

The Effect of Environmental, Social, and Governance (ESG) Performance on Firm Value: A Comparative Study Between State-Owned and Non-State-Owned Enterprises (An Empirical Study of Companies Listed on the Indonesia Stock Exchange for the 2020–2023 Period)

Ni Putu Alit Febrianti ^{1*}, I Ketut Suryanawa ², Ni Putu Sri Harta Mimba ³, Ni Made Dwi Ratnadi ⁴

¹ Fakultas Ekonomi dan Bisnis, Universitas Udayana, Indonesia
e-mail : alit.febrianti21@unud.ac.id

² Fakultas Ekonomi dan Bisnis, Universitas Udayana, Indonesia
e-mail : iketutsuryanawa@unud.ac.id

³ Fakultas Ekonomi dan Bisnis, Universitas Udayana, Indonesia
e-mail : p.mimba@unud.ac.id

⁴ Fakultas Ekonomi dan Bisnis, Universitas Udayana, Indonesia
e-mail : dwiratnadi@unud.ac.id

*Corresponding Author : Ni Putu Alit Febrianti

Abstract: Firm value represents the long-term goal of a company, reflecting the prosperity of its stakeholders. One factor indicated to influence firm value is corporate responsibility performance in managing business operational risks, particularly through the implementation and disclosure of Environmental, Social, and Governance (ESG) performance. During the COVID-19 pandemic, the Indonesian government allocated State Capital Participation (PMN) to affected state-owned enterprises (SOEs), which was expected to contribute to the revitalization of national economic recovery. This study aims to analyze the effect of ESG performance on firm value in both SOEs and non-SOEs listed on the Indonesia Stock Exchange during the 2020–2023 period. Stakeholder theory and signaling theory are used as the theoretical frameworks for analyzing and interpreting the research findings. The sample consisted of 28 observations for SOEs and 152 for non-SOEs, selected using purposive sampling. Firm value was measured using the Tobin's Q ratio, while ESG performance was assessed based on Refinitiv scores. The data were analyzed using independent sample t-tests and multiple linear regression analysis with SPSS version 29. The results show significant mean differences in environmental and social performance between SOEs and non-SOEs, while governance performance did not differ significantly. Social and governance performance had a significant positive effect on firm value in both SOEs and non-SOEs. However, environmental performance had a significantly positive effect only in non-SOEs and a significantly negative effect in SOEs. Thus, the environmental performance strategies implemented by non-SOEs could serve as valuable lessons for SOEs.

Keywords: : Environmental performance, firm value, governance performance, social performance

Received: April, 19 2025

Revised: April, 29 2025

Accepted: May, 24 2025

Online Available: May, 27 2025

Curr. Ver.: May, 27 2025



Copyright: © 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>)

1. INTRODUCTION

In March 2020, President Joko Widodo officially announced the spread of the Coronavirus Disease 2019 (COVID-19) in Indonesia (CNN Indonesia, 2020). To mitigate the spread, the Indonesian government implemented large-scale social restrictions (PSBB) through Government Regulation No. 21 of 2020. These restrictions impacted company operations, including the temporary suspension of economic activities, leading to a decline in

revenue—a short-term corporate objective (Coordinating Ministry for Economic Affairs, Republic of Indonesia, 2021). In June 2023, the government officially ended the pandemic status and transitioned into the endemic phase, marking a new chapter in national recovery (Ministry of State Secretariat, Republic of Indonesia, 2023).

COVID-19 had adverse effects on several publicly traded companies, as investors faced high levels of physical and financial uncertainty (Baek et al., 2020). Some companies struggled to achieve short-term goals, such as profitability. As a result, there is an increased emphasis on long-term objectives—maximizing stakeholder wealth. For shareholders in particular, this can be achieved by maximizing firm value.

Firm value, especially for publicly listed companies, is generally reflected in stock prices. The Indonesia Composite Index (IHSG) serves as a key market indicator. In 2021, the IHSG increased by 10.08% year-to-date (ytd) to 6,581.48. In 2022, it further rose by 4.09% to 6,850.62, and by the end of 2023, the index reached 7,270.80, marking a 6.16% increase. Stock prices are influenced by market demand and supply. During the pandemic, despite general economic downturns, the IHSG showed an upward trend. This paradox highlights potential difficulties investors faced in purchasing stocks, as rising prices during economic instability could result in limited accessibility. Hence, investors need to evaluate future profitable investments, particularly during crises such as the pandemic, and assess firm value accurately.

Companies must provide relevant information to stakeholders. This includes ensuring the adoption of stakeholder-oriented business strategies to promote long-term sustainability (Alsayegh et al., 2020). Sustainability has become a central consideration in business practices (Adnyaswari & Mimba, 2023). Increasing competition now requires companies not only to pursue profits but also to manage their social and environmental impacts responsibly (Marthadevi & Mimba, 2023). One way to reduce information asymmetry is through the disclosure of sustainability strategies, including Environmental, Social, and Governance (ESG) aspects, in sustainability reports (Rahman et al., 2023).

ESG reflects a company's accountability for the risks and impacts of its operations, serving as a key non-financial metric in evaluating business sustainability (Melinda & Wardhani, 2020). ESG initiatives attract investor attention and positively influence public perception, making them a critical component of business strategy (Inawati & Rahmawati, 2023). However, a 2021 survey by the Indonesia Business Council for Sustainable Development (IBCSO) ranked Indonesia 36th out of 47 global capital markets in ESG performance, indicating a suboptimal level of ESG engagement among listed companies. Stakeholders increasingly consider ESG components essential in financial reporting and in evaluating a company's sustainability contributions, thereby influencing investment decisions (Patel et al., 2021).

