in ESG often exhibit superior performance. Consequently, implementing ESG can yield benefits for these companies.

Recently, there has been a significant rise in investor interest in ESG factors. Global investment assets utilizing ESG strategies have increased from prior years, reaching $35.301 trillion in 2020 (The Global Sustainable Investment Alliance, 2020). Companies that prioritize ESG considerations are likely to have a favorable impact on their own operations and mitigate adverse effects on the environment and society, thus fostering a positive brand image that is well-received by investors and the public alike. A positive corporate image can enhance consumer trust, which in turn influences company performance. Investors analyzing ESG factors can uncover new opportunities and manage long-term investment risks to prevent poor performance stemming from inadequate environmental, social, and governance practices (M. Nelson, 2020).

In practice, the implementation of ESG in Indonesia still encounters various challenges related to corporate operational activities that influence ESG application. For instance, environmental concerns include pollution in the Karawang sea caused by a leak from PT Pertamina Hulu Energi in 2019, which impacted marine ecosystems (Mewangi, 2021). Social challenges involve data breaches at PT GoTo (Gojek & Tokopedia) Tbk in 2020, where data theft and the sale of personal information occurred (Akbar, 2021). Governance issues pertain to PT Sumalindo Lestari Jaya Tbk in 2019, which was involved in fraud and abuse of authority regarding shareholder rights (Riyanto, 2021).

In 2021, Behl investigated the relationship between ESG revelation and firm esteem. The comes about shown that ESG, which envelops natural, social, and administration components, had a negative short-term affect on firm esteem but a positive long-term impact. Melinda A. and Wardhani (2020) found that a company's sustainability is reflected in its ESG disclosures, and higher ESG scores are linked to greater firm value. Handini's (2022) research revealed that social factors have a more significant influence on firm value compared to environmental and governance factors. Revita (2020) noted that while environmental factors affect firm value, social and governance factors do not; conversely, Putri (2022) found that both environmental and social factors impact firm value, while governance does not. Irine (2020) examined electrical equipment companies listed on the IDX and discovered that disclosures on environmental, social, and governance issues do not influence firm value, which is consistent with Prasetiono (2022), who also found no impact of ESG disclosure on firm value.

These trends indicate that businesses continue to prioritize profits over their responsibilities to society and the environment, suggesting that corporate governance remains suboptimal. This shows that companies may not adhere to their own ethical standards. Consequently, ESG disclosure plays a critical role in effective stakeholder management and is linked to future financial performance. To assess a company's ESG practices, one can consult the Global Reporting Initiative (GRI) for guidelines on communicating impacts related to climate change, corruption, and human rights (Fariz Fahreza M. & Arum Inawati, 2023). Furthermore, investors recognize that neglecting ESG performance will adversely affect a company's overall performance.

Once a business understands the importance of firm value, management must grasp the factors influencing fluctuations in that value. Good Corporate Governance (GCG) significantly impacts firm value. The dissemination of negative information regarding a company can lead to declines in stock prices and diminish public trust. Implementing ESG practices and disclosures is a natural outcome of adhering to GCG principles. These principles require companies to take stakeholder interests into account, comply with applicable regulations, and engage with stakeholders for long-term sustainability. In Indonesia, GCG frameworks can enhance ESG practices and disclosures, helping to reduce information asymmetry. The GCG framework addresses the separation of ownership and management in companies, as described by agency theory. Within GCG frameworks, the distinction between ownership and control is vital for achieving effective corporate governance (Jensen M. C. & Meckling, 1976).

