
**THE EFFECT OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE
DISCLOSURE ON THE FIRM VALUE OF TELECOMMUNICATION
COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE DURING THE
2022–2024 PERIOD**



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Abstract

The research is designed to assess whether ESG-related performance affects corporate value among telecommunication companies operating in Indonesia's capital market. The research focuses on issuers traded on the Indonesia Stock Exchange (IDX) during 2022 – 2024 period. Firm value is represented by Price to Book Value (PBV), with ESG scores are used as the explanatory variable. The telecommunications sector was selected because of its strategic role in supporting digital transformation and its growing exposure to sustainability-related issues, including energy consumption, electronic waste management, data security, and digital inclusion. This research employed a quantitative approach by analyzing panel data gathered from several sources, including annual reports, sustainability disclosures, and ESG information databases. Panel data regression techniques were applied through EViews software to assess the effect between ESG performance and firm value. The analysis was conducted to determine whether ESG disclosure and performance contribute to enhancing firm value from the perspective of investors and the capital market. The results indicate that ESG scores have a negative and statistically insignificant effect on PBV. These findings indicate that ESG related achievements may not play a significant role in the valuation decisions of investors within the Indonesian telecommunications industry. Instead, market participants may place greater emphasis on financial performance and other conventional indicators when making investment decisions. By examining firms within an emerging market setting, this study offers additional insight into the relevance of sustainability disclosures and their potential influence on investment assessments and corporate valuation.

Keywords: ESG Score, Firm Value, Price to Book Value, Telecommunications Industry, Sustainability Disclosure

INTRODUCTION

As global markets become increasingly interconnected, national borders no longer serve as significant barriers to business competition, current economic conditions have created intense rivalry among companies. Competition within the telecommunications industry compels every company to continuously improve its performance in order to achieve its objectives. Increasing firm value is widely recognized as a primary objective of listed companies, as it reflects the enhancement of shareholder wealth. Firm value is an important proxy for corporate performance, reflecting the company's overall financial condition and influencing investors' assessments and investment decisions.

As the backbone of digitalization, telecommunications companies face major challenges related to energy consumption in data centers, electronic waste management, consumer data security, and digital inclusion. The 2022–2024 period represents a crucial post-pandemic phase in which the demand for connectivity increased significantly, while environmental issues and data privacy became major concerns for investors in this sector.

When making investment decisions in the capital market, investors rely on various valuation measures to assess a company's stock. Generally, stock valuation can be categorized into three types: book value, market value, and intrinsic value. Book value reflects the value of a company's shares based on its accounting records, while market value reflects the value assigned to a company by investors through the trading price of its shares in the stock market. Intrinsic value, on the other hand, refers to the underlying or fundamental value of a stock. Understanding these valuation concepts is important because they assist investors in identifying stocks with growth potential and evaluating whether the market price of a stock accurately reflects its fundamental value. One commonly used measure in evaluating a company's intrinsic value is the PBV ratio. The PBV ratio is commonly used to assess how the market values a company by comparing its share price with the underlying book value of its equity. A higher PBV generally indicates that investors assign greater value to the company beyond its recorded net assets.

The increasing awareness of sustainability has encouraged investors to consider ESG disclosure as one of the key indicators in mitigating non-financial risks and determining a company's long-term value. In general, ESG refers to environmental responsibility, social responsibility, and corporate governance. In Indonesia, the sustainability trend has strengthened since the implementation of sustainability reporting regulations following the establishment of a regulatory framework the implementation of Financial Services Authority Regulation No. 51/POJK.03/2017 regarding sustainable finance, which requires companies to disclose sustainability-related activities. Therefore, ESG issues now function not only as instruments of regulatory compliance but also as important variables in market assessments of firm value.

ESG scores or ratings can also serve as references for companies, financial markets, and academics as indicators of sustainable corporate performance (Gilan et al., 2021).