According to Freeman's stakeholder theory (2010), organizations must account for the interests of various stakeholders—both direct and indirect—such as shareholders, employees, consumers, suppliers, the community, and the government. ESG engagement has varying impacts on firm value creation depending on stakeholder priorities and firm characteristics (N. Wang et al., 2023). Research by Chen & Zhang (2024) highlights industry-specific heterogeneity that significantly influences the relationship between ESG disclosures and firm value. This indicates that firms with different characteristics disclose ESG performance differently.

Accordingly, this study seeks to examine how ESG performance affects firm value based on company ownership—specifically comparing state-owned enterprises (SOEs) and non-SOEs. Based on Law No. 19 of 2003, SOEs are business entities in which the government holds all or majority ownership through direct state investment. Non-SOEs, on the other hand, are privately owned by domestic or foreign entities. The differing characteristics of SOEs and non-SOEs can influence investor decision-making and ultimately affect firm value as a long-term objective.

As policymakers and shareholders, governments can align regulations to shape corporate management practices (Adiatma & Suryanawa, 2018). Research by Hu et al. (2025) and Doshi et al. (2024) found a positive correlation between state ownership and ESG performance. Bing & Li (2019) further explain that government-owned enterprises tend to pay more attention to the impacts of their operations. Similarly, Yang et al. (2024) report that government shareholder involvement significantly enhances ESG performance in SOEs compared to non-SOEs. Studies by Z. Wang et al. (2018) and Du et al. (2019) also suggest that politically managed, state-owned companies generally perform better in ESG implementation. These differences in funding and strategic objectives indicate potential disparities in ESG performance capabilities between SOEs and non-SOEs.

H1: There is a significant difference in ESG performance (environmental, social, governance) between SOEs and non-SOEs.

ESG comprises three main aspects: environmental, social, and governance performance. The environmental pillar reflects how a company manages its environmental impact, including resource utilization, carbon footprint, and product innovation (Melinda & Wardhani, 2020). Yu & Xiao (2022) found that environmental performance significantly affects firm value in both SOEs and non-SOEs. This finding aligns with studies by Cheng et al. (2024), Tahmid et al. (2022), Qureshi et al. (2020), and Zhang et al. (2020), which also indicate that also demonstrate a positive influence. Meanwhile, some other studies have revealed varying results depending on the company characteristics. This is due to the fact that environmental performance is often closely related to the operational sector, regulation intensity, and societal pressure on the company. Therefore:

H2a: Environmental performance has a positive effect on firm value in SOEs

H2b: Environmental performance has a positive effect on firm value in non-SOEs.

The social aspect of ESG describes how companies manage their relationships with employees, suppliers, customers, and the communities where they operate. It includes indicators such as employee welfare, gender equality, occupational safety, customer satisfaction, and community engagement (Melinda & Wardhani, 2020). Social performance can enhance the company's reputation, strengthen stakeholder loyalty, and reduce business risks. Yu & Xiao (2022) found that social performance positively affects firm value. Likewise, Cheng et al. (2024), Khan et al. (2020), and Inawati & Rahmawati (2023) also found a positive correlation between social performance and firm value. Therefore:

H3a: Social performance has a positive effect on firm value in SOEs.

H3b: Social performance has a positive effect on firm value in non-SOEs.

The governance aspect refers to the company's internal system of practices, controls, and procedures used to govern itself, make effective decisions, comply with laws, and meet the needs of external stakeholders. This includes board structure, audit committees, shareholder

rights, and anti-corruption policies (Melinda & Wardhani, 2020). Strong governance performance reflects transparency, accountability, and ethical business practices. Several studies, including those by Wang et al. (2023), Qureshi et al. (2020), and Khan et al. (2020), indicate that governance performance has a positive influence on firm value. Thus:

H4a: Governance performance has a positive effect on firm value in SOEs.

H4b: Governance performance has a positive effect on firm value in non-SOEs.

Based on the theoretical framework and previous empirical findings, this study aims to examine the impact of ESG performance—comprising environmental, social, and governance pillars—on firm value in both State-Owned Enterprises (SOEs) and non-SOEs listed on the Indonesia Stock Exchange (IDX) during the period 2020–2023. The findings are expected to provide insights into the heterogeneity of ESG implementation based on ownership structure and its implications for firm valuation, particularly in the context of post-pandemic economic recovery.

2. RESEARCH METHODS

This study focuses on the non-financial sector companies listed on the Indonesia Stock Exchange (IDX) and classifies them into two categories: State-Owned Enterprises (SOEs) and non-SOEs due to their differing characteristics. The population of the study consists of 31 SOEs and 871 non-SOEs. Financial sector companies are excluded based on PSAK 68, which adopts IFRS 13 and requires financial institutions to mark-to-market all assets and liabilities using current market prices. As such, the Market Value of Equity (MVE) in the financial sector is derived from the difference between the market value of assets and liabilities, making it highly sensitive to interest rate fluctuations, credit spreads, and market volatility. In contrast, non-financial companies generally calculate MVE based on market capitalization, i.e., the share price multiplied by the number of outstanding shares, which better reflects expectations for future cash flows and long-term operational performance.

