International Journal of Economics,Businessand Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-8, Issue-1, 2024 (IJEBAR)
E-ISSN:2614-1280 P-ISSN2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

ANALYSIS OF THE EFFECTS OF ENVIRONMENTAL DISCLOSURE, SOCIAL DISCLOSURE, AND GOVERNANCE DISCLOSURE ON FINANCIAL PERFORMANCE IN COMPANIES LISTED IN THE ESG SECTOR LEADER INDEX OF THE INDONESIA STOCK EXCHANGE IN 2023

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Abstract : *This study aims to analyse the influence of Environmental, Social and Governance Disclosure on the Financial Performance of Companies Listed in the ESG Sector Leader Index of the Indonesia Stock Exchange in 2023. It is hoped that this research will provide investors with new insights into the factors that can influence financial performance as measured by Economic Value Added (EVA). In this way, investors and other financial stakeholders can consider the research findings in their decision making. The data were processed using ordinary least square (OLS) analysis, which includes a series of classical assumption tests and multiple linear regression tests to examine the results of the influence of independent variables on the dependent variable. The test results indicate that environmental disclosure, tested using four sub-variables, showed that operational carbon disclosure did not affect EVA, while product and service carbon disclosure positively affected EVA, natural resource use disclosure positively affected EVA, and emissions, effluents, and waste disclosure did not positively affect EVA. Social disclosure, tested using two sub-variables, shows that community relations disclosure and occupation health and safety disclosure do not affect EVA. Governance disclosure, tested using two sub-variables, showed that governance disclosure did not affect EVA, while business ethics disclosure did not positively affect EVA.*

Keywords: *Environmental Social Governance (ESG), Environmental disclosure, Social disclosure, Governance disclosure, Economic Value Added*

1. Introduction

Sustainability is one of the keys to maintaining a balance between today's needs and those of future generations. Sustainable development, as endorsed by the United Nations (UN), uses the concept of the triple bottom line by engaging stakeholders, including business players, to achieve the goal of leaving no one behind (https://sdgs.bappenas.go.id). The Triple Bottom Line, introduced by Elkington in 1998, is a construct related to sustainability that describes the measurement of organizational performance and success by considering three important aspects in it, namely economic aspects, social aspects, and environmental aspects (Alhaddi, 2015). Thus, it can be said that the Triple Bottom Line is a formula for measuring the sustainability of the company/organization and then can be presented to the stakeholders.

Economic activities require nature as raw materials, energy sources, water, air, etc., which are managed by labour to produce outputs for consumption by the community. Therefore, it is important for companies to pay attention to environmental and social issues surrounding their business activities in order to create sustainability for their business (USAID dan OJK, 2017). Based on the data published by the Ministry of Energy and Mineral Resources, there are several industrial categories that contribute the largest emissions, namely the energy producing industry with a contribution of 43.83%, in this industry there is a power generation industry that produces the largest emissions, then the transportation industry contributes to emissions with 24.64%, the manufacturing and construction industry contributes 21.46%, and other sectors contribute to emissions with 4.13%.

At present, all sectors of the business world are becoming increasingly aware of environmental issues and are striving to minimize the negative impact of business activities on the environment by implementing sustainable business practices that are environmentally friendly and socially and environmentally responsible, in accordance with UU No. 40 Pasal 74 2007 about Limited Liability Companies. The article reads: "Companies that carry out their business activities in the field of and/or related to natural resources must implement social and environmental responsibility".

The sustainability perspective provides a framework for appropriate value creation and meets the needs of various stakeholders. (Burhan & Rahmanti, 2012) stated that investment analysts recognize that there are several business drivers of corporate financial statements, including environmental, social, and governance contributions to long-term financial performance and corporate investment returns. Financial performance is a formal effort by a company to evaluate the efficiency and effectiveness of its activities over a given period of time. This evaluation is often measured using financial ratios, one of the financial ratios used to measure financial performance is *Economic Value Added* (EVA), which focuses on value creation so that it can be used as a financial performance assessment tool (Iramani & Febrian, 2005).