A number of researchers have examined the association between ESG practices and firm value. Among them, Meini and Setijaningsih (2024) found that ESG disclosure was positively associated with firm value in Indonesia and Singapore during the 2015–2022 period, where investors rewarded companies with higher market valuations. In contrast, Aditya and Hasnawati (2025) found that only the social dimension of ESG significantly influenced firm value when measured using PBV, while the environmental and governance dimensions showed no significant effect. Another study by Marsuki and Efendi (2024) on

mining companies concluded that The results indicate that ESG performance was not significantly associated with PBV, whereas profitability was a more dominant variable influencing firm value. Prior research has yielded inconsistent outcomes, making it difficult to draw a definitive conclusion about the relationship between ESG performance and firm value, highlighting the need for further research. Therefore, Focusing on the Indonesian telecommunications industry, this research examines whether the level of ESG disclosure is related to market-based firm value, as reflected in the PBV ratio, over the 2022–2024 period.

REVIEW OF LITERATURE

Firm Value

A company is a familiar term in everyday life, especially as businesses of various sizes continue to emerge and develop around us. As a company grows, it can absorb more labor and generate higher profits. A company represents an economic organization that coordinates multiple resources to facilitate the production and distribution of goods and services for sale (Salvatore, 2005).

Companies are established because it would be inefficient and expensive for entrepreneurs to negotiate separate agreements with workers, capital providers, landowners, and other resource owners at every stage of the production and distribution process. Instead, entrepreneurs generally establish large and long-term contractual connection between employers and employees, in which employees undertake various operational activities in return for remuneration and other employment related benefits. Companies therefore exist to reduce transaction costs. By carrying out transactions within the organization, companies can improve operational efficiency while reducing certain tax burdens and limiting exposure to regulations that primarily govern transactions between separate entities (Kusumajaya, 2011). Growth in firm value represents a significant accomplishment, as it is consistent with the goal of maximizing shareholder wealth, since higher firm value leads to greater shareholder prosperity. The significance of firm value stems from its close connection with shareholder wealth, where higher firm value generally indicates greater value creation for shareholders (Brigham & Gapenski, 2006).

An increase in share price is generally associated with a higher level of firm value. Company owners generally aim to achieve higher firm value because it serves as a measure of enhanced shareholder wealth also long-term value creation. The wealth of shareholders and the firm is commonly measured by the market value of its shares, which reflects how investors evaluate the company's investment activities, financing strategies, and management of its assets. From a financial perspective, the ultimate goal of financial management is to maximize firm value and shareholder wealth. However, conflicts may arise between company owners and creditors as providers of funds. When a company demonstrates strong performance, its share value tends to increase, whereas the value of its debt instruments, such as bonds, generally remains unchanged. As a result, the market value of equity can serve as a reliable indicator of a company's overall performance. Based on this perspective, financial management is primarily directed toward maximizing shareholder wealth through the enhancement of stock prices. However, the objective of increasing shareholder value should not be pursued at the expense of bondholders' interests (Hermuningsih, 2013).

Based on the theory of the firm, a company's fundamental objective is to maximize its value and create wealth for its stakeholders (Salvatore, 2005). Enhancing firm value is

considered important because it is closely associated with increasing shareholder prosperity, which is often regarded as one of the primary goals of a business entity (Euis & Taswan, 2002). From Husnan's (2000) perspective, firm value is associated with the level of price that interested investors are willing to offer for ownership rights in a company. Keown (2004), on the other hand, defines firm value as the combined market value of a company's equity and debt obligations.

A company's value is shaped by a combination of expected cash-generating ability, operational performance, and financial characteristics. The PBV ratio is adopted in this study to reflect the value of the firm. This ratio measures the extent to which the market price of a company's shares exceeds or falls below its book value per share (Brigham & Gapenski, 2006).