The study sample was determined using purposive sampling. The criteria for the sample include companies listed on the IDX with ESG scores available on Refinitiv Eikon consistently for the period 2020–2023. Based on these criteria, the final sample consists of 28 SOE firm-year observations and 152 non-SOE firm-year observations.

The dependent variable in this study is firm value (Y), while the independent variables are environmental performance (X1), social performance (X2), and governance performance (X3). Firm value is proxied by Tobin's Q ratio, which compares the market value of assets to the book value of assets using the following formula:

$$\text{Tobin's Q} = \frac{\text{Market Value of Equity} + \text{Total Liabilities}}{\text{Total Asset}} \dots\dots\dots (1)$$

A Tobin's Q value greater than 1 indicates the firm is overvalued, suggesting that management has successfully managed its assets. A Tobin's Q value less than 1 indicates the firm is undervalued, suggesting poor asset management by the firm's management. A Tobin's Q value equal to 1 indicates the firm is fairly valued, or that asset management is stagnant.

ESG performance, consisting of environmental, social, and governance aspects, is measured using Refinitiv Eikon scores, with a scale ranging from 0 to 100 for each pillar.

Refinitiv, a part of the London Stock Exchange Group, is one of the major providers of ESG datasets, covering data since 2002. This dataset evaluates corporate ESG performance across ten themes and three pillars, based on over 870 assessment criteria. Most of the data is collected from public sources such as company websites, annual reports, and other corporate disclosures. The data is then audited, standardized, and processed to generate ESG scores (Refinitiv, 2024).

According to Refinitiv (2024), environmental performance is categorized into three components: emissions (28%), innovation (29%), and resource use (35%). Social performance is classified into four categories: human rights (17%), workforce (43%), product responsibility (13%), and community (28%). Governance performance is categorized into three areas: shareholders (20%), management (67%), and CSR strategy (13%).

This study uses quantitative data derived from secondary sources, namely financial statements from companies listed on the IDX and ESG pillar scores from Refinitiv Eikon for the 2020–2023 period. The collected data were tabulated and analyzed using independent samples t-tests and multiple linear regression analysis. The regression models used in this study are as follows:

$$Y = \alpha + \beta_1 \text{ENV} + \beta_2 \text{SOC} + \beta_3 \text{GOV} + \varepsilon (\text{SOEs Sample}) \dots\dots\dots (2)$$

$$Y = \alpha + \beta_1 \text{ENV} + \beta_2 \text{SOC} + \beta_3 \text{GOV} + \varepsilon (\text{Non-SOEs Sample}) \dots\dots\dots (3)$$

Information:

Y	=	Company Value
α	=	Constant
β_1 - β_3	=	Variable Coefficient
ENV	=	Environmental Performance
SOC	=	Social Performance
GOV	=	Governance Performance
ε	=	Error

3. RESULTS AND DISCUSSION

Descriptive statistical analysis aims to provide interpretation of the characteristics of the data in the study, for example the minimum value, maximum value, average value, and standard deviation of all variables, which are shown in Table 2 for SOES and Table 3 for non-SOES.

Table 2. Descriptive Statistics Results of SOES

	n	Minimum	Maximum	Mean	Std. Deviation
X1	28	23.29	80.28	57,7415	18.05478
X2	28	45.60	96.73	71,5208	13.80463
X3	28	28.30	94.31	54,0842	17.37889
Y	28	0.68726	2,13112	1.22443	0.409742

Source: Research Data, 2025

The findings from descriptive statistics on SOES are shown in Table 2. Table 2, the minimum value of the environmental score is 23.29% by PT Waskita Karya (Persero) Tbk in 2023 and the maximum value of the environmental score is 80.28% was obtained by PT Semen Indonesia (Persero) Tbk in 2023. The average value of the environmental score of SOES

companies is 57.7415%, which shows that the disclosure of the environmental score of SOES companies is on average good and transparent. The standard deviation value of 18.05478% which is smaller than the average value indicates that the data on the environmental score variable in SOES companies has a fairly close distribution.

The minimum social score is 45.60% by PT Waskita Karya (Persero) Tbk in 2023 and the maximum social score is 96.73% was obtained by PT Bukit Asam Tbk in 2020. There is an average value of the social score of SOES companies of 71.5208% which shows that the disclosure of SOES companies' social scores is on average good and transparent. The standard deviation value of 13.80463% which is smaller than the average value indicates that the data on the environmental score variable in SOES companies has a fairly close distribution.

The minimum governance score is 28.30% by PT Bukit Asam Tbk in 2020 and the maximum governance score is 94.31% was obtained by PT Aneka Tambang Tbk in 2020. The average value of the SOES corporate governance score is 54.0842%, which indicates that the disclosure of SOES corporate governance scores is on average good and transparent. The standard deviation value of 17.37889% which is smaller than the average value indicates that the data on the governance score variable in SOES companies has a fairly close distribution.

The minimum value of Tobin's Q that reflects the company's value is 0.68726 and the maximum value of Tobin's Q is 2.13112. The average value of Tobin's Q of SOES companies is 1.22443 which indicates that the market value of assets is higher than the book value of assets which reflects investor confidence in SOES companies. The standard deviation value of 0.409742 which is smaller than the average value indicates that the data on the SOES company value variable has a fairly close distribution.