Verecchia in (Melinda & Wardhani, 2020) states that from an economic perspective, organizations or companies will disclose information if it is considered to increase value for them. A company is considered to create value when the profitability achieved exceeds the total cost of capital invested, the EVA method is a method that is easy to use and can be applied to different types of companies because it considers the total cost of capital invested (Galvão et al., 2020). As a financial performance indicator, EVA reflects the difference between the income generated in an accounting period and the weighted average cost of capital invested in the same accounting period. If the income is at least comparable to the cost of capital, then EVA is positive, which generates profits and adds economic value to the company.

Comprehensive and transparent ESG disclosure by companies can help companies seize opportunities to improve operational efficiency, reduce risk, and optimize resource use, which in turn can increase the company's economic value added, as reflected in EVA. However, the impact of ESG disclosures on EVA may also vary depending on a number of factors, including industry, company size, and the overall business environment.

A number of previous studies have examined the disclosure of environmental social responsibility, such as research conducted by (Amin & Lastanti, 2020) found that Corporate Social Responsibility (CSR) affects financial performance as measured by Return On Assets (ROA), but has no effect on Economic Value Added (EVA) as an indicator of value creation. Similarly, research conducted by (Erkanawati, 2018) revealed that economic performance, social performance and environmental performance have no effect on EVA. On the other hand, research conducted by (Melinda & Wardhani, 2020) showed that ESG performance based on environmental, social, and corporate governance scores, respectively, have an impact on the firm value.

2. Theoretical Basis

2.1 Stakeholder Theory

This study utilizes managerial stakeholder theory, which states that company management publishes sustainability reports that include environmental, social, and governance disclosures to inform stakeholders that influence the company in order to minimize information asymmetry and improve relationships with stakeholders to gain support in order to improve the company's image to attract investors, reduce the cost of capital, increase employee retention, and attract prospective employees (Fernando & Lawrence, 2014). Disclosure of sustainability reports is driven by the desire of companies/organizations to manage stakeholders so that companies can create maximum economic value.

2.2 Economic Value Added

Economic Value Added (EVA) is a method of evaluating a company's performance that takes into account the economic benefits generated by the company's products. This information is useful for investors to assess the value of the products produced by the company, and allows them to make comparisons with companies in the same industry (Costin, 2017). A company is considered to have economic value added if it is able to generate profits that exceed the cost of capital invested (Jankalová & Kurotová, 2020). If EVA is positive, the company is considered successful in creating economic value; if EVA is zero, the company is in a break-even position because the profit generated is comparable to its liabilities; while if EVA is negative, it means that no economic value is created in the company (Abdurachman & Gustyana, 2019).

2.3 Operational Carbon Disclosure

Operational carbon disclosure involves the disclosure of greenhouse gas emissions that result directly or indirectly from the company's operational activities. This information is captured in the company's sustainability report and published to provide an overview to stakeholders and become one of the considerations in stakeholder decision making. Research (Okeke et al., 2021) indicates that carbon disclosure has a positive impact on economic value added. Credible carbon disclosure can increase the economic value of the company and provide stakeholders with information to make accurate decisions.

H_1: Operational Carbon Disclosure positively affects Economic Value Added (EVA)

2.4 Product and Service Carbon Disclosure

The use and management of energy in the production of products and services is part of the carbon disclosure of products and services. Companies or organizations that disclose carbon products and services mean that they care about the sustainability of the products and services offered to the community, because carbon disclosure and good energy management of products and services can attract the attention of consumers and other stakeholders who care about this environmental issue. The research conducted (Gabrielle & Toly, 2019) shows that the higher the level of disclosure of greenhouse gas emissions by the company, the higher the value of the company that can be achieved. In addition, environmental performance can moderate the relationship between greenhouse gas disclosure and firm value. From the results of this study, it can be concluded that companies that efficiently manage greenhouse gas emissions in the production of products and services they provide to society can increase firm value.