The rise of cash washing and debasement outrages including PT Asuransi Sosial Angkatan Bersenjata Republik Indonesia (Asabri) and PT Asuransi Jiwasraya in 2019 come about in declining stock costs and a misfortune of financial specialist certainty, eventually driving to liquidation. This highlights that the usage of Great Corporate Administration (GCG) may be a vital calculate affecting firm esteem. In 2022, the government required a transition towards more environmentally sustainable energy sources, which caused coal stock prices to dramatically fall. PT Indika Energy Tbk (INDY) experienced a 33.33% decrease in its stock price, while PT Bukit Asam Tbk (PTBA) saw a decline of 29.27%. This suggests that environmental issues also play a significant role in determining firm value. The Chairman of the Indonesia Corporate Secretary Association (ICSA) stated that the insufficient implementation of GCG and ESG in the Indonesian capital market and among issuers will adversely affect investment ratings, leading to investor reluctance to invest in Indonesia.

The implementation of Good Corporate Governance (GCG) aims to regulate and direct companies to operate in alignment with stakeholder objectives while also adding value to the organization. GCG originates from the conflict of interests between agents and principals, as outlined in agency theory. This conflict can lead to situations where management prioritizes their own interests over those of the principals. Companies must ensure that GCG practices are a substitute for ethical conduct in both work and business, in accordance with their commitments. Consequently, this allows the company's reputation to be maintained well, thereby enhancing stakeholder trust and confidence in its integrity and performance.

Reputation and the execution of Good Corporate Governance (GCG) are interconnected elements in shaping a company's image. Effective GCG practices demonstrate a company's dedication to transparency, accountability, and sustainability, which can significantly bolster its reputation among stakeholders. Conversely, a strong corporate reputation can also reflect solid GCG practices and a high level of integrity in business operations. Therefore, a robust reputation, coupled with effective GCG implementation, can establish a strong foundation for cultivating positive relationships with stakeholders and promoting the company's long-term growth.

Susanti Rahmawati (2010) asserts that Good Corporate Governance (GCG) can generate added value, as it is anticipated that companies implementing GCG will achieve strong performance, thus enhancing both added value and firm value for the benefit of shareholders or business owners. More specifically, the terminology of corporate governance elucidates the roles and behaviors of the board of directors, company management, and shareholders. Ghoul (2011) emphasizes the significance of maintaining a robust relationship between the implementation of GCG and favorable financial results, noting that companies that embrace effective GCG practices often exhibit improved financial performance, which suggests that these elements support one another.

The findings from empirical studies regarding the relationship between firm value, GCG, and ESG are not consistently aligned. Additionally, this research offers unique insights by investigating the impacts of GCG and ESG on firm value while incorporating company reputation as a mediating variable. Reputation is a key factor in the interplay between firm value, GCG, and ESG, as evidenced by mediation analysis. Besides the considerable effect of ESG on firm value, there might be a research gap in this intriguing area, considering the critical role of company reputation.

METHOD

This research utilized a quantitative approach. The primary aim of quantitative research is to test theories by quantifying research variables using numerical data. This methodology also incorporates statistical methods for data analysis. One specific type of quantitative research involves a deductive orientation, which focuses on hypothesis testing.

Companies listed on the Indonesia Stock Exchange's IDX ESG Leaders Index (IDXESGL) between 2018 and 2022 serve as the study's research object. Population refers to all objects under study. In this research, the population consists of all companies listed on the ESG Leaders Index (IDXESGL) on the Indonesia Stock Exchange from 2018 to 2022. Based on the population, researchers selected examples that met the following criteria:

1. Industries listed on the IDX ESG Leaders Index (IDXESGL).
2. Industries that have published complete annual financial reports on the Indonesian Impact Exchange from 2018 to 2022.Companies that possess comprehensive data for both financial and annual reports regarding the variables under investigation.

The sample was chosen based on the financial and annual reports of companies listed on the IDX from 2018 to 2022. After completing the sampling process on the data population, the resulting data set serves as a reference for this research. Consequently, the researcher was able to gather a total of 135 companies for analysis. In this study, path analysis is employed to determine the direct and indirect effects among the variables. This analytical method is used to examine the direct and indirect influences of independent variables on dependent variables. Path analysis models typically illustrate a cause-and-effect relationship regarding the strength of these connections. It can be considered an extension of correlation, offering various interpretations of the results. Furthermore, path analysis serves as an extension of multiple regression analysis.

