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The Influence of Environmental Governance, Corporate Social Responsibility Disclosure, And Firm Size on Firm Value

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ABSTRACT

Firm value is a company's long-term goal that reflects stakeholder prosperity. When firm value increases, investors will trust and invest in the company. The purpose of this study is to obtain empirical evidence of the influence of environmental performance, corporate social responsibility disclosure, and company size on corporate value. Stakeholder theory is used to underlie the analysis and interpretation of the results. This research was conducted in energy sector companies listed on the Indonesia Stock Exchange. This study fills the gap in the 2021-2024 period. The sample was determined using a purposive sampling technique. Firm value was measured using the Tobin's Q ratio and obtained a sample of 62 observations. The data analysis technique used was Multiple Linear Regression Analysis. The results show that environmental performance has a negative effect on firm value, Corporate Social Responsibility Disclosure has a positive effect on firm value, and firm size has a positive effect on firm value. The implications of this study are that theoretically, this study adds empirical evidence regarding the application of stakeholder theory in analyzing the influence of environmental performance, corporate social responsibility (CSR) disclosure, and firm size on firm value in the energy sector. Practically, companies should focus more on CSR disclosure and asset management to increase corporate value, given that good environmental performance does not significantly impact corporate value. For investors, this study emphasizes the importance of considering environmental performance, CSR disclosure, and company size when making investment decisions in the energy sector listed on the Indonesia Stock Exchange
Keywords: environmental governance, corporate social responsibility disclosure, firm size, firm value

INTRODUCTION

Business competition in the 21st century has become increasingly complex, driven not only by economic performance but also by environmental and social sustainability concerns (Souto, 2022). The global shift towards sustainable business practices has fundamentally altered how companies create and maintain value. As the driving force of economic progress, companies worldwide are facing unprecedented pressure to manage resources appropriately while ensuring environmental stewardship and social responsibility (Umboh & Yanti, 2025). The integration of environmental, social, and governance (ESG) factors has become a critical determinant of long-term business success, with investors increasingly prioritizing companies that demonstrate commitment to sustainable practices (Aich et al., 2021).

The concept of firm value, traditionally measured through financial metrics, has evolved to encompass broader stakeholder value creation. Firm value represents the level of success of a company as perceived by investors and is intrinsically linked to stock prices and market capitalization (Azhari & Prajawati, 2022). When firm value increases, investors demonstrate greater confidence in the company's prospects, leading to increased investment flows and enhanced market positioning. This evolution reflects a fundamental shift in investor

expectations, where long-term sustainability has become as important as short-term profitability.

According to Purbawangsa et al. (2020), company value will consistently increase when companies effectively balance economic, environmental, and social aspects. This triple bottom line approach, originally conceptualized by Elkington (1997), emphasizes that sustainable business success requires attention to profit, people, and planet. However, entities that remain solely oriented towards profit maximization without considering social and environmental implications face significant risks to their long-term sustainability and stakeholder relationships (Putri & Budiyanto, 2018).

The energy sector presents unique challenges in the context of sustainable business practices and value creation. Energy companies, particularly those involved in fossil fuel extraction and processing, face intensified scrutiny regarding their environmental impact and social responsibility. The sector's operations inherently involve significant environmental risks, including air and water pollution, habitat destruction, and contribution to climate change. These challenges have been amplified by increasing regulatory requirements, stakeholder activism, and shifting investor preferences towards clean energy alternatives.

In Indonesia, the energy sector's environmental challenges are particularly pronounced. The country's rapid industrialization and economic growth have been accompanied by significant environmental degradation, with energy companies playing a central role in these developments. Cases such as the PT Lapindo Brantas incident in 2007, where inadequate well casing led to massive mud flows that submerged approximately 783 hectares of land in Sidoarjo Regency, illustrate the devastating consequences of environmental negligence in the energy sector. This incident resulted in losses exceeding 27.4 trillion rupiah and highlighted the critical importance of environmental responsibility in energy operations (Raditya, 2020).

The Indonesian energy sector's performance on the Indonesia Stock Exchange (IDX) has shown significant volatility, reflecting both market opportunities and environmental challenges. The IDX Energy index demonstrated substantial growth from 1,139.50 in 2021 to 2,689.27 in 2024, indicating strong market performance despite environmental concerns. However, this growth has been accompanied by increasing scrutiny of environmental practices and demands for greater transparency in sustainability reporting.