H_2: Product and Service Carbon Disclosure positively affects Economic Value Added (EVA)

2.5 Natural Resource Usage Disclosure

Some companies make biodiversity as a material resource of the company and as a form of corporate responsibility for the use of these resources, it is necessary for the company to disclose information on the use of resources to stakeholders so that a good image will be created for the company, which will then improve the financial performance of the company and gain the trust of stakeholders that the company is committed to paying attention to environmental problems due to its business activities. This is in line with research (Elsayed, 2023) which discusses the relationship between biodiversity disclosure and financial performance and found that there is a positive relationship between biodiversity disclosure and financial performance.

H_3: Natural Resources Usage Disclosure positively affects Economic Value Added (EVA)

2.6 Emissions, Effluents, Waste Disclosure

The existence of the industrial world has various positive impacts, one of which is the creation of jobs, but on the other hand the industrial world can have negative impacts, one of which is the occurrence of environmental pollution due to industrial activities in the process of creating products. Industrial players need to pay attention to the impact that will occur due to their business activities, therefore waste management is needed (Affandi, 2020). Research (Julansa et al., 2020) revealed the results of his research that the disclosure of waste information disclosed by the company, both disclosure of gas emissions, solid waste and liquid waste, has a positive associative relationship with company value so that the company can maintain its business sustainability in the future.

H_4: Emissions, Effluents, and Waste Disclosure positively affects Economic Value Added (EVA)

2.7 Community Relations Disclosure

A company's presence in a location will have an impact on the surrounding community, both directly and indirectly. The company discloses relationships and interactions with the surrounding community or society to provide stakeholders with information about the company's responsibility for the impacts resulting from its presence in the environment. If linked to the stakeholder theory through the disclosure of community relations, stakeholders can receive information related to the relationship between the company and the community, the better the relationship between the two is expected to increase the economic value added of the company and ultimately create a good image for the company in the eyes of stakeholders and the community. Research (Astuti et al., 2023) suggests that social disclosure has a positive effect on financial performance because voluntary social disclosure can attract the attention of socially responsible consumers and consumers who care about the issue, besides, it can meet the information needs of stakeholders so that investors and other stakeholders are interested in continuing to work with organizations or companies.

H_5: Community Relations Disclosure positively affects Economic Value Added (EVA)

2.8 Occupational Health and Safety Disclosure

The company discloses occupational health and safety information to communicate to the public and all stakeholders the company's commitment and efforts to maintain the health and safety of its employees, thereby increasing their confidence in the company. This is expected to result in increased economic value for the company. Research (Yang & Maresova, 2020) shows that the implementation of occupational health and safety (OHS) system management in pharmaceutical companies listed on the Shanghai and Shenzhen stock exchanges in China has a positive impact on financial performance as measured by return on assets, return on equity, and earnings per share. The research highlights that employees tend to perform better when they feel protected in terms of occupational health and safety through the implementation of OHS systems.

H_6: Occupational Health and Safety Disclosure positively affects *Economic Value Added* (EVA)

2.9 Governance Disclosure

Corporate governance disclosure provides stakeholders with open information about the company's structure, corporate risk management policies, compensation policies, and ownership structure, so this information disclosure is expected to increase the trust of stakeholders, including investors, and can create value for the company. Research (Affes & Jarboui, 2023) found that governance disclosure has a positive effect on financial performance. Companies that have characteristics of good corporate governance practices and a well-organized and disciplined board structure can increase the company's financial profitability by improving the company's organizational structure. In addition, financial performance can be improved by protecting shareholder interests and considering social and environmental factors in decision making.