Path analysis allows for the simultaneous testing of regression equations that include multiple independent and dependent variables. This capability enables the evaluation of mediating or intervening variables. Additionally, path analysis quantifies the direct relationships among the model's variables. The path coefficients show the coordinate relationship between the autonomous and subordinate factors. By utilizing an interceding variable, roundabout connections uncover the degree to which an free variable impacts a subordinate variable. The in general impact is gotten by summing the coordinate and circuitous impacts. Path analysis is employed when the researcher believes, from a theoretical standpoint, that the issue encompasses cause-and-effect relationships. The goal is to clarify both the direct and indirect effects of a collection of variables, with some serving as causes and others as outcomes.

RESULT AND DISCUSSION

Descriptive Statistic

Data processing was performed by the IBM SPSS version 25 program. After going through the data collection and processing process, statistical descriptions are provided for an easy overview of each study variable, as shown in the table below:

Table 1. Summary of Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
PBV	135	0,12	151,90	6,7626	18,68917
Corporate reputation	135	0,00	3,62	0,9300	0,91330
ESG	135	0,00	0,97	0,3789	0,27718
Board of directors	135	4	17	7,11	3,001
Valid N (listwise)	135				

Classic Assumption Test

Normality Test

In this study, the normalcy test is employed to partially investigate the effects of variables. According to the normalcy test criteria, the data is considered normally distributed and the hypothesis can be accepted if the probability value is higher than 0.05. On the other hand, if the probability value is smaller than 0.05, the hypothesis is rejected or the data are not normally distributed.

Table 2. Normality Test Result

Normality Test	Regression model 1	Regression model 2
Test Statistic	0,082	0,076
Asymp. Sig. (2-tailed)	0,200	0,200

Using unstandardized residuals, a Kolmogorov-Smirnov one-illustrated test creates Asymp. hand characteristic (2-tailed) has a value of 0.200, greater than 0.05. Therefore, it can be said that the information is fairly distributed because regression models 1 and 2 pass the normality test.

Multicollinearity Test

The multicollinearity test points to decide whether there's any relationship among the free factors in a relapse demonstrate. A well-structured relapse demonstrate ought to not show any relationship between its free factors. To distinguish multicollinearity issues, investigators can look at two sorts of collinearity insights: the Fluctuation Swelling Figure (VIF) and resilience values. In case the VIF is underneath 10.00 and the resistance esteem surpasses 0.10, it can be concluded that multicollinearity is missing. Conversely, the presence of multicollinearity is indicated if the VIF exceeds 10.00 and the tolerance value falls below 0.10.

Table 3. Multicollinearity test result

Variable	Regression model 1		Regression model 2	
	Tolerance	VIF	Tolerance	VIF
ESG	0,928	1,078	0,913	1,095
Board of Directors	0,928	1,078	0,927	1,079
Corporate reputation			0,984	1,016

The calculation comes about appear that the resilience values for each free variable in both models surpass 0.10, and the change expansion calculate (VIF) values are underneath 10. This shows that multicollinearity isn't display within the relapse models.

Heteroscedasticity Test

The heteroscedasticity test is utilized to decide whether the show in this ponder is free from heteroscedasticity issues. The criteria for the test are as takes after: in case the likelihood esteem surpasses 0.05, the show does not display heteroscedasticity. Then again, on the off chance that the likelihood esteem falls underneath 0.05, it shows the nearness of heteroscedasticity within the show.

Table 4. heteroscedasticity test result

Variable	Model Regression 1		Model regression 2	
	t	Sig.	t	sig
ESG	0.314	0.754	-0,202	0.840
Board of directors	-1.119	0.266	0,054	0.957
Corporate reputation			-1,565	0.122

The table shows that the significance values for all variables in regression models 1 and 2 are greater than 0.05. This indicates that none of the variables in the study display heteroscedasticity.