Signaling Theory

According to Modigliani and Miller, capital market participants are assumed to have the same level of information as corporate managers concerning the firm's prospects, thereby creating a condition of symmetric information. Nevertheless, this assumption rarely holds in reality, as managers generally have superior access to internal information compared to outside investors and other external parties. This condition is known as asymmetric information and has an important effect on optimal firm value. Signaling theory, within the framework of ESG disclosure, explains how companies use ESG-related information to provide positive signals to investors and stakeholders. By providing information on their sustainability commitments and socially responsible practices, companies can foster stakeholder trust and improve their corporate image, which may positively influence firm value. According to Ghazali (2020:167), signaling theory is designed to explain that parties within a company generally possess better information regarding the company's current and future conditions and prospects compared to external parties such as investors, creditors, governments, and even shareholders.

ESG Disclosure

The OECD (2022) describes ESG as an approach that incorporates environmental, social, and governance considerations into investment-related decisions, particularly asset allocation and risk management, to support sustainable long-term financial performance. This concept is often associated with sustainability efforts carried out by private companies, particularly in funding, investment, and public reporting activities. Companies that possess a strong level of legitimacy are linked to a higher ability to manage liquidity because they are perceived as more stable and trustworthy by investors. In line with Rachmawati (2020), companies capable of building legitimacy through ESG disclosure are more likely to attract investors and gain access to financing at lower costs. Therefore, ESG disclosure is not merely a regulatory requirement but also a strategy to strengthen corporate legitimacy, which may ultimately influence cash holding policies. Companies with high legitimacy are more likely to allocate cash toward sustainable investments rather than holding excessive cash as a risk mitigation strategy.

ESG is an investment practice standard that integrates corporate policies consistently with environmental, social, and governance principles. Indonesia is one of the countries that has adopted ESG principles, and its development has been quite rapid. This can be observed through the commitment of the Indonesian government and the Indonesia Stock Exchange (IDX), which has introduced various sustainable finance programs to support the development of a more inclusive and globally competitive capital market. The IDX

strengthened its commitment to sustainability by participated in the United Nations Sustainable Stock Exchanges (SSE) program on April 18, 2019. The SSE serves as a global stock exchange platform that encourages companies to maintain transparency regarding activities contributing to solutions for environmental, social, and governance issues.

Many companies choose to follow the guidelines of the Global Reporting Initiative (GRI) in publishing their ESG performance. Initially, ESG disclosure was conducted through conventional methods; however, technological advancements have encouraged many parties to utilize digital platforms such as websites and social media to communicate ESG information (Fatemi, 2017). This research on ESG disclosure uses sustainability reports aligned with the GRI guidelines, with data collected manually from annual reports and official company websites. Currently, ESG disclosure data are also obtained from specialized data providers such as Bloomberg, which compile ESG scores frequently used in recent studies.

Relevant Previous Studies

Theories and findings derived from previous research are essential and can serve as supporting data in a research. Previous studies provide an important basis for this research. The literature reviewed primarily examines factors affecting firm value, including ESG disclosure, profitability, company growth, and capital structure.

Conceptual Framework

Previous studies indicate that although ESG disclosure often strengthens market confidence and enhances firm value, its actual impact may depend on other non-financial contextual factors such as industry sensitivity, ownership structure, or regional characteristics.

The figure presented below provides an overview of the conceptual relationships examined in this research.

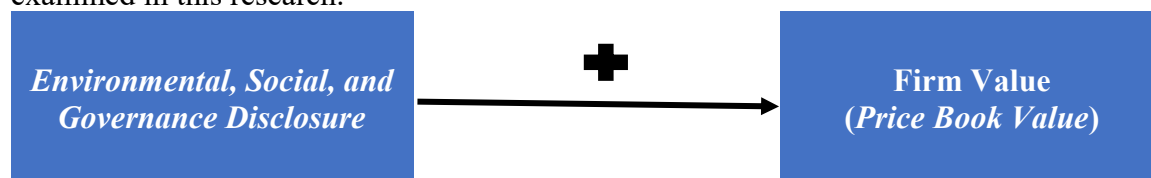


Figure 2.1
Conceptual Framework

Drawing upon signaling theory, this research explores the connection between ESG disclosure and firm value, with firm value measured using the PBV ratio.