Table 3. Descriptive Statistics Results of Non-SOES

	n	Minimum	Maximum	Mean	Std. Deviation
X1	152	0.14556	89,0799	42,1821	22.47548
X2	152	5.82140	94,7527	52,3512	20.52907
X3	152	3.94272	95,8132	48,0276	24.52906
Y	152	0.30306	3.98844	1.37188	0.714783

Source: Research Data, 2025

The findings from the descriptive statistics on non-SOEs are shown in Table 3. Table 3, the minimum value of the environmental score is 0.14556% by PT.2020 and the maximum environmental score is 89.0799% was obtained by Unilever Indonesia Tbk PT in 2022. The average value of the company's environmental score non-state-owned enterprises is 42.1821% which shows that the disclosure of the company's environmental score non-state-owned enterprises is quite adequate and transparency is moderate. The standard deviation value of 22.47548% which is smaller than the average value indicates that the data in the environmental score variable in the company non-state-owned enterprises have a fairly close distribution.

The minimum social score is 5.82140% by PT Link Net Tbk 2020 and the maximum social score is 94.7527% was obtained by Kalbe Farma Tbk PT in 2022. The average value of the company's social score non-state-owned enterprises is 52.3512% which shows that the disclosure of the company's social score non-state-owned enterprises is good and transparent average. The standard deviation value of 20.52907% which is smaller than the average value

indicates that the data on the environmental score variable in the company non-state-owned enterprises have a fairly close distribution.

The minimum governance score is 3.94272% by PT Charoen Pokphand Indonesia Tbk in 2020 and the maximum value of the governance score is 95.8132% was obtained by PT Unilever Indonesia Tbk in 2020. The average value of the corporate governance score non-state-owned enterprises is 48.0276% which shows that the disclosure of corporate governance scores non-state-owned enterprises is good and transparent average. The standard deviation value of 24.52906% which is below the average value indicates that the data in the governance score variable in the company non-state-owned enterprises have a fairly close distribution.

The minimum value of Tobin's Q which reflects the company's value is 0.30306 and the maximum value of Tobin's Q is 3.98844. The average value of the company's Tobin's Q is 0.30306 and the maximum value of Tobin's Q is 3.98844. non-state-owned enterprises namely 1.37188 which indicates that the market value of assets is higher than the book value of assets which reflects investor confidence in the company non-state-owned enterprises. The standard deviation value of 0.714783 which is below the average value indicates that the data on the company value variable non-state-owned enterprises have a fairly close distribution.

The classical assumption test was carried out on the data used in the study to obtain a regression model that is free from symptoms of **abnormal data, multicollinearity, autocorrelation, and heteroscedasticity**.

Table 4. Summary of Results of the SOES Classical Assumption Test

	Normality	Multicollinearity		Heteroscedasticity	Autocorrelation
	Shapiro Wilk	Tolerance	VIF	Spearman's Rho	Durbin-Watson
X1		0.494	2,025	0.954	
X2		0.624	1,602	0.734	
X3		0.699	1,430	0.455	
Y	0.113				2,092

Source: Research Data, 2025

Table 4 presents the results of the classical assumption test for the SOES group. The statistical test used in conducting the residual normality test is the Shapiro-Wilk test. The findings of the normality test indicate Asymp. Sig. (2-tailed) of 0.310 is greater than the level of significance of 0.05 so that it can be concluded that the analyzed data is normally distributed. The results of the multicollinearity test indicate that the VIF value of the environmental performance variable (X1) is 2.025, the VIF value of social performance (X2) is 1.602, and the VIF value of governance performance (X3) is 1.430. The tolerance value of environmental performance (X1) is 0.494, the VIF value of social performance (X2) is 0.624, and the VIF value of governance performance (X3) is 0.699. The independent variable has a VIF value <5 and tolerance > 0.2, meaning that there is no multicollinearity in the regression model. The results of the heteroscedasticity test with the Spearman's Rho test which has a significance value of X1 is 0.954, X2 0.734, and X3 0.455 and shows a value of > 0.05 so that it can be concluded that there is no heteroscedasticity problem in the regression model. The autocorrelation test carried out using the Durbin Watson test indicates that it has a suitability

for $dU < d < 4 \cdot dU$, namely $1.7473 < 2.092 < 2.2527$ or it can be concluded that no autocorrelation problem is found.

Table 5. Results of the Classical Assumption Test for non-SOES

	Normality Kolmogorov -Smirnov	Multicollinearity Tolerance	VIF	Heteroscedasticity Spearman's Rho	Autocorrelation Durbin-Watson
X1		0.770	1,299	0.502	
X2		0.637	1,569	0.573	
X3		0.737	1,356	0.228	
Y	0.200				1,909

Source: Research Data, 2025

Table 5 presents the results of the classical assumption test for the non-SOES group. The statistical test used in conducting the residual normality test is the one sample kolmogorovsmirnov statistical test. Based on the results of the normality test, it indicates that Asymp. Sig. (2-tailed) of 0.200 is greater than the level of significance of 0.05 so that it can be concluded that the analyzed data is normally distributed. The findings of the multicollinearity test indicate that the VIF value of environmental performance (X1) is 1.299, the VIF value of social performance (X2) is 1.569, and the VIF value of governance performance (X3) is 1.356. The tolerance value of environmental performance (X1) is 0.770, the VIF value of social performance (X2) is 0.637, and the VIF value of governance performance (X3) is 0.737. The independent variable has a VIF value < 5 and tolerance > 0.2 , meaning that there is no multicollinearity in the regression model. The findings of the heteroscedasticity test carried out using the Spearman's Rho test which has a significance value of X1 of 0.502, X2 0.573, and X3 0.228 and shows a value of > 0.05 so that it can be concluded that there is no heteroscedasticity problem in the regression model. The autocorrelation test carried out using the Durbin Watson test indicates that it has a suitability for $dU < d < 4 \cdot dU$, namely $1.7891 < 1.909 < 2.2109$ or it can be concluded that no autocorrelation problem is found.