The sector's impact on environmental quality is further evidenced by the limited participation in Indonesia's PROPER (Program for Pollution Control, Evaluation and Rating) program. PROPER, administered by the Ministry of Environment and Forestry, evaluates companies' environmental performance using a color-coded rating system. The relatively low participation and performance of energy sector companies in this program indicates significant room for improvement in environmental management practices.

The urgency of investigating the relationship between environmental accounting practices, social responsibility, and firm value in the energy sector stems from several converging factors. First, regulatory developments in Indonesia have made corporate social responsibility mandatory for companies involved in natural resource extraction. Law No. 40 of 2007 concerning Limited Liability Companies requires companies to report not only financial performance but also social and environmental responsibility (DPR dan Presiden RI, 2007). Additionally, Financial Services Authority Regulation No. 51/POJK.03/2017 mandates

companies to publish sustainability reports containing economic, financial, social, and environmental performance information (Otoritas Jasa Keuangan, 2017).

Second, the global transition towards sustainable finance has created new expectations for environmental disclosure and accountability. Investors increasingly demand comprehensive information about companies' environmental impacts and mitigation strategies. This shift has been accelerated by international frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the growing adoption of Environmental, Social, and Governance (ESG) investment criteria.

Third, firm size reflects the size of a company (Rivandi & Petra, 2022). firm size, measured by its assets, indicates its greater resources for generating profits (Hapsoro & Falih, 2020). Firm size influences firm value because larger companies make it easier to obtain both internal and external funding sources (Anggraini & Siska, 2019).

Previous research has produced mixed findings regarding the relationship between environmental practices, social responsibility, and firm value. Studies on environmental governance have shown divergent results across different sectors and geographical contexts. Yadav et al. (2016) found that environmental governance positively influences firm value, suggesting that environmental transparency and accountability enhance investor confidence. This finding was supported by research conducted by Khanifah et al. (2020), Asnita & Wahidahwati (2020), Aydogmus et al. (2022) dan Sari & Sutopo (2023), which demonstrated positive significant effects of environmental governance on firm value. However, contradictory evidence has also emerged. Fitriana et al. (2024) and Luthfiyah & Mardiana (2024) found no significant relationship between environmental governance and firm value.

Research on corporate social responsibility disclosure has similarly produced varied results. Kamaliah (2020) demonstrated that CSR positively affects firm value, a finding consistent with studies by Darmastika & Ratnadi (2019), Landari & Isnaini (2023), and Loriyani & Mimba (2023). These studies suggest that CSR disclosure enhances stakeholder trust and contributes to long-term value creation. However, other research has challenged this relationship. Inastri & Mimba (2017) and Sabatini & Sudana (2019) found negative effects of CSR on firm value, while Susanti & Budiasih (2019) reported no significant relationship.

Studies examining firm size as a determinant of firm value have generally shown more consistent positive relationships. Febriana et al. (2016) found that larger companies tend to have higher firm values due to their superior access to resources and capital markets. This finding has been replicated in studies by Handriani & Robiyanto (2018), Husna & Satria (2019), and Jaswadi et al. (2024). However, some research has reported negative or insignificant relationships, as found by Sintyana & Artini (2019) and Meifari (2023).

This research contributes to the existing literature through several novel aspects. First, it focuses specifically on the energy sector, which faces unique environmental and social challenges that may influence the relationship between environmental governance, CSR disclosure, and firm value. Most previous studies have examined diverse industry samples or focused on manufacturing sectors, limiting the applicability of findings to energy companies.

Second, the study employs the most recent data period (2021-2024), capturing the effects of recent regulatory changes and evolving investor expectations regarding sustainability. This temporal focus is particularly important given the rapid evolution of ESG investing and environmental regulations in Indonesia.

Third, the research utilizes the Global Reporting Initiative (GRI) Standard 2021 framework for measuring CSR disclosure, representing the most current international standard for sustainability reporting. This approach ensures that the measurement of CSR disclosure aligns with contemporary best practices and international expectations.

Fourth, the study examines the PROPER rating system as a measure of environmental governance, providing insights into the effectiveness of Indonesia's environmental performance evaluation program. This focus on a country-specific environmental assessment tool offers valuable insights for policy makers and regulatory authorities.

The primary objective of this research is to empirically examine the influence of environmental governance, corporate social responsibility disclosure, and firm size on firm value in Indonesian energy sector companies. Specifically, the study aims to: (1) analyze the effect of environmental governance practices, as measured by PROPER ratings, on firm value; (2) examine the relationship between CSR disclosure quality and firm value; and (3) investigate the role of firm size as a determinant of firm value in the energy sector context.