Research Hypothesis

Research undertaken by Torre et al. (2020) & Yim et al. (2023) demonstrated a positive and statistically significant connection between ESG disclosure and stock returns. The research concludes that higher ESG ratings are associated with stronger market performance, enabling firms to create greater returns for their investors. Companies that publish ESG disclosures also attract greater investor attention and increase public trust. Long-term investment decisions can therefore be made by considering ESG disclosures presented in corporate financial reports. Drawing upon the theoretical framework and empirical literature reviewed in the preceding discussion, the following hypothesis is formulated:

“ESG Disclosure has a positive and significant effect on Firm Value.”

RESEARCH METHOD

Research Subjects and Objects

This research investigates the effect of ESG disclosure on firm value among telecommunications companies listed on the IDX during the 2022–2024 period. The PBV ratio serves as the measure of firm value in this research., which measures the relationship between a company's market value and the net assets reported in its financial statements. The research is designed to evaluate whether the level of ESG disclosure influences market valuation across publicly traded firms in the telecommunications industry.

Research Design

Data for this research were obtained through two data collection procedures, namely library research and field research. To support the research objectives, an extensive review of existing literature was undertaken. The literature review involved the analysis of peer-reviewed journals, academic books, and other authoritative sources to gather information relevant to the research topic. The objective of the literature review was to establish the theoretical foundation of the research. The second data collection technique, namely field research, involved collecting secondary data from sustainability reports obtained directly from the websites of listed telecommunications companies, as well as reports from IDX in collaboration with Morningstar Sustainalytics or from the website [IDX ESG Scores](#). In addition, data from Katadata reports accessible through [Katadata Green Dashboard](#) were also processed.

After obtaining the secondary data obtained from corporate sustainability reports and/or ESG index score reports from Katadata, The data obtained were subsequently processed and analyzed. The dataset was examined using panel data regression techniques, with EViews version 13 employed as the primary analytical tool. Panel data integrate both cross sectional and time series observations, allowing researchers to investigate the behavior of multiple entities across a particular period of time.

Operationalization of Variables

In this research, the operational definition of variables is as follows:

1. Firm Value (FV)

FV is represented by the PBV ratio. PBV reflects how the market appraises a company in relation to its book value per share. The ratio is commonly employed to evaluate the market value of equity relative to its recorded book value. The measurement unit of PBV is expressed as a percentage.

$$\text{PBV} = \frac{\text{Ps}}{\text{BVS}}$$

Source: Brigham and Gapenski, 2006

Within the PBV calculation, the symbol Ps denotes the prevailing market price of a share, while BVS indicates the accounting value of each share based on shareholders' equity. BVS is determined by allocating total shareholders' equity across all outstanding shares. As a valuation measure, PBV offers several advantages, including the following:

- a. Book value provides a useful reference point as a practical benchmark for measuring a company's worth because it is relatively stable and less affected by short-term market fluctuations. As a result, investors often use the PBV ratio as an alternative

valuation metric when they prefer not to rely solely on discounted cash flow techniques.

- b. Book value is derived using generally accepted accounting principles, which provides a uniform basis for evaluating companies. PBV can therefore be compared among similar companies as an indicator of underpricing or overvaluation.

An overview of the research variables, including their definitions and measurement criteria, is provided in the following table.

Population, Sample, and Sampling Method

The research is confined to telecommunications companies listed on the IDX over the 2022–2024 observation period. Although all listed telecommunications firms constituted the population, only companies meeting the predetermined selection requirements were included in the sample. To ensure consistency with the research objectives, purposive sampling was adopted as the sampling method. Accordingly, the following criteria were applied in determining the research sample:

- a. Telecommunications companies listed on the IDX as of December 31, 2024.
- b. Companies that issued complete sustainability reports throughout the 2022–2024 period and provided the information required for the measurement of the research variables.
- c. Companies that do not have negative firm values (negative PBV) during the 2022–2024 research period.