Path Analysis

Path analysis is an analytical tool used to trace both direct and indirect effects of independent variables on dependent variables. The goal of path analysis is to test regression equations involving multiple dependent variables simultaneously, which often includes several intervening or mediating variables. In addition, path analysis can also measure the direct relationships between variables within the model. The direct relationship between independent variables and dependent variables is reflected in the path coefficients. The indirect relationship represents the extent to which independent variables affect the dependent variables through intervening variables. The total effect is obtained by adding both direct and indirect effects. The following is the data analysis result obtained.

Tabel 5. Multiple Linear Regression Model 1

Variable	Standardized Coefficients Beta	t	Sig.
(Constant)		3.927	0.000
ESG	0.131	1.461	0.146
Board of directors	-0.031	-0,350	0.727

Based on the data processing results above, the first substructure can be formulated as follows:

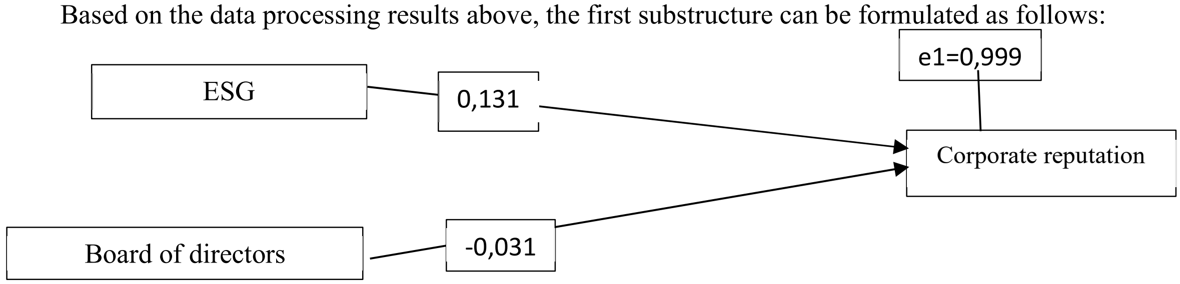

Figure 1. Multiple Linear Regression Substructural Model 2

Based on the results in substructure 1, the following equation can be formulated:

$$\mathbf{z = 0,131x1\text{-}0,031x2 + e1}$$

The ESG coefficient is 0.131, meaning that for each 1-unit increment in ESG, the notoriety score rises by 0.131. In the mean time, the board of chiefs contains a coefficient of -0.031, proposing that a 1-unit increment within the measure of the board leads to a 0.031 diminish within the notoriety score.

Table 6. Multiple Linear Regression Model 2

Model	Standardized Coefficients Beta	t	Sig.
(Constant)		1.482	0,141
ESG	0.217	2.452	0,016
Board of directors	-0.056	-0,641	0,522
Corporate reputation	-0.155	-1,818	0,071

Based on the data processing results above, the second substructure can be formulated as follows:

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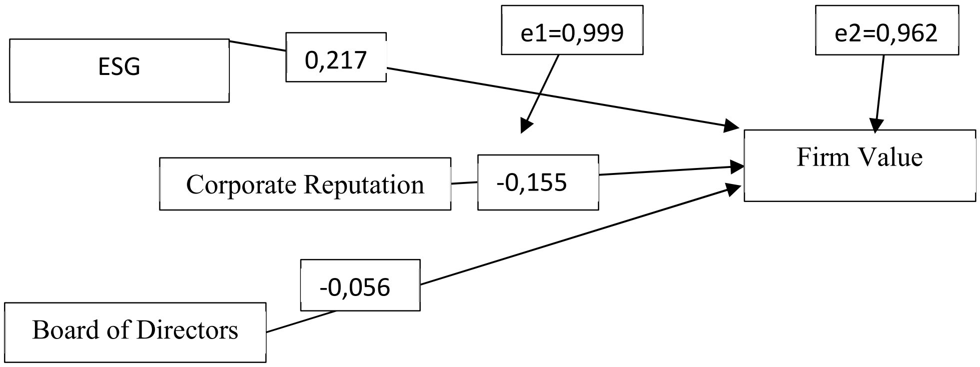