This research provides important theoretical contributions by extending stakeholder theory to the specific context of the Indonesian energy sector. Stakeholder theory suggests that companies must balance the interests of various stakeholder groups, including shareholders, employees, customers, communities, and environmental advocates (Freeman & David, 1983). The study examines how environmental and social disclosure practices serve stakeholder information needs and contribute to value creation.

From a practical perspective, the research provides valuable insights for several key stakeholder groups. For energy sector companies, the findings offer guidance on the value implications of environmental and social disclosure practices, informing strategic decisions about sustainability investments and reporting practices. For investors and financial analysts, the research provides evidence about the relationship between sustainability practices and financial performance, supporting more informed investment decisions.

For policy makers and regulatory authorities, the study offers insights into the effectiveness of current environmental assessment programs and sustainability reporting requirements. The findings may inform future policy development and regulatory frameworks for promoting corporate environmental responsibility.

For academic researchers, the study contributes to the growing body of literature on sustainable finance and corporate sustainability, particularly in emerging market contexts. The focus on the energy sector provides sector-specific insights that complement broader industry studies and inform future research directions.

METHOD

This research uses a quantitative approach in associative form which aims to empirically test the influence of environmental governance, corporate social responsibility disclosure, and company size on company value. The location of this research was conducted at Energy Sector Companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period which can be accessed through the Indonesia Stock Exchange website (www.idx.co.id) and the websites of each company.

The population in this study is all energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2021-2024. The sample determination method used in this study is the non-probability sampling method with purposive sampling technique. The criteria used in sample selection for this study are: (1) Energy sector companies listed on the Indonesia Stock Exchange between 2021 and 2024; (2) Energy sector companies that published annual reports and sustainability reports during the 2021-2024 period; (3) Energy sector companies that participated in PROPER and disclosed CSR during the 2021-2024 period.

Based on the sample selection criteria, 62 observations were obtained. This research uses secondary data sourced from annual reports and sustainability reports of energy sector companies by accessing the Indonesia Stock Exchange website (www.idx.co.id) or the websites of each company.

The variables in this study consist of dependent variables and independent variables. The dependent variable in this study is Company Value (Y) measured using Tobin's Q ratio. The independent variables in this study are environmental governance (X1) measured using PROPER ratings, corporate social responsibility disclosure (X2) measured using the Global Reporting Initiative (GRI) Standard 2021 index, and company size (X3) measured using the natural logarithm of total assets.

The data analysis technique used is Multiple Linear Regression Analysis with the help of SPSS program and must first pass the classical assumption test. The analysis stages in this study are descriptive statistical analysis, classical assumption test, multiple linear regression analysis, model feasibility test (F test), coefficient of determination (R^2), and hypothesis testing (t test).

RESULTS AND DISCUSSION

Overview of Research Sample and Data Collection

This research examined energy sector companies listed on the Indonesia Stock Exchange during the 2021-2024 period. The sample selection process followed purposive sampling criteria, resulting in a final sample of 62 observations from companies that consistently published annual reports and sustainability reports throughout the research period. The energy sector was specifically chosen due to its significant environmental impact and the increasing regulatory pressure for environmental disclosure and accountability.

The data collection process involved accessing the Indonesia Stock Exchange website (www.idx.co.id) and individual company websites to obtain annual reports, sustainability reports, and PROPER rating information. The sample selection criteria eliminated companies that did not meet reporting requirements, ensuring data completeness and reliability for analysis.

Descriptive Statistical Analysis

The descriptive statistical analysis provides comprehensive insights into the characteristics of variables examined in this study. Table 1 presents the detailed descriptive statistics for all research variables.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Dev.
Firm Value	62	1.076	3.559	2.139	0.693
Environmental Governance	62	2.00	5.00	3.52	0.882
CSR Disclosure	62	0.111	1.00	0.678	0.270
Firm Size	62	26.048	38.892	31.891	3.158

Source: Processed secondary data (2025)

The firm value variable, measured using Tobin's Q ratio, shows considerable variation among energy sector companies. The minimum value of 1.076 indicates that companies have market valuations above their book values, suggesting potential undervaluation or poor market perception. Conversely, the maximum value of 3.559 demonstrates that certain companies command significant market premiums, reflecting strong investor confidence and growth prospects. The mean value of 2.139 suggests that, on average, energy sector companies trade above their book values, indicating positive market sentiment toward the sector.

