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The Effect of ESG Disclosure and Media Exposure on Profitability and Firm Value: Evidence from Indonesia

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ABSTRACT

This study emphasizes the importance of sustainability reporting through Environmental, Social, and Governance (ESG) disclosure and media exposure in shaping market perceptions as well as returning on equity (ROE) and price-to-book value (PBV). The research supports efforts to achieve Sustainable Development Goals, with sustainability labelling representing corporate transparency and accountability. This study utilizes annual and sustainability reports of non-financial firms, divided into 2020-2022 (during the COVID-19 pandemic) and 2023-2024 (after the COVID-19 pandemic). Media exposure is measured by Google News article counts. Data analysis was conducted using Stata 17. The results indicate that governance disclosure positively affects ROE and PBV in 2020-2022 but shows no significance in 2023-2024, while environmental and social disclosures are insignificant across both periods. ESG affects PBV but does not have an impact on ROE. Media exposure does not affect ROE but shows a negative effect on PBV. This study contributes to stakeholder, signaling, and legitimacy theories by demonstrating that governance disclosure enhances firm performance during the pandemic period. After the pandemic, ESG and media had a limited impact, indicating that market attention toward sustainability signals was limited. The findings emphasize the importance of strategic ESG communication and media exposure to sustain profitability and firm value.

1. INTRODUCTION

Currently, the ongoing Iran-Israel conflict has heightened global geopolitical risks, contributed to market volatility and impacted investor perceptions worldwide, including in Indonesia. As Indonesia maintains trade and strategic investment relations with Iran, these uncertainties elevate economic risks that can affect corporate stability and financial performance. Companies in Indonesia must be able to effectively manage global risks while maintaining solid financial performance to remain competitive and attractive to investors in a challenging business climate [1]. In the context of increasingly competitive business competition in Indonesia, companies are required to formulate and implement strategies that can improve long-term competitiveness. Financial performance serves as the primary indicator for evaluating the effectiveness of such strategies, while also reflecting the company's stability and growth potential for the future. Maintaining strong financial performance is a strategic priority for management and plays a crucial role in shaping organizational structure and instilling confidence among stakeholders regarding the company's sustainability and success amid global uncertainty [2, 3]. Moreover, firm value is an important aspect because it can be used as an indicator of a firm's operational capabilities, quantified in terms of value. Firm value reflects investors' and the market's view of a firm's ability to manage its resources effectively [4].

Initially, companies only focus on the main factor of whether or not the company can generate profits. Over time, a new trend has emerged emphasizing sustainability, which refers to the Triple Bottom Line concept by John Elkington. A sustainable company not only pursues and maximizes profits but also needs to build a mutually beneficial relationship between the company and society (people) while caring for the environment (planet). However, this remains insufficient; strong governance is still needed to guide companies in complying with laws and regulations. Therefore, profit, people, and planet must be complemented by governance, leading to the emergence of the ESG concept in companies [5]. ESG is an ethical and responsible investment concept introduced by the United Nations Principles for Responsible Investment. Since the United Nations launched the Sustainable Development Goals in 2015, various countries have begun to introduce policies and regulations related to ESG and have developed rapidly worldwide [6, 7]. ESG is an investment in the future well-being of the company. A common issue is that many companies have yet to realize that ESG is important for maintaining a going concern and responsibility towards society and future generations [8]. Companies today face a series of complex challenges as they strive to balance profits with sustainability. One such challenge is the perception that sustainability initiatives can be costly. Many companies operate with tight profit margins, making it difficult to allocate resources to sustainability efforts that do not yield measurable financial benefits in the short term. Furthermore, some companies lack the financial resources to invest in technologies that support sustainability [9]. Hence, non-financial sector companies were selected in this study because they have more diverse financial characteristics and operational and market risks that differ significantly from those commonly found in the financial sector [10]. In Indonesia, ESG regulations remain limited, primarily governed by Financial Services Authority Regulation Number 51/2017, which mandates sustainability reporting starting in 2021 but was postponed to 2022 due to the COVID-19 pandemic. As a result, all companies listed before 2022 still voluntarily disclose their sustainability reports [11]. The implementation of ESG would be more effective if aligned with the GRI Standards [12, 13]. This study uses the GRI Standards as a measure of ESG variables, which are guidelines frequently used by companies in reporting non-operational activities related to ESG impacts.

The implementation of ESG on a firm's profitability and value has been proven to yield positive results in several studies. Aydoğmuş et al. [14], Mohammad and Wasiuzzaman [15] found that ESG has a positive relationship with firm profitability. ESG disclosure is expected to be part of all company reports to attract investor interest. In addition to ESG disclosure, media exposure can also influence investors' perceptions of a company. This study uses media exposure as a promotional tool for companies to disclose their ESG activities. Media exposure is useful for increasing stakeholders' awareness of a company's ESG activities. Companies that frequently receive media exposure are better known to the public, and companies that communicate ESG information can influence the company's performance and value [16]. Media exposure is a form of third-party exposure through online media that contains information about the company's activities. Through media, the company's stakeholders can understand the environment more quickly and take a stance on the news [17].

The year 2020 was a significant turning point for ESG practices, particularly due to the emergence of the COVID-19 pandemic, which brought unprecedented uncertainty to the global economy and affected the operations and strategies of companies around the world. COVID-19 can be considered an external shock that has implications for corporate decisions regarding ESG practices. Despite the challenges posed by COVID-19, many companies continued to prioritize ESG investments even in times of crisis. In 2020, the COVID-19 crisis triggered renewed attention to ESG, as companies adjusted to the evolving post-pandemic reality. Before the pandemic, many companies had already begun adopting ESG practices as part of their strategies to enhance shareholder value and corporate reputation. However, the COVID-19 crisis accelerated attention to ESG issues, compelling companies to reassess their strategies and adapt to a new reality, emphasizing sustainability and social responsibility. Following COVID-19, the business world is expected to rebuild and restructure the economy more effectively amid the lingering shadow of COVID-19. Accordingly, companies must intensify their efforts to integrate sustainable development considerations into their strategies, management approaches, governance oversight, and accountability [18]. During this research period, the data were divided into two time frames: 2020–2022 (during the COVID-19 pandemic) and 2023–2024 (after the COVID-19 pandemic). This division is crucial because COVID-19 strongly influenced how companies performed, including operational disruptions, market demand changes, and high economic uncertainty.

Previous studies have examined ESG simultaneously, yet not providing a clear overview of the contribution of each ESG component. Therefore, this study examines the three ESG factors partially and simultaneously, as well as media exposure, measuring firm profitability proxied by returning on equity and firm value proxied by price-to-book value. This study uses control variables, namely leverage and firm size. This study aims to investigate the impact of ESG disclosure and media exposure in Indonesia. It also synthesizes previous research findings, showing how ESG disclosure and media exposure can increase profitability and firm value. Although many studies have examined the relationship between ESG disclosure and media exposure with profitability and firm value, the results remain inconsistent, particularly in emerging markets like Indonesia. Thus, this topic remains relevant and warrants further examination, especially considering corporate financial conditions such as leverage and firm size, which may influence the strength of these relationships.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