H_7: Governance Disclosure positively affects Economic Value Added (EVA)

2. 10 Business Ethics Disclosure

Disclosure of business ethics includes disclosure of anti-corruption, anti-competition and tax risk management. Therefore, disclosure of business ethics is the transparency of information related to anti-corruption strategies, which is a part of corporate social responsibility that is coordinated with all parts of the company's organizational structure to achieve the company's goals internally and externally (Karim et al., 2017). The results of the research conducted (Widiyati & Murwaningsari, 2021) explain that anti-corruption disclosure in companies has a positive impact on financial performance because it shows that management is responsible to society. This signals to stakeholders that the company is trustworthy and responsible to its employees, thus promoting the creation of good business ethics.

H_8: Business Ethics Disclosure positively affects Economic Value Added (EVA)

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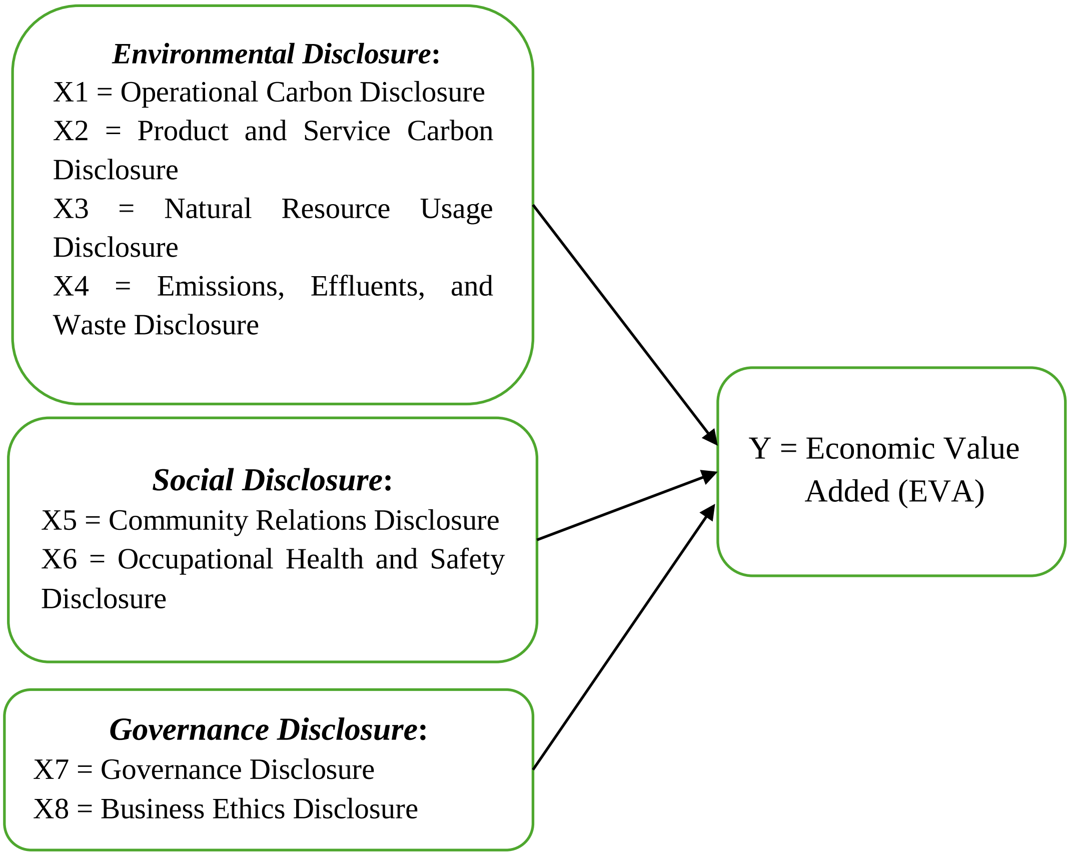

Picture 1. Framework

3. Research Methodology

This research is a quantitative study that uses secondary data with hypothesis testing to see and analyse the results of research with the formulation of predetermined problems. This study uses financial performance measured using Economic Value Added (EVA) as an independent variable and three dependent variables which are then derived back into eight sub-variables. The dependent variables and sub-variables used in this study are Environmental Disclosure (sub-variables; Operational Carbon Disclosure, Product and Service Carbon Disclosure, Natural Resource Use Disclosure, and Emissions, Wastewater and Waste Disclosure), Social Disclosure (sub-variables; Community Relations Disclosure and Occupational Health and Safety Disclosure), Governance Disclosure (sub-variables; Governance Disclosure and Business Ethics Disclosure).