Table 6. Results of the ESG Pillar Score Difference Test for State-Owned and Non-State-Owned Companies

Variables	Ownership Cluster	N	Mean	Sig.
X1	0	152	42,1821	<0.01
	1	28	57,7415	
X2	0	152	52,3512	<0.01
	1	28	71,5208	
X3	0	152	48,0276	0.219
	1	28	54,0842	

Source: Processed Data, 2025

Table 6 shows the results of the average differences between SOES and non-SOES, the level of significance for environmental score and social score is < 0.01 (< 0.05). This means that environmental and social performance in SOES companies with non-SOES companies has a significant difference. Meanwhile, the governance score shows a level of significance of 0.219 (> 0.05). This means that there is no significant difference between SOES and non-SOES companies in the average governance performance. The results of the study found that SOES has a higher average environmental, social, and governance score compared to non-SOES. According to stakeholder theory, companies have responsibilities to various stakeholders. Based on Republic of Indonesia Law Number 1 of 2025, SOES not only gain

profit, but also show commitment to sustainability of public resources so that they have broader responsibilities because they concern the state compared to non-SOES companies that can focus more on investor or shareholder profits. The more parties that require information about the company, the more detailed the disclosures that are carried out. (Singal & Putra, 2019).

The findings of the study conducted are in line with the study by Hu et al. (2025) and Doshi et al. (2024) who found there was a positive relationship between state ownership and ESG performance. Yang et al. (2024) revealed that the involvement of SOES shareholders can significantly encourage increased ESG performance compared to non-SOES companies. Z. Wang et al. (2018) as well as Du et al. (2019) also indicates that companies with government ownership, which are politically managed, generally have better ESG performance.

Environmental scores show a significant average difference can be seen because SOES which is a state-owned company has a responsibility or concern for the environment in general that concerns the country. Social score shows a significant average difference. In the Covid-19 period, the social aspect is one of the ESG pillars that is crucial and highly considered. Based on CNBC Indonesia (2020) also, the Minister of SOES, Erick Thohir, emphasized his efforts to avoid layoffs (PHK) in SOES companies which shows that SOES coordination is considered for social aspects. However, the study conducted did not find a significant average difference in governance scores in SOES and non-SOES. This can happen because SOES and non-SOES companies listed on the IDX must comply with similar governance regulations, such as OJK Regulation No. 21/POJK.04/2015 regarding Governance of Issuers and Public Companies.

The analysis model used in the study carried out was multiple linear regression analysis because the independent variable consisted of more than one. (Gujarati, 2009). Multiple linear regression analysis technique is used to identify the impact of independent variables in the form of environmental score (X1), social score (X2), and governance score (X3) on the dependent variable in the form of company value (Y) on state-owned and non-state-owned companies listed on the IDX for the period 2020-2023. The findings of the multiple linear regression analysis in the study conducted are in Table 7 for state-owned companies and Table 8 for non-state-owned companies.

Table 7. Regression of State-Owned Enterprises

Variables	Coefficient	Std. error	t statistic	Prob
X1	-0.014	0.006	-2,509	0.019
X2	0.017	0.007	2,526	0.019
X3	0.011	0.005	2,304	0.030
Constantine	0.247	0.450	0.548	0.589
F statistic	3,025			
Prob F	0.049			
Adj. R2	0.184			

Source: Processed Data, 2025

According to Table 4.12 which presents the regression of SOES companies, the significance value of the probability value obtained is 0.049 which is smaller than 0.05. This states that the model used in the study carried out meets the eligibility criteria. The Adjusted R2 value is 0.184 which indicates that the company's value is described by 18.4% by the

environmental (X1), social (X2), and governance (X3) performance variables which are the pillars of the ESG components, the rest is described by other variables not included in the model or study carried out.

Hypothesis 2a in the study conducted states that environmental performance in state-owned companies has a positive impact on company value. According to the findings of the multiple regression analysis in table 7, a coefficient value of -0.14 was obtained with a probability level of 0.019 which is smaller than the research significance level of 0.05. This means that environmental performance in state-owned companies listed on the IDX for the 2020-2023 period has a negative and significant impact on company value. According to the findings of the data analysis that has been carried out, the researcher stated that hypothesis 2a (X1) was rejected.

The findings of the study conducted do not confirm the stakeholder theory which states that companies need to pay attention to the affairs of a number of parties related to the company. Company activities related to the environment are considered by investors as actions that actually increase company costs which ultimately affect the profits obtained by the company. (Christy & Sofie, 2023). This is similar to Angela & Sari (2023) which reveals that environmental practices require large expenditures, investors tend to take decisions not to take them into account in assessing the value of the company. The findings of the study are in line with those carried out by The Last Supper (2022), found that there is a negative influence of environmental performance on company value. Environmental performance by state-owned companies is perceived as a negative signal by investors.

Hypothesis 3a in the study conducted states that the performance of state-owned companies has a positive effect on company value. According to the findings of the multiple regression analysis in table 4.12, a coefficient value of 0.017 was obtained which has a probability level of 0.019 which is smaller than the significance level of 0.05. This means that the social performance of state-owned companies listed on the IDX for the 2020-2023 period has a positive and significant impact on company value. According to the findings of the data analysis that has been carried out, the researcher stated that hypothesis 3a (X2) is accepted.