Figure 2. Multiple Linear Regression Substructural Model 2

As shown in the figure above, the relationships between variables, including both direct and indirect effects, are outlined as follows:

a. Direct effects
   The direct relationships between ESG, the board of directors, and reputation on firm value have path coefficients of 0.217, -0.056, and -0.155, respectively.
b. Indirect Effects
   Indirect connections are calculated by duplicating the way coefficient from X to Z with the way coefficient from Z to Y. Based on these calculations, the backhanded way coefficients are as takes after:
   1. Indirect Effect of ESG on Firm Value through Reputation, The indirect path coefficient= 0. 217× (- 0. 155)=- 0. 033635. The calculation shows that the indirect path coefficient is smaller than the direct path coefficient (- 0. 033635< 0. 131). This indicates that there is nomor indirect effect of ESG on firm value through reputation.
   2. Indirect Effect of the Board of Directors on Firm Value through Reputation, The indirect path coefficient =- 0. 056× (- 0. 155)= 0. 00868. The result indicates that the indirect path coefficient is larger than the direct path coefficient (0. 00868- 0. 031).

   This suggests that the board of directors has an indirect effect on firm value through reputation.

Hypothesis Test (T Test)

Assuming all other factors remain unchanged, the purpose of the T-test is to examine the partial effect of independent variables on the dependent variable. The hypotheses tested in this study are as follows:

1. **Hypothesis 1:** ESG has a positive impact on reputation. The test results show that ESG has a significance level of 0.146 (greater than 0.05), a t-value of 1.461, and a path coefficient of 0.131. These findings suggest that ESG does not significantly improve reputation. Therefore, hypothesis 1 is rejected.
2. **Hypothesis 2:** The board of directors positively influences reputation. According to the test results, the board of directors has a path coefficient of -0.031, a t-value of -0.350, and a significance level of 0.727 (greater than 0.05). This indicates that the board of directors does not have a significant impact on reputation. Therefore, hypothesis 2 is rejected.
3. **Hypothesis 3:** ESG positively affects firm value. The test results show that ESG has a t-value of 2.452, a path coefficient of 0.217, and a significance level of 0.016 (less than 0.05). These findings suggest that ESG significantly increases firm value, supporting hypothesis 3, which is accepted.
4. **Hypothesis 4:** The board of directors has a positive effect on firm value. The test results show that the board of directors has a significance level of 0.522 (greater than 0.05), a t-value of -0.641, and a path coefficient of -0.056. This suggests that the board of directors does not significantly influence firm value. Based on these findings, hypothesis 4 is rejected.
5. **Hypothesis 5:** Reputation mediates the relationship between ESG and firm value. The computation results reveal that there is no indirect effect of ESG on firm value through reputation, as the indirect path coefficient is smaller than the direct path coefficient (0.033635 < 0.131). This indicates that reputation does not mediate the relationship between ESG and firm value. Consequently, hypothesis 5 is rejected.

6. **Hypothesis 6:** Reputation mediates the relationship between the board of directors and firm value. The results show that the indirect path coefficient (0.00868) is greater than the direct path coefficient (-0.031), indicating that the board of directors has an indirect influence on firm value through reputation. Therefore, hypothesis 6 is accepted.

Model Adequacy Test (F Test)

To calculate the impact of the free factors as a entire on the subordinate variable, the F test is utilized. Autonomous factors are considered competent of collectively clarifying the subordinate variable in case the calculated F esteem surpasses the F table esteem and the level of centrality is underneath 0.05. On the opposite, in case the level of importance is over 0.05 or the calculated F esteem is less than the table F esteem, this appears that the autonomous variable does not satisfactorily clarify the subordinate variable.