The population of this study is the companies listed in the ESG Sector Leaders IDX Kehati 2023 Index, using purposive sampling method to obtain 38 companies out of 55 companies that meet the definition of the sample criteria.

3.1 Research Variable Operationalization

Indicators of research variables are presented in the following table:

Table 1 Research Variable Operationalization

Variable	Proxy
Operational Carbon Disclosure (OPR)	$\frac{Operational\ Carbon\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$x100
Product and Service Carbon Disclosure (PRO)	$\frac{Product\ and\ Service\ Carbon\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Natural Resource Usage Disclosure Total (NRU)	$\frac{Natural\ Resource\ Usage\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Emissions, Effluents, and Waste Disclosure (EEW)	$\frac{Emmisions, Effluents, and\ Waste\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Community Relations Disclosure (COM)	$\frac{Community\ Relations\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Occupational Health and Safety Disclosure (OHS)	$\frac{Occupational\ Health\ and\ Safety\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Governance Disclosure (GOV)	$\frac{Governance\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Business Ethics Disclosure (BED)	$\frac{Business\ Ethics\ Disclosure\ Total}{ESG\ Disclosure\ on\ GRI\ Standard\ Total}$ x 100
Economic Value Added (EVA)	Net Operating After Tax – Capital Charge

This study uses the least squares method (OLS) for data processing, this method is fundamental in econometric theory (Basuki & Prawoto, 2017) to achieve minimum error in multiple regression. In this study, a multiple regression model was applied using the following equation:

$EVA = \alpha + \beta_1 OPR + \beta_2 PRO + \beta_3 NRU + \beta_4 EEW + \beta_5 COM + \beta_6 OHS + \beta_7 GOV + \beta_8 BED + \varepsilon$

4. Results and Discussions

4.1 Hypothesis Test

4.1.1 T-Test

Partial hypothesis testing is performed using the T-Test to determine the significance value of the independent variable by regressing the independent variable and the dependent variable. A significance value of <0.05 or 5% indicates that the hypothesis is partially accepted and the results of partial hypothesis testing in the study are presented in the following table:

Table 2 Result of T-Test SPSS 26

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	4.654	1.955		2.380	.026
	OPR	-.037	.042	-.166	-.899	.378
	PRO	.191	.080	.398	2.376	.027

	NRU	.198	.066	.879	3.018	.006
	EEW	-.364	.083	-1.341	-4.378	.000
	COM	.043	.095	.103	.451	.656
	OHS	.051	.033	.376	1.534	.139
	GOV	.091	.068	.211	1.348	.191
	BED	-.192	.071	-.476	-2.723	.012

a. Dependent Variable: ln_EVA

Source : ……

Table 2 presents the results of the partial hypothesis testing data, which shows that the Operational Carbon Disclosure variable with a significance value of 0.378, Community Relations Disclosure with a significance value of 0.656, Occupational Health and Safety Disclosure with a significance value of 0.139, and Governance Disclosure with a significance value of 0.191 have no effect on EVA and reject H1, H5, H6, and H7.

The variable disclosure of emissions, effluents and waste with a significance value of 0.000 and a t-value of -4.378 is declared to have no positive effect on EVA because the direction of the t-value is negative and this result rejects H4. Similarly, the variable disclosure of business ethics, which obtained a significance value of 0.012 and a t-value of -2.723, was declared to have no positive effect on EVA, rejecting H8.

The service product carbon disclosure variable and natural resource use disclosure variable have a significance value of 0.027 and 0.006, respectively, while the t-value is 2.376 and 3.018, respectively, so it can be concluded that both variables have a positive effect on EVA, which means that H2 and H3 are accepted.