Hypothesis 4a in the study conducted states that governance performance has a positive impact on the value of SOES companies. According to the multiple regression analysis in table 4.12, a coefficient value of 0.011 and a probability level of 0.030 are obtained, which is smaller than the significance level of 0.05. This means that the governance performance of SOES companies listed on the IDX for the 2020-2023 period has a positive and significant impact on the value of the company. According to the findings of the analysis that has been carried out, the researcher stated that hypothesis 4a (X3) is accepted.

Table 8. Regression of Non-SOES Companies

Variables	Coefficient	Std. error	t statistic	Prob
X1	0.103	0.047	2,184	0.031
X2	0.221	0.092	2,395	0.018
X3	0.144	0.066	2,172	0.031
Constantine	-1,551	0.297	-5,228	0.001
F statistic	13,421			
Prob F	0.001			
Adj. R2	0.198			

Source: Processed Data, 2025

Based on Table 8, which presents the regression results for non-SOEs, the obtained probability value is 0.001, which is lower than the 0.05 significance level. This indicates that the model used in this study meets the criteria for goodness of fit. The adjusted R^2 value is 0.198, suggesting that firm value is explained by 19.8% of the variance in environmental (X1), social (X2), and governance (X3) performance—components of ESG—while the remaining variance is explained by other variables not included in this study.

Hypothesis 2b posits that environmental performance positively affects firm value in non-SOEs. The multiple regression analysis yields a coefficient of 0.103 with a probability value of 0.031, which is less than the 0.05 significance threshold. This indicates that environmental performance of non-SOEs listed on the IDX during 2020–2023 has a significant and positive effect on firm value. Based on this analysis, Hypothesis 2b (X1) is accepted.

According to stakeholder theory, companies are accountable to various stakeholders, including those affected by environmental impacts, particularly in the surrounding operational areas. For non-SOEs, which tend to be investor-oriented, strong environmental performance—especially related to business operations—can enhance investment appeal and corporate reputation in a market increasingly concerned with sustainability. Environmental performance reflects how companies manage their environmental impact, including resource use, carbon footprint, and product innovation (Melinda & Wardhani, 2020). These findings are consistent with previous studies by Cheng et al. (2024), Yu & Xiao (2022), and Qureshi et al. (2020), which reported a positive effect of environmental scores on firm value.

Hypothesis 3b proposes that social performance has a positive effect on firm value. According to the multiple regression results in Table 4.13, the coefficient is 0.221 and the probability value is 0.018, which is lower than the 0.05 significance level. This implies that the social performance of non-SOEs listed on the IDX during 2020–2023 significantly and positively influences firm value. Hence, Hypothesis 3b (X2) is supported by the data.

The findings related to H3a and H3b support stakeholder theory, which emphasizes that companies should be accountable to all stakeholders, including employees, customers, and the community. By disclosing strong social performance, companies can foster positive relationships and build stakeholder trust. For SOEs, which play a strategic role in the national economy, commitment to social aspects is crucial in maintaining public trust and reputation. Similarly, for non-SOEs, fulfilling social responsibilities can offer a competitive advantage and increase investor appeal, especially among those who prioritize sustainability in investment decisions. Yu & Xiao (2022) found that social scores affect firm value in both SOEs and non-SOEs. These findings are also aligned with previous studies by Aydoğmuş et al. (2022), Tahmid et al. (2022), Zhang et al. (2020), and Nanda & Ratnadi (2024), which reported that disclosure of social performance has a positive impact on firm value.

Hypothesis 4b suggests that governance performance positively affects firm value in non-SOEs. Based on the multiple regression analysis in Table 8, the coefficient is 0.144 with a probability value of 0.031, which is below the 0.05 significance level. This means that governance performance in non-SOEs listed on the IDX during 2020–2023 has a significant and positive effect on firm value. Thus, Hypothesis 4b (X3) is accepted.

According to stakeholder theory, companies must consider the interests of all parties involved in their operations, including corporate governance. Good corporate governance

ensures that companies operate transparently, accountably, and responsibly toward all stakeholders, thereby enhancing trust and firm value. Governance disclosure reflects the level of accountability and transparency a company provides to stakeholders and the public (Melinda & Wardhani, 2020). High-quality governance reporting contributes to a positive corporate reputation (Ghuslan et al., 2021). For SOEs, robust governance is crucial to ensure transparency and accountability to both the public and the government as shareholders. For non-SOEs, strong governance enhances investor trust and attractiveness. Yu & Xiao (2022) found that governance scores positively affect firm value in both SOEs and non-SOEs. These results are consistent with the studies by Aydoğmuş et al. (2022), Qureshi et al. (2020), and Cheng et al. (2024), which reported that governance scores have a positive impact on firm value.

4. CONCLUSION AND SUGGESTIONS

The implementation of ESG performance, as reflected by environmental, social, and governance scores, differs between SOEs and non-SOEs. State-Owned Enterprises demonstrate higher ESG performance compared to non-SOEs. There are significant differences in the average environmental and social performance between SOEs and non-SOEs, while the difference in governance performance is not statistically significant. For SOEs, social and governance performance have a significant positive effect on firm value, whereas environmental performance has a significant negative effect on firm value. In contrast, among non-SOEs, environmental, social, and governance performance each have a significant positive effect on firm value.