Table 7. Statistical F Test Result

Regression model 1		Regression model 2	
F	Sig	F	sig
1,069	0,346	2,775	0,044

The results of the F test for Model 1 display an F-statistic of 1.069 with a significance level of 0.346, which means it is greater than 0.05. In contrast, the F-test for Model 2 displays an F-statistic of 2.775 at a significance level of 0.044. which is located at the base of 0.05. These results show that Model 2 is more efficient than Model 1 in calculating the variance of the dependent variable, and the independent variables in Model 2 have a significant impact on the dependent variable.

Coefficient of Determination Test (R^2)

The F-test comes about for Demonstrate 1 uncover an F-statistic of 1.069 with a noteworthiness level of 0.346, demonstrating that it is more prominent than 0.05. In differentiate, the F-test for Demonstrate 2 appears an F-statistic of 2.775 at a noteworthiness level of 0.044, which is underneath 0.05. These comes about illustrate that Demonstrate 2 is more successful than Show 1 in bookkeeping for the fluctuation within the subordinate variable, which the autonomous factors in Demonstrate 2 have a critical affect on the subordinate variable.

Table 8. Determination Coefficient Test (R^2) Result

Regression model 1		Regression model 2	
R Square	Adjusted R Square	R Square	Adjusted R Square
0,126	0,001	0,244	0,038

The balanced R^2 esteem for the primary relapse show shows that the autonomous factors, counting ESG and the board of executives, speak to 1% of the variety in notoriety, whereas the remaining 99% is driven by variables not analyzed in this consider. Within the moment regression model, the balanced R^2 esteem uncovers that, along side ESG and the board of executives, notoriety as an interceding variable contributes 3.8% to firm esteem, with the remaining 96.2% impacted by other unexplored factors in this inquire about.

Discussion

1. **The Impact of ESG on Company Reputation**

The comes about of the theory testing show that ESG features a t-value of 0.635 and a importance level of 0.527, which surpasses $\alpha = 0.05$. This proposes that ESG execution does not altogether impact the company's reputation. The speculation (H1) stating that ESG execution features a noteworthy impact on the company's notoriety is in this manner rejected. Numerous companies encounter performance-related challenges, leading managers to prioritize the company's survival over enhancing ESG efforts. Findings from this study indicate that ESG does not directly improve the company's reputation among investors and other stakeholders. Investors often tend to prioritize financial performance that offers immediate returns instead of committing to long-term investments in ESG initiatives.

This aligns with Reijonen (2021), who argued that corporate sustainability disclosures are often viewed as resource drains and may lead to increased debt, ultimately harming financial performance. As a result, the market might respond unfavorably to heightened environmental obligations, since they are not seen as beneficial to the company's reputation. These discoveries compare with the investigate of Dominika, M. S., and Mildawati (2022), which demonstrated that ESG does not altogether impact the company's notoriety. Moreover, Ardila (2017) found that ESG does not impressively influence the company's notoriety since not all financial specialists prioritize ESG as a key calculate in their speculation choices. For some investors, strong ESG performance does not necessarily ensure company profitability. Moreover, these additional costs linked to ESG initiatives may impact investor returns.

Safriani, M. N., and Utomo (2020) fight that a company's primary objective is to extend financial specialist riches, which non-financial objectives may prevent the company's adequacy. Non-financial data, such as ESG, is frequently respected as a implies of assembly partner desires, which can result in organization clashes. Consequently, investors tend to react more favorably to information that enhances their wealth, while being less receptive to non-financial data like ESG. Additionally, investors may perceive ESG initiatives as expensive and contrary to their interests, leading them to shy away from investments, which could ultimately lower firm value. This viewpoint is strengthened by Shareef, R. A., and Atan (2018), who found no critical contrast in firm esteem between companies that uncover ESG data and those that don't as financial specialist choices are formed by components past ESG hones.