4.1.2 F-Test

F-Test or simultaneous hypothesis testing is conducted to determine the effect of independent variables on the dependent variable together. The results of the simultaneous test (F-Test) conducted in this study are as follows:

Table 3 Result of F-Test SPSS 26

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.270	8	.909	3.184	.015[b]
	Residual	6.280	22	.285		
	Total	13.550	30			

a. Dependent Variable: ln_EVA

b. Predictors: (Constant), BED, EEW, GOV, PROD, OPR, COM, OHS, NRU

The results of the simultaneous test or F-test presented in table 4.8 show that the results of the regressed research data obtained an F-value of 3.184 and a significance value of 0.015, which means that the significance value is less than the value of 0.05 or 5%, indicating that this study has used a feasible multiple regression model. The test results also concluded that the variables of operational carbon disclosure, product and service carbon disclosure, resource use disclosure, emissions, effluents and waste disclosure, community relations disclosure, occupational health and safety disclosure, governance disclosure and business ethics disclosure simultaneously have a significant effect on economic value added.

4.1.3 Coefficient of Determination (R-Square)

R square in research is used to show how much the independent variables used in the study can explain the dependent variable, and in multiple regression model research with the adjusted R square value to see the percentage of the explanatory amount, the higher the adjusted R square value obtained, it can be said that the better the regression model used, because the greater the percentage for the independent variable explains the dependent variable. The coefficient of determination test performed in this study obtained the following results:

Table 4 Result of R-Square SPSS 26

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732[a]	.537	.368	.53426

a. Predictors: (Constant), EBI, EEL, TKP, PROD, OPR, COM, KKK, SDA

The *adjusted* R *square* value obtained in this research model is 0.368 or 36.8%, the results of this test indicate that the dependent variable in this study, EVA can be explained by the eight independent variables in this study by 36.8%, while 63.2% can be explained by variables other than the independent variables used in this study.

4.2 Discussions

4.2.1 The impact of Operational Carbon Disclosure on the Financial Performance

Based on the results of hypothesis testing conducted in this study, it is found that operational carbon disclosure has no effect on financial performance as measured by EVA and it can be concluded that the results of this study do not support the first hypothesis (H1) which states that operational carbon disclosure has a positive effect on the company's financial performance as measured by EVA.

The results of this study do not support the findings of previous research conducted by (Okeke et al., 2021) which states that credible carbon disclosure can increase the economic value added for the company and can help stakeholders make decisions. The results of this study also do not support the research conducted by (Hardiyansah et al., 2021), which states that companies that disclose carbon emissions can make investors more interested in investing in the company because the value of the company increases as a result of these disclosures.

This study shows different results from those presented in previous studies, which may be due to the selection of a research population whose scope is quite narrow, since it uses only the ESG Sector Leader Index, while in the index there are several industry classifications, not all of which have high risks for the environment affected by corporate activities, such as the banking industry, which does not directly intersect with environmental activities.

4.2.2 The impact of Product and Service Carbon Disclosure on Financial Performance

This study found that product and service carbon disclosure has a positive effect on financial performance as measured by EVA. The results of this study support the second hypothesis (H2), which states that product and service carbon disclosure has a positive effect on the company's financial performance, and it can be concluded that the more product and service carbon index disclosed by the company, the better the company's financial performance.

The results of this study support research (Gabrielle & Toly, 2019) which states that the higher the level of disclosure of greenhouse gas emissions made by the firm, the higher the value of the firm also increases because the firm is considered capable of greenhouse gas efficiency in the activities of producing products and services offered to customers. The results of this study also support the research (Melinda & Wardhani, 2020) which states that ESG environmental score affects the company value, so the higher the ESG environmental score, the higher the company value.

This study reinforces previous research that environmental disclosure, especially carbon disclosure of products and services, has a positive effect on the company's financial performance and if seen at this time there are many companies that echo environmentally friendly products as superior products, this is done by the company as a form of the company's commitment to pay attention to the environmental impacts caused by its products and services as well as a way to convince stakeholders that the company is contributing to sustainable development.