A limitation of this study lies in the restricted sample size due to the selection criteria, which only include time-series data from non-financial companies listed on the IDX that have ESG scores available on Refinitiv Eikon. Future researchers are encouraged to use panel data or explore ESG ratings from other rating agencies. This study finds that increases in environmental scores for SOEs are associated with a decline in firm value. Therefore, investors are advised to exercise greater caution in making investment decisions and to consider environmental scores as one of the key indicators. The negative effect of environmental performance on firm value among SOEs suggests that these companies must pay greater attention to efficiency so that environmental initiatives do not lead to adverse market responses. SOEs should further improve their social and governance performance, while non-SOEs should continue to enhance their environmental, social, and governance efforts, as the findings indicate that these dimensions have a significant and positive impact on firm value. Additionally, the findings of this research can serve as a basis for the government to formulate more specific ESG-related policy frameworks.

References

- [1]. Adiatma, K. B., & Suryanawa, I. K. (2018). Pengaruh Tipe Industri, Kepemilikan Saham Pemerintah, Profitabilitas Terhadap Sustainability Report. *E-Jurnal Akuntansi*, 934. <https://doi.org/10.24843/EJA.2018.v25.i02.p05>
- [2]. Adnyaswari, I. D. A., & Mimba, N. P. S. H. (2023). Ukuran Perusahaan, Profil Industri dan Intensitas Pengungkapan Sustainability Reporting pada Perusahaan Pemenang Environmental, Social, Governance Awards. *E-Jurnal Akuntansi*, 33(7), 1716–1729. <https://doi.org/10.24843/eja.2023.v33.i07.p02>
- [3]. Alsayegh, M. F., Rahman, R. A., & Homayoun, S. (2020). Corporate Economic, Environmental, and Social Sustainability Performance Transformation Through ESG Disclosure. *Sustainability (Switzerland)*, 12(9). <https://doi.org/10.3390/su12093910>
- [4]. Angela, T., & Sari, N. (2023). The Effect of Environmental, Social, and Governance Disclosure on Firm Value. *E3S Web of Conferences*, 426, 01078. <https://doi.org/10.1051/e3sconf/202342601078>
- [5]. Aydoğmuş, M., Gülay, G., & Ergun, K. (2022). Impact of ESG performance on Firm Value and Profitability. *Borsa Istanbul Review*, 22, S119–S127. <https://doi.org/10.1016/j.bir.2022.11.006>
- [6]. Baek, S., Mohanty, S. K., & Glambosky, M. (2020). COVID-19 and Stock Market volatility: An Industry Level Analysis. *Finance Research Letters*, 37, 101748. <https://doi.org/10.1016/j.frl.2020.101748>
- [7]. Bing, T., & Li, M. (2019). Does CSR Signal the Firm Value? Evidence from China. *Sustainability*, 11(15), 4255. <https://doi.org/10.3390/su11154255>
- [8]. Chen, Y., & Zhang, Z. (2024). Industry Heterogeneity and the Economic Consequences of Corporate ESG Performance for Good or Bad: A Firm Value Perspective. *Sustainability (Switzerland)*, 16(15). <https://doi.org/10.3390/su16156506>
- [9]. Cheng, R., Kim, H., & Ryu, D. (2024). ESG Performance and Firm Value in the Chinese Market. *Investment Analysts Journal*, 53(1), 1–15. <https://doi.org/10.1080/10293523.2023.2218124>
- [10]. Christy, E., & Sofie. (2023). PENGARUH PENGUNGKAPAN ENVIRONMENTAL, SOCIAL, DAN GOVERNANCE TERHADAP NILAI PERUSAHAAN. *Jurnal Ekonomi Trisakti*, 3(2), 3899–3908. <https://doi.org/10.25105/jet.v3i2.18233>
- [11]. CNN Indonesia. (2020). Jokowi Umumkan Dua WNI Positif Corona di Indonesia.
- [12]. Doshi, M., Jain, R., Sharma, D., Mukherjee, D., & Kumar, S. (2024). Does ownership influence ESG disclosure scores? Research in International Business and Finance, 67, 102122. <https://doi.org/10.1016/j.ribaf.2023.102122>
- [13]. Du, J., Bai, T., & Chen, S. (2019). Integrating corporate social and corporate political strategies: Performance implications and institutional contingencies in China. *Journal of Business Research*, 98, 299–316. <https://doi.org/10.1016/j.jbusres.2019.02.014>
- [14]. Freeman, R. E. (2010). *Strategic Management*. Cambridge University Press. <https://doi.org/10.1017/CBO9781139192675>
- [15]. Ghuslan, M. I., Jaffar, R., Saleh, N. M., & Yaacob, M. H. (2021). Corporate governance and corporate reputation: The role of environmental and social reporting quality. *Sustainability (Switzerland)*, 13(18). <https://doi.org/10.3390/su131810452>
- [16]. Gujarati, D. N. (2009). *Dasar-Dasar Ekonometrika* (3rd ed., Vol. 2009). Jakarta: Erlangga.
- [17]. Hu, T., You, K., & Lok, C.-L. (2025). State ownership, political connection and ESG performance. *Risk Management*, 27(1), 1. <https://doi.org/10.1057/s41283-024-00156-2>
- [18]. Inawati, W. A., & Rahmawati. (2023). Dampak Environmental, Social, Dan Governance (ESG) Terhadap Kinerja Keuangan. *Jurnal Akademi Akuntansi*, 6(2), 225–241. <https://doi.org/10.22219/jaa.v6i2.26674>
- [19]. Kementerian Sekretariat Negara Republik Indonesia. (2023). Pemerintah Putuskan Indonesia Masuki Masa Endemi.
- [20]. Kementerian Koordinator Perekonomian Republik Indonesia. (2021). Laporan Kajian Dampak Pandemi Covid-19 Terhadap Ketenagakerjaan di Indonesia.
- [21]. Marthadevi, N. M. M., & Mimba, N. P. S. H. (2023). Corporate Social Responsibility, Enterprise Risk Management, Nilai Perusahaan, dan Kinerja Keuangan sebagai Pemoderasi. *E-Jurnal Akuntansi*, 33(11). <https://doi.org/10.24843/eja.2023.v33.i11.p15>
- [22]. Melinda, A., & Wardhani, R. (2020). The Effect of Environmental, Social, Governance, and Controversies on Firms' Value: Evidence from Asia. In Emerald Publishing Limited (Vol. 27, pp. 147–173). *International Symposia in Economic Theory and Econometrics*. <https://doi.org/10.1108/S1571-038620200000027011>
- [23]. Nanda, N. K. S., & Ratnadi, N. M. D. (2024). Pengaruh Pengungkapan Environmental, Social, Governance pada Nilai Perusahaan. *E-JURNAL EKONOMI DAN BISNIS UNIVERSITAS UDAYANA*, 13(10), 2191–2199. <https://ojs.unud.ac.id/index.php/EEB/>
- [24]. Patel, P. C., Pearce, J. A., & Oghazi, P. (2021). Not So Myopic: Investors Lowering Short-Term Growth Expectations Under High Industry ESG-Sales-Related Dynamism and Predictability. *Journal of Business Research*, 128, 551–563. <https://doi.org/10.1016/j.jbusres.2020.11.013>
- [25]. Peraturan OJK No. 21/POJK.04/2015.
- [26]. Prabawati, P. I., & Rahmawati, I. P. (2022). The Effects of Environmental, Social, and Governance (ESG) Scores on Firm Values in ASEAN Member Countries. *Jurnal Akuntansi Dan Auditing Indonesia*, 26(2), 2022. <https://doi.org/10.20885/jaai.vol26.i>
- [27]. Qureshi, M. A., Kirkerud, S., Theresa, K., & Ahsan, T. (2020). The Impact of Sustainability (Environmental, Social, and Governance) Disclosure and Board Diversity on Firm Value: The Moderating Role of Industry Sensitivity. *Business Strategy and the Environment*, 29(3), 1199–1214. <https://doi.org/10.1002/bse.2427>
- [28]. Rahman, A. F., Kurniawati, D. T., Dewi, A. A., & Kholilah, K. (2023). The Value Relevance of Sustainability Disclosure Quality. *Jurnal Ilmiah Akuntansi*, 8(2), 379–398. <https://doi.org/10.23887/jia.v8i2.68924>
- [29]. Refinitiv. (2024). Environmental, Social and Governance Scores. https://www.refinitiv.com/content/dam/marketing/en_us/documents/methodology/refinitiv-esg-scores-methodology.pdf
- [30]. Singal, P. A., & Putra, I. N. W. A. (2019). Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial, dan Kepemilikan Asing Pada Pengungkapan Corporate Social Responsibility. *E-Jurnal Akuntansi*, 29(1), 468. <https://doi.org/10.24843/eja.2019.v29.i01.p30>
- [31]. Tahmid, T., Hoque, M. N., Said, J., Saona, P., & Azad, M. A. K. (2022). Does ESG initiatives yield greater firm value and performance? New evidence from European firms. *Cogent Business and Management*, 9(1). <https://doi.org/10.1080/23311975.2022.2144098>