The measurement formula for Tobin's Q is as follows:

$$\textbf{Tobin's Q} = (\text{MVE} + \text{DEBT}) / \text{TA}$$

Where:

a) MVE = Market Value of Equity (closing price × outstanding shares)
b) DEBT = Total Liabilities
c) TA = Total Assets

The environmental governance variable, measured through PROPER ratings, reveals significant disparities in environmental performance among energy companies. The minimum value of 2.00 indicates that companies achieving poor environmental performance. The maximum value of 5.00 represents companies achieving the highest "Gold" rating, demonstrating exemplary environmental performance. However, the relatively high mean value of 3.52 suggests that most energy companies have good to moderate environmental performance ratings.

The PROPER rating system employs the following scale:

a) 5 = Gold (Excellent environmental performance)
b) 4 = Green (Very good environmental performance)
c) 3 = Blue (Good environmental performance)
d) 2 = Red (Poor environmental performance)
e) 1 = Black (Very poor environmental performance)

Corporate social responsibility disclosure, measured using the Global Reporting Initiative (GRI) Standard 2021 framework, shows substantial variation across companies. The CSR disclosure index is calculated using the following formula:

$$\textbf{CSRI} = \Sigma \text{Xij} / \text{nj}$$

Where:

a) CSRIj = Corporate Social Responsibility Index for company j
b) Σ Xij = Total number of disclosure items reported by company j
c) nj = Total number of disclosure items based on GRI Standard 2021 (117 items)

The minimum value of 0.111 indicates that some companies provided minimal CSR disclosure, while the maximum value of 1.00 demonstrates complete disclosure compliance.

The mean value of 0.678 suggests that, on average, energy companies disclose approximately 67,8% of the GRI-recommended items, indicating significant room for improvement in sustainability reporting practices.

Firm size, measured as the natural logarithm of total assets, shows the following formula:

Firm Size = Ln(Total Assets)

The substantial range from 26.048 to 38.892 reflects the diversity of company sizes within the energy sector, from smaller domestic players to large multinational corporations. The mean value of 31.891 represents companies with moderate to large asset bases, consistent with the capital-intensive nature of energy sector operations.

Classical Assumption Testing

Prior to conducting multiple linear regression analysis, comprehensive classical assumption testing was performed to ensure the validity and reliability of the statistical model. These tests are crucial for maintaining the integrity of regression results and preventing biased estimations.

Normality Test

The normality test employed the Kolmogorov-Smirnov test to examine whether the residuals follow a normal distribution. Table 2 presents the normality test results.

Table 2. Normality Test Results

Test Statistic	Value
Kolmogorov-Smirnov Z	0.058
Asymp. Sig. (2-tailed)	0.200
N	62

Source: Processed data using SPSS (2025)

The significance value of 0.200 exceeds the critical threshold of 0.05, confirming that the residuals are normally distributed. This result validates the appropriateness of parametric statistical procedures and ensures the reliability of hypothesis testing results.

Multicollinearity Test

The multicollinearity test examined potential correlations among independent variables using Variance Inflation Factor (VIF) and tolerance values. Table 3 summarizes the multicollinearity test results.

Table 3. Multicollinearity Test Results

Variable	Tolerance	VIF
Environmental Governance (X1)	0.903	1.107
CSR Disclosure (X2)	0.819	1.221
Firm Size (X3)	0.848	1.180

Source: Processed data using SPSS (2025)

All variables demonstrate tolerance values exceeding 0.10 and VIF values below 10.00, confirming the absence of multicollinearity problems. These results indicate that the independent variables are sufficiently distinct and do not exhibit problematic intercorrelations that could compromise regression analysis validity.

Heteroscedasticity Test

The Glejser test was employed to detect heteroscedasticity in the regression model. Table 4 presents the heteroscedasticity test results.

Table 4. Heteroscedasticity Test Results (Glejser Test)

Variable	t-statistic	Significance
Environmental Governance (X1)	-0.341	0.734
CSR Disclosure (X2)	-0.436	0.665
Firm Size (X3)	-0.608	0.545

Source: Processed data using SPSS (2025)

All significance values exceed 0.05, confirming homoscedasticity and the absence of heteroscedasticity problems. This result ensures that the regression model maintains constant error variance across all levels of independent variables.

Autocorrelation Test

The Durbin-Watson test examined potential autocorrelation in the regression model. Table 5 shows the autocorrelation test results.