According to the selection requirements, the distribution of samples employed in the research is outlined in the following table:

Table 3.1
Sampling Process

No. Sample Characteristics		Description
1	Telecommunications companies listed on the IDX as of December 31, 2024	70
2	Telecommunications companies that didn't publish sustainability reports during the 2022–2024 research period	59
3	Telecommunications companies with negative PBV during the 2022–2024 period	0
Total Sample Used		11

Statistical Analysis

To investigate the influence between ESG disclosure and firm value, represented by PBV, this research utilizes panel-data estimation techniques through EViews. Prior to estimating the regression model, the dataset is examined through descriptive statistics to describe a general overview of its key characteristics. These statistics describe the distribution of each variable by presenting measures of centrall tendency and variability, including the mean, median, standard deviation, minimum value, and maximum value.

Panel data analysis combines cross sectional observations with time series information provides a more comprehensive framework for examining variations among companies across different periods. Accordingly, this research considers three panel regression specifications: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random

Effect Model (REM). The selection of the optimal model is based on the results of the Chow test and Hausman test.

The connection between ESG disclosure and firm value is examined using the following regression model.

$$PBV = C + \beta \text{ ESG Disclosure} + \epsilon$$

The role of ESG disclosure in explaining firm value is assessed through regression analysis, with the PBV ratio used as an indicator of firm value. The t-test is used to determine whether the estimated coefficient of ESG Disclosure differs significantly from zero, thereby indicating its effect on firm value. In addition, the overall significance of the regression model is assessed using the F-test, which examines the combined effect of the independent variables on the dependent variable. To further assess model adequacy, a Goodness-of-Fit analysis is performed by examining the coefficient of determination (R^2), which shows how much of the observed variation in firm value is captured by the regression model.

RESULTS AND DISCUSSION

Descriptive Statistics Test of Variables

Before proceeding with regression analysis, descriptive statistical techniques were employed to provide a general overview of the dataset and summarize its key characteristics and distribution. As a preliminary analytical tool, descriptive statistics help summarize the data and offer valuable insights into the key aspects of the research problem before further analysis is conducted. To obtain a general understanding of the dataset, several summary indicators were examined, including the mean, standard deviation, and the highest and lowest recorded values for each variable. The analysis was conducted on all variables included in the research, namely firm value, as indicated by the PBV ratio, and ESG scores for 11 telecommunications companies listed on the IDX over the 2022–2024 period. A detailed summary of the descriptive statistics is provided in Table 4.1.

Table 4.1
Results of Descriptive Statistics Test of Variables
Sample: 2022–2024

	PBV	ESG
Mean	2.102851	46.27951
Median	1.815907	48.49163
Maximum	5.126397	65.46694
Minimum	0.544078	18.70600
Std. Dev.	1.259557	13.05604
Skewness	1.000347	-0.385945
Kurtosis	3.219020	2.174034
Sum	69.39410	1527.224
Sum Sq. Dev.	50.76752	5454.728
Observations	33	33

In this research, firm value is represented by the PBV ratio. This measure reflects how investors assess a company's market worth relative to the equity attributable to its

shareholders. As presented in Table 4.1, the average PBV of telecommunications companies listed on the IDX during the 2022–2024 period was 2.102581, with a standard deviation of 1.259557, where the standard deviation is lower than the mean value. This condition indicates that the data are homogeneous, meaning that the mean value has high accuracy and serves as a good and reliable representation of the overall data. The data show a minimum value of 0.544078 and a maximum value of 5.126397. These findings suggest that most telecommunications companies have positive firm values as measured by PBV.

The ESG score is a measure used as an indicator of a company's sustainability performance and ethical practices. This score is utilized to assess the company's non-financial impact, long-term risk, and compliance with sustainable business practices. Table 4.1 shows that the average ESG score of telecommunications companies listed on the IDX during the 2022–2024 period is 46.27951, with a standard deviation of 13.05604, where the standard deviation is lower than the mean value. This condition reflects that the data are homogeneous, meaning that the mean value has high accuracy and provides a good and reliable representation of the overall data. It can also be seen that the minimum ESG score is 18.70600 and the maximum is 65.46694. These findings indicate that most telecommunications companies have positive ESG scores.