4.2.3 The impact of Natural Resource Usage Disclosure on Financial Performance

This study found that disclosure of natural resource use has a positive effect on financial performance as measured by EVA. The results of this study support the third hypothesis (H3), which states that the disclosure of natural resource use has a positive effect on the financial performance of the company, and it can be concluded that the more natural resource use index disclosed by the company, the better the financial performance of the company.

The results of this study support research by (Elsayed, 2023) which shows that there is a positive relationship between biodiversity disclosure and financial performance, so companies that use natural resources as raw materials or corporate materials need to disclose the use of natural resources to their stakeholders. The results of this study also support the research of (Rahma & Hersugondo, 2022) which states that CSR affects EVA so that company managers need to pay attention to CSR strategies through environmentally friendly production so that companies can provide better disclosure on the use of natural resources to stakeholders and can be considered by investors in decision making.

This study reinforces previous research that disclosure of natural resource use, which is part of environmental disclosure, has a positive effect on a company's financial performance. Economic and business activities conducted often use natural resources as production materials either directly or indirectly, therefore companies have a responsibility to conserve natural resources in order to create sustainable economic and business activities. Therefore, it is important for companies to make disclosures related to the use of natural resources and the company's strategy for conserving natural resources affected by the company's activities.

4.2.4 The impact of Emissions, Effluents, and Waste Disclosure on Financial Performance

This study found that the disclosure of emissions, effluents, and waste has no positive effect on financial performance as measured by EVA. The results of this study do not support the fourth hypothesis (H4), which states that the disclosure of emissions, effluents, and waste has a positive effect on the company's financial performance, and it can be concluded that the more emissions, effluents, and waste indices the company discloses, the lower the company's financial performance.

The results of this study do not agree with the research of (Julansa et al., 2020), which states that companies that disclose emissions and waste have a positive association with firm value and can maintain the sustainability of their companies in the future. However, research by (Lee & Cho, 2021) states that emissions have a negative impact on firm value, so companies need to disclose so that investors can find out this information and consider it in their decision making.

This study concludes that disclosure of emissions, effluents, and waste can reduce the value of financial performance for companies because the more the disclosure index of emissions, effluents, and waste is disclosed, the more the company's contribution in contributing to emissions, effluents, and waste, so it can reduce the value of financial performance. Although this result states that there is a negative effect of disclosure of emissions, effluents, and waste on financial performance, companies still need to make these disclosures to provide information to stakeholders so that stakeholders know how much the company contributes to the release of emissions, effluents, and waste. This result supports the statement (Al-Dhaimesh, 2020) that the greater the contribution of the company to the emissions caused, the lower the economic value added.

4.2.5 The impact of Community Relations Disclosure on Financial Performance

This study found that community relations disclosure has no effect on financial performance as measured by EVA. The results of this study do not support the fifth hypothesis (H5), which states that community disclosure has a positive effect on firm financial performance.

The results of this study are consistent with the results of research conducted by (Amin & Lastanti, 2020), which states that the existence of social responsibility can increase the burden of capital for companies, so that some companies cannot provide a guarantee of return on capital for the implementation of social responsibility carried out by the company. However, the results of this study do not support the research (Astuti et al., 2023) which shows that social disclosure has a positive effect on financial performance so that it can attract the attention of customers who care about environmental issues and sustainable business.

This study obtained results that are inconsistent with previous research, this may be caused by not all social disclosure indices disclosed by the company and the research period conducted is very short, which is only one period, so it cannot reflect how the company's relationship with the surrounding social sphere.

4.2.6 The impact of Occupational Health and Safety Disclosure on Financial Performance

This study found that occupational health and safety disclosure has no effect on financial performance as measured by EVA. The results of this study do not support the sixth hypothesis (H6), which states that health and safety disclosure has a positive effect on firm financial performance.