Table 5. Autocorrelation Test Results

Model Summary	
Durbin-Watson	1.818
dL (α=5%, k=3, n=60)	1.4896
dU (α=5%, k=3, n=60)	1.6918

Source: Processed data using SPSS (2025)

The Durbin-Watson value of 1.818 falls within the acceptable range ($dU < d < 4-dU$), specifically $1.6918 < 1.818 < 2.3082$, confirming the absence of autocorrelation problems. This result validates the independence of observations and supports the reliability of regression analysis.

Multiple Linear Regression Analysis

The multiple linear regression analysis examined the simultaneous influence of environmental governance, CSR disclosure, and firm size on firm value. Table 6 presents the comprehensive regression results.

Table 6. Multiple Linear Regression Results

Variable	Unstandardized Coefficients	Standardized Coefficients	t-statistic	Significance
	B	Std. Error	Beta	
(Constant)	-2.705	0.571		0.000
Environmental Governance (X1)	-0.186	0.065	-2.858	0.006
CSR Disclosure (X2)	0.492	0.223	2.204	0.032
Firm Size (X3)	0.162	0.019	8.627	0.000

Source: Processed data using SPSS (2025)

The resulting multiple linear regression equation is:

$$Y = -1.556 + 0.008X_1 + 0.348X_2 + 0.130X_3 + \varepsilon$$

Where:

a) Y = Firm Value (Tobin's Q)
b) X_1 = Environmental Governance (PROPER Rating)
c) X_2 = CSR Disclosure Index
d) X_3 = Firm Size (Ln Total Assets)
e) ε = Error term

The constant value of -2.705 indicates that if all independent variables equal zero, the firm value would be -2.705. This negative constant suggests that firms with no environmental performance, CSR disclosure, or measurable size would have negative market valuations, which aligns with theoretical expectations about the importance of these factors for firm value creation.

Model Fitness and Explanatory Power

F-Test Results

The F-test examines the overall significance of the regression model. Table 7 presents the ANOVA results.

Table 7. Model Fitness Test (F-Test)

Source	Sum of Squares	df	Mean Square	F	Significance
Regression	18.726	3	6.242	34.341	0.000
Residual	10.542	58	0.182		
Total	29.268	61			

Source: Processed data using SPSS (2025)

The F-statistic of 34.341 with significance < 0.001 demonstrates that the regression model is statistically significant and appropriate for explaining the relationship between independent variables and firm value. This result confirms that environmental governance, CSR disclosure, and firm size collectively provide meaningful explanatory power for firm value variations.

Coefficient of Determination

Table 8 presents the coefficient of determination results.

Table 8. Model Summary and Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	0.781	0.610	0.589	0.38580

Source: Processed data using SPSS (2025)

The Adjusted R Square value of 0.589 indicates that the independent variables explain 68.9% of the variance in firm value, while the remaining 41.1% is explained by other factors not included in the model. This substantial explanatory power demonstrates the relevance of environmental governance, social responsibility, and firm size in determining firm value in the energy sector.

Hypothesis Testing and Discussion

Hypothesis 1: The Effect of Environmental Governance on Firm Value

The first hypothesis, that environmental performance has a positive effect on firm value, was not supported. This is indicated by a coefficient value of -0.186 and a significance level of 0.006 < 0.05, indicating that environmental performance negatively impacts firm value in energy sector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. This suggests that as a company's environmental performance improves, its value decreases. These findings align with research by Fitriana et al. (2024) and Luthfiyah & Mardiana (2024), which found that environmental performance negatively impacts firm value.

Stakeholder theory emphasizes that companies with commitment and transparency to stakeholders will enhance their reputation and trust. Companies that demonstrate good environmental performance can enhance their reputation, which in turn can increase firm value. The results of this study, which show a negative effect of environmental performance on firm value, indicate that despite companies demonstrating good environmental performance, stakeholders do not provide appropriate assessments. This may be due to stakeholders' focus on short-term financial results, resulting in good environmental performance not contributing to increased firm value.

Hypothesis 2: The Effect of CSR Disclosure on Firm Value

The second hypothesis, namely that corporate social responsibility disclosure has a positive effect on firm value, is supported. This is indicated by a positive coefficient value of 0.278 and a significance level of 0.032 <0.05, indicating that corporate social responsibility disclosure has a positive effect on firm value in energy sector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. These results align with research conducted by Tanjung (2020), Putri et al. (2020), Gusrianti et al. (2020), Fauziah et al. (2020), Narayana & Wirakusuma (2021), Miladeny & Damayanthi (2021), Handayati et al. (2022), Seth & Mahenthiran (2022), Hermawan et al. (2023), and Landari et al. (2023), which prove that corporate social responsibility disclosure has a positive effect on firm value.