Normality Test

Figure 4.1 presents the results of the normality test generated using EViews version 13.

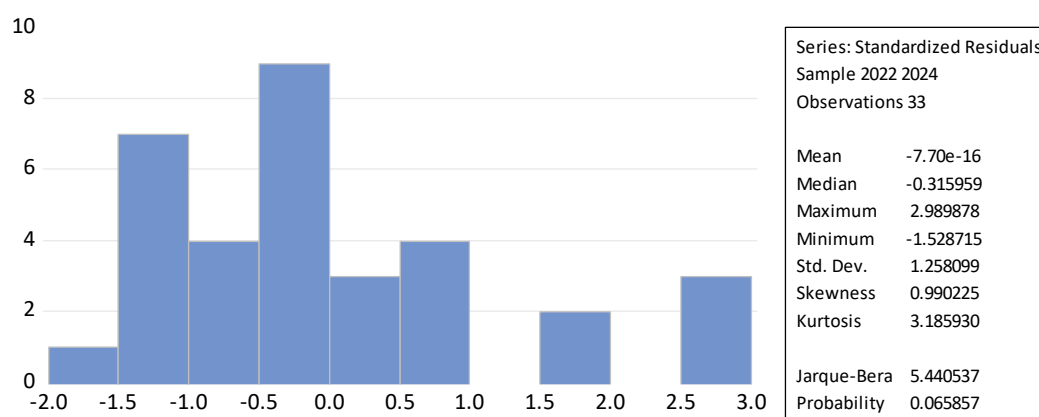


Figure 4.1
Normality Test

As shown in Figure 4.1, the normality test produces a probability value of 0.065857, which exceeds the 0.05 significance level. This result suggests that the data are normally distributed, indicating that the regression model satisfies the normality assumption.

Analysis and Discussion

Model Selection Process: Common Effect (CEM), Fixed Effect (FEM), or Random Effect (REM)

Chow Test

The first stage of panel data model selection involves applying the Chow Test to compare the CEM and the FEM in order to determine the model that most appropriately captures the characteristics of the panel data.

Hypothesis Testing

H0 : CEM
H1 : FEM

Table 4.2
Results of the Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.036333	(10,21)	0.0009
Cross-section Chi-square	40.367636	10	0.0000

According to the results reported in table 4.2, the null hypothesis (H₀) is rejected, This conclusion is supported by the significance values of the Cross-section F and Cross-section Chi-square tests, which are reported at 0.0009 and 0.0000, respectively. Since these values fall below the 0.05 threshold, based on the results of the model selection tests, the FEM was determined to be more appropriate for the dataset than the CEM. Accordingly, the FEM is retained for the next stage of analysis. To further determine the most suitable panel data specification, a Hausman Test is subsequently performed to evaluate the suitability of the FEM relative to the REM.

Hausman Test

Table 4.3
Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.167978	1	0.6819

Hypothesis Testing:

H0 : REM
H1 : FEM

The Hausman test results in table 4.3 show a Cross section Random probability of 0.6819. Because the probability exceeds the 0.05 significance level, the null hypothesis is retained. This finding indicates that the REM offers a more suitable estimation approach for the dataset than the FEM. Consequently, the REM is retained as the preferred model and is employed in the subsequent stages of analysis.

Lagrange Multiplier Test

Table 4.4
Lagrange Multiplier Test
Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	10.10215 (0.0015)	0.517985 (0.4717)	10.62013 (0.0011)

Hypothesis Testing:

H0 : REM

H1 : CEM

The Lagrange Multiplier Test resultss in table 4.4 showw that the significance value associated with the Cross-section Random statistic is 0.0011, which is lower than the 0.05 significance threshold. Consequently, the null hypothesis is rejected, indicating that the REM provides a more suitable representation of the panel data than the CEM. Based on this outcome, the REM is adopted as the preferred estimation model and is employed in the subsequent analysis.