- [32]. UU RI Nomor 1 Tahun 2025. <https://peraturan.bpk.go.id/Details/314622/uu-no-1-tahun-2025>
- [33]. Wang, N., Pan, H., Feng, Y., & Du, S. (2023). How do ESG practices create value for businesses? Research review and prospects. In *Sustainability Accounting, Management and Policy Journal*. Emerald Publishing. <https://doi.org/10.1108/SAMPJ-12-2021-0515>
- [34]. Wang, Z., Reimsbach, D., & Braam, G. (2018). Political embeddedness and the diffusion of corporate social responsibility practices in China: A trade-off between financial and CSR performance? *Journal of Cleaner Production*, 198, 1185–1197. <https://doi.org/10.1016/j.jclepro.2018.07.116>
- [35]. Yang, X., Zhang, K., Gao, P., & Yang, Z. (2024). State-owned shareholders' participation and environmental, social, and governance performance of private firms: evidence from China. *Applied Economics*. <https://doi.org/10.1080/00036846.2024.2337797>
- [36]. Yu, X., & Xiao, K. (2022). Does ESG Performance Affect Firm Value? Evidence from a New ESG-Scoring Approach for Chinese Enterprises. *Sustainability (Switzerland)*, 14(24). <https://doi.org/10.3390/su142416940>
- [37]. Zhang, F., Qin, X., & Liu, L. (2020). The Interaction Effect Between ESG and Green Innovation and Its Impact on Firm Value from The Perspective of Information Disclosure. *Sustainability (Switzerland)*, 12(6). <https://doi.org/10.3390/su12051866>