The results of this study support stakeholder theory, which explains that by disclosing good corporate social responsibility, a company can provide benefits to its stakeholders. Therefore, a company that is responsible and provides benefits to stakeholders reflects a

company with a positive image that can increase the company's value. Higher corporate social responsibility disclosure will increase the company's value. Corporate social responsibility is a manifestation of a company's social responsibility to stakeholders. Companies that disclose corporate social responsibility in their sustainability reports will gain benefits, such as customer loyalty and trust from creditors and investors. This will lead to improved company finances, thereby increasing company profits. Companies that have good social and environmental performance will receive positive impressions from investors. Because the higher the disclosure of corporate social responsibility in a company, the more the environment and the public will evaluate the company positively, so investors are interested in purchasing products from the company, then obtain various benefits that will affect the company's value.

Hypothesis 3: The Effect of Firm Size on Firm Value

The third hypothesis, namely that company size has a positive effect on company value, is supported. This is indicated by a positive coefficient value of 0.162 and a significance level of 0.000 <0.05, indicating that the company size variable has a positive effect on company value in energy sector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. These results are consistent with research by Febriana et al. (2016) which states that company size has a positive effect on company value, as well as the same findings by Putri et al. (2020), Gusrianti et al. (2020), Fauziah et al. (2020), Narayana & Wirakusuma (2021), Miladeny & Damayanthi (2021), Handayati et al. (2022), Seth & Mahenthiran (2022), Hermawan et al. (2023), and Landari et al. (2023) which state that large company size will attract investors to invest, which will then increase company value.

The results of this study support stakeholder theory, which explains that large companies that pay attention to stakeholder needs tend to be better able to maintain their reputation and value. Furthermore, larger companies have more resources to invest in initiatives that promote environmental sustainability. Company size can also be associated with a higher level of stability and ability to manage external risks, making them more attractive to investors. The larger a company, the greater its ability to meet stakeholder expectations, thereby increasing stakeholder trust, which ultimately increases company value.

Theoretical Implications and Contributions

The research findings provide important insights for both stakeholder theory applications in the energy sector context. The divergent results for environmental governance, CSR disclosure and firm size highlight the complexity of stakeholder relationships and the importance of context in theoretical applications. While CSR disclosure supports stakeholder theory predictions by demonstrating positive stakeholder value creation, the environmental governance results suggest that transparency about environmental performance may have unintended consequences in environmentally challenging industries.

Practical Implications for Industry Stakeholders

The research findings have significant implications for various stakeholder groups in the energy sector. For company managers, the results suggest that while environmental performance improvement remains important for regulatory compliance and stakeholder relations, the market may not immediately reward such efforts through higher valuations. Instead, comprehensive CSR disclosure and strategic growth initiatives that increase firm size appear more directly linked to value creation.

For investors and financial analysts, the findings provide guidance on valuation factors most relevant to energy sector investments. CSR disclosure quality and firm size emerge as important predictors of firm value, while environmental ratings show limited value relevance. This suggests that investment strategies should prioritize companies with strong sustainability reporting practices and substantial operational scale.

For policymakers and regulators, the results offer insights into the effectiveness of current environmental assessment programs. The limited market response to PROPER ratings suggests that additional incentives or requirements may be necessary to align environmental performance with market valuation. Conversely, the positive response to CSR disclosure supports continued emphasis on comprehensive sustainability reporting requirements.

CONCLUSION

Based on the results of the analysis of the influence of environmental governance, corporate social responsibility disclosure, and company size on firm value with the object of research being energy sector companies listed on the Indonesia Stock Exchange for the 2021-2024 period, the conclusions that can be drawn are as follows: First, environmental governance has a negative effect on firm value. This means that every increase in enviromental governance will cause an reduse in firm value. Second, corporate social responsibility disclosure has a positive effect on firm value. This means that every increase in corporate social responsibility disclosure will cause an increase in firm value. Third, company size has a positive effect on firm value. This means that the larger the company size will cause the higher the firm value. For companies, it is expected to remain consistent in disclosing corporate social responsibility because the sustainability of the company is also fulfilled by corporate social responsibility activities. For investors and prospective investors to be more careful by paying attention to environmental governance, corporate social responsibility disclosure, and company size as consideration before investing in companies, especially energy sector companies listed on the Indonesia Stock Exchange (IDX). For future researchers, it is expected to add other variables outside of this research, such as carbon emissions disclosure and financial performance and several measurement variables.

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