Model Selection Matrix

Based on all the tests above, the following matrix table can be constructed:

Table 4.5
Model Selection Matrix

Testing	CEM	FEM	REM
Chow Test		√	
Hausman Test			√
Lagrange Multiplier Test			√

The results summarized in Table 4.5 suggest that the REM is the most appropriate approach for estimating the panel data. Therefore, subsequent diagnostic testing and regression analysis are conducted using the REM.

Hypothesis Testing

The REM was estimated using EViews version 13, and the corresponding results are presented below.

Dependent Variable: PBV

Method: Panel EGLS (Cross-section random effects)

Date: 04/08/26 Time: 22:36

Sample: 2022 2024

Periods included: 3

Cross-sections included: 11

Total panel (balanced) observations: 33
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.175352	0.977174	2.226165	0.0334
ESG	-0.001567	0.019754	-0.079306	0.9373

Effects Specification

	S.D.	Rho
Cross-section random	1.036751	0.6033
Idiosyncratic random	0.840782	0.3967

Weighted Statistics

R-squared	0.000208	Mean dependent var	0.891691
Adjusted R-squared	-0.032043	S.D. dependent var	0.816445
S.E. of regression	0.829422	Sum squared resid	21.32618
F-statistic	0.006463	Durbin-Watson stat	2.186609
Prob(F-statistic)	0.936442		

Unweighted Statistics

R-squared	0.002314	Mean dependent var	2.102851
Sum squared resid	50.65006	Durbin-Watson stat	0.920671

t-test

Table 4.6 presents the regression output for the ESG disclosure variable. The estimated coefficient is -0.001567, with a t-statistic of -0.079306 and a p-value of 0.9373. Although the coefficient is negative, the probability value exceeds the 5 percent significance level, suggesting that the observed relationship lacks statistical significance. As a result, variations in ESG disclosure do not appear to be associated with meaningful changes in firm value within the sampled telecommunications companies. These findings imply that ESG disclosure may not constitute a key factor influencing firm value during the period under investigation. Similar evidence was documented by Ega Christy and Sofie (2023), who also reported the absence of a significant relationship between ESG-related measures and firm value.

F-test

The F-test produces a probability value of 0.936442, as shown in Table 4.6. Given that this value exceeds the established significance benchmark of 0.05, the regression model does not demonstrate overall statistical significance. This result suggests that ESG disclosure does not provide significant explanatory power with respect to firm value. Accordingly, ESG disclosure is not found to contribute meaningfully to differences in firm value, as measured by the PBV ratio, among the telecommunications companies examined in this research.

CONCLUSION

This study analyzes panel data derived from 11 telecommunications companies listed on the IDX over the 2022–2024 period. Using the REM, the study generates several

empirical observations concerning the relationship between ESG disclosure and firm value. The findings reveal a negative coefficient for ESG disclosure in relation to firm value, proxied by the PBV ratio. Nevertheless, the estimated relationship is not statistically significant, implying that ESG disclosure does not appear to play a substantial role in determining firm value within the sampled firms. Furthermore, the normality assessment shows that the residuals follow a normal distribution, supporting the validity of the normality assumption underlying the regression model. One limitation of the study concerns the availability of ESG information, as the analysis depends on ESG scores provided by the IDX and other external data providers. Consequently, the restricted availability of ESG data for telecommunications companies may limit the breadth of the analysis and reduce the extent to which the findings can be generalized.

Suggestions

Several suggestions can be proposed for future researchers. Researchers who are interested in examining the impact of ESG scores on firm value are encouraged to conduct further studies by expanding the sample size and including more company variables that reflect broader influencing factors among companies listed on the IDX. This research only focuses on ESG scores in analyzing their impact on firm value. In light of these findings, future research may include additional variables in the analysis beyond financial policies and financial ratios, such as inflation, macroeconomic conditions, and socio-political factors, which may also contribute to firm value as measured by the PBV ratio.

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