The results of this study are consistent with the research (Erkanawati, 2018) which found that the results of social performance disclosure have no effect on firm value measured by EVA, this is because the social disclosure indicators have not been fully disclosed due to changes in corporate policies in disclosing social performance in sustainability reports. This statement is supported by the results of the research conducted (Pujiningsih, 2020) which found that social dimension information had no effect on firm value, one of the reasons is that the provision of information related to social responsibility disclosure to stakeholders such as investors cannot be done properly and thoroughly, and most companies still focus on financial factors for corporate sustainability.

However, the results of this study are not consistent with the research conducted (Iliemena et al., 2023), which found the influence of social disclosure on EVA so that the better the social disclosure made by the company, the better the company's EVA because shareholders will make decisions with the aim of increasing shareholder wealth, so companies need to improve their social sustainability performance.

4.2.7 The impact of Governance Disclosure on Financial Performance

This study found that governance disclosure has no effect on financial performance as measured by EVA. The results of this study do not support the seventh hypothesis (H7) that governance disclosure has a positive effect on firm financial performance.

The results of this study do not support the previous research conducted by (Johan & Toti, 2022) which found that governance disclosure has a positive effect on financial performance. However, the results of this study are consistent with the results of the research conducted by (Atan et al., 2016) which found that ESG disclosure has no effect on the EVA of the company. This may be due to the short measurement period, so there is no significant relationship between ESG disclosure and its effect on the company's performance, while the application of social responsibility disclosure in the long run should be able to reflect on the company's finances.

4.2.8 The impact of Business Ethics Disclosure on Financial Performance

This study found that business ethics disclosure has no positive effect on financial performance as measured by EVA. The results of this study do not support the eighth hypothesis (H8), which states that business ethics disclosure has a positive effect on firm financial performance.

Business ethics disclosure focuses on how the company conducts its business in a legal and transparent manner and avoids ethical violations in the eyes of stakeholders in order to maintain the company's image and add value to the company's economy. Companies that do not have a history of violations such as internal conflicts, corruption, and falsification of data will receive a positive evaluation in the eyes of stakeholders, one of which is investors (Sarnisa et al., 2022).

The results of this study conclude that the more the business ethics disclosure index is disclosed, the more the value of financial performance will decrease. This can be caused because the disclosure of business ethics means that there is evidence of business ethics violations in the company, so it can reduce the value of the company's financial performance.

The results of this study do not support the findings of previous research (Widiyati & Murwaningsari, 2021), which revealed that anti-corruption disclosure in companies has a positive effect on the financial performance of the company.

5. Conclusions

Environmental disclosure in this study is tested with four sub-variables with the results of operational carbon disclosure variables have no effect on financial performance as measured by economic value added (EVA), product and service carbon disclosure has a positive effect on EVA, disclosure of natural resource use has a positive effect on EVA, and disclosure of emissions, effluents, and waste has no positive effect on EVA.

The company is expected to have sensitivity and be able to adapt to social issues that develop around it, but in this study the test results obtained that social disclosure tested with the sub-variables of community relations disclosure and occupational health and safety disclosure has no effect on EVA, so that any social disclosure made by the company does not affect the economic value added for the company.

Governance disclosure in this study was tested with two sub-variables with the results of governance disclosure variables having no effect on EVA and business ethics disclosure having no positive effect on EVA. Governance disclosure focuses on the company's strategy in implementing corporate governance practices, including the transparency of the company's business ethics.

Research Limitations

This study has several limitations in its implementation, including the ability of the research model used to explain the research independent variables can only reach 36.8%, which means that there are still 63.2% that can be a factor in the influence of Economic Value Added (EVA) and this study uses a short observation period which is only 1 year and the research object is only limited to the ESG Sector Leader Index while there are several other indices that can also be used as research objects. Therefore, it is hoped that future researchers can add other variables that can affect financial performance and add observation periods or expand the research population so that more samples can be studied.

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