2. **The Impact of the Board of directors on Firm value**

The board of executives shows a t-value of -0.664 and a centrality level of 0.508, which surpasses α = 0.05. This demonstrates that the execution of the board of executives does not essentially influence the company's notoriety. Thus, theory (H2), which sets that the board of chiefs essentially impacts the company's notoriety, is rejected.

The board of directors does not seem to have a significant impact on the company's reputation. Investors continue to be doubtful regarding the effectiveness of the board. A survey conducted by IICG indicates that many individuals perceive Good Corporate Governance (GCG) merely as a regulatory requirement, lacking an understanding of its actual benefits. Additionally, insufficient enforcement of GCG regulations leads to ineffective mechanisms for corporate governance.

This finding adjusts with the inquire about conducted by Widyati (2013), which shown that the nearness of the board of executives does not impact the company's notoriety. This think about inspected the affect of the board of executives, autonomous commissioners, review committees, administrative proprietorship, and regulation proprietorship on monetary execution.

3. **The Impact of Environmental, Social, and Governance on Firm Value**

The comes about of the theory testing demonstrate that ESG contains a t-value of 2.794 and a centrality level of 0.006, which is less than α = 0.05. This proposes that ESG execution altogether impacts firm value. Consequently, speculation (H3) expressing that ESG execution incorporates a noteworthy impact on firm esteem is upheld. The rise in maintainability report revelations shows that companies see ESG execution as a implies to shape financial specialist and open recognitions. ESG performance has become an essential factor in investment decisions, as illustrated by the increasing interest in ESG-based financial instruments (I. N. Sari, 2021). According to stakeholder theory, the trust that stakeholders place in a company, stemming from strong ESG performance, enhances firm value. Addressing stakeholder interests fosters corporate sustainability, as stakeholders manage the resources vital for the company's operations.

The findings support stakeholder theory. While investors typically favor stocks that yield immediate returns, they still regard ESG performance as a crucial element in their investment decisions. Companies implementing ESG practices aim to foster relationships with stakeholders while also addressing the interests of shareholders. Enhanced ESG performance can bolster public legitimacy, which in turn contributes to an increase in firm value. Research conducted by Sadiq (2023) shows that firm value rises in direct correlation with enhancements in the company's ESG index. Furthermore, studies by Adhi, R. E., and Cahyonowati (2023) and Adlah, A., and Febrianto (2023) have also found that performance in Environmental, Social, and Governance areas positively influences firm value.

4. **The Impact Of Broad Of Directors On Firm Value**

The board of chiefs appears a t-value of -0.284 and a importance level of 0.777, which surpasses α = 0.05, concurring to the theory test comes about. This shows that firm esteem isn't altogether affected by the execution of the board of executives. Thus, the speculation (H4) declaring that the execution of the board of chiefs altogether influences firm esteem is rejected. This finding adjusts with the think about by Amaliyah, F. (2019), which uncovered that the board of chiefs does not influence firm esteem. It implies that the number of board members does not contribute to the implementation of Good Corporate Governance (GCG) within the organization. The results suggest that the board of directors is not functioning effectively and fails to enhance GCG. Companies may create a board of directors solely to meet regulatory requirements, treating it as a symbolic representation of their commitment to GCG.

5. **Reputation Mediates the Relationship Between Environmental, Social, and Governance (ESG) and Firm Value**

This analysis indicates that reputation does not act as a mediator in the relationship between ESG and firm value. The direct coefficient for ESG and reputation is 0.0313655, which is less than the indirect path coefficient. These findings suggest that neither ESG nor reputation significantly affects firm value when reputation is considered as a mediating variable. Therefore, the hypothesis stating that reputation mediates the impact of ESG on firm value (H5) is rejected.

This adjusts with inquire about conducted by Afifah (2021), which states that corporate notoriety cannot intervene the interface between ESG and firm esteem. The consider found that notoriety does not serve as a go between between ESG execution and firm esteem. The comes about infer that indeed in the event that companies lock in in ESG-related activities, notoriety does not intervene or improve the association between ESG execution and firm esteem.

6. **Reputation Mediates the Relationship Between the Board of Directors and Firm Value**

The analysis reveals that the relationship between the board of directors and firm value is mediated by reputation. The direct coefficient for reputation and the board of directors is 0.003075, which exceeds the indirect path coefficient. This suggests that when reputation is considered as a mediating variable, both reputation and the board of directors have a significant effect on firm value. Thus, it is acknowledged that reputation influences how the board of directors impacts the company’s value.

The study illustrates that the size of the board of directors has a significant effect on the company’s reputation. It also indicates that the company’s reputation significantly impacts firm value. Therefore, reputation serves as a mediator between the size of the board of directors and firm value in Indonesia. A larger board of directors brings diverse knowledge, enhancing the quality of decision-making and providing more options. An increased number of board members creates additional opportunities for the company to manage quality, responsibility, and appeal, as well as to build relationships with external stakeholders. An improved reputation can be advantageous, as a positive reputation holds strategic value for a company and can elevate firm value.

Notoriety can serve as a go between between the board of executives and firm esteem since it is an priceless intangible resource for a company. A solid notoriety improves speculator believe, cultivates client dependability, and encourages get to to capital, subsequently expanding firm esteem. Concurring to organization hypothesis, an successful board of executives supervises administration and makes key choices, which can make strides the company's notoriety. Hence, the company's notoriety capacities as a arbiter within the relationship between the execution of the board of chiefs and firm esteem. An successful board will upgrade the company's notoriety, hence driving to an increment in firm esteem.

A larger board size allows the company to establish better connections with external stakeholders, enhancing reputation management. Reputation can act as a competitive advantage and a valuable asset that enables the company to invest, grow, and elevate firm value through recognition and value creation. A greater number of board members is expected to manage the company more effectively, increasing firm value, which in turn can enhance the company's reputation. This finding aligns with Jao (2022), which indicates that board size positively affects both the company's reputation and firm value. Therefore, the company's reputation plays a significant role in mediating the effect of board size on firm value.

CONCLUSION

This inquire about examines the impact of great corporate administration (GCG) and natural, social and administration (ESG) angles on mechanical esteem in businesses recorded on the IDXESGL record of the Indonesian Affect Trade from 2018 to 2022, with industry notoriety as the deciding perspective. interceding variable. The results show that ESG disclosure does not significantly improve the industry's reputation; On the contrary, it has positive but limited consequences. Not as it were that, the board of chiefs has negligible negative affect on the industry's notoriety, which recommends that the board of chiefs does not apply impact over it. ESG includes a positive and noteworthy affect on industry esteem, this appears that ESG divulgence makes a positive commitment to industry esteem. In differentiate, the board of chiefs does not affect the esteem of the company and as it were incorporates a negligible negative impact. Not as it were that, industry notoriety contains a negative and restricted impact on industry esteem, this appears that notoriety does not have a critical impact on esteem. Not only that, in spite of the fact that notoriety acts as a go between within the relationship between the board of chiefs and company esteem, notoriety moreover intercedes the relationship between ESG and company esteem. Based on research findings, several suggestions are proposed for future research. Initially, researchers must think about extending the research period or updating the information using different research subjects, for example data from the last decade. Second, comparative analysis between industries listed on the IDXESGL index and those not listed on the index can provide knowledge regarding the comparison of ESG and GCG disclosures and their impact on industry value. Third, future research should investigate additional factors that may influence the relationship between ESG and industry value, including the incorporation of mediating variables such as probability and industry performance. Lastly, the implementation of moderation in relation to GCG will be useful by integrating factors such as institutional ownership or ownership structure for a more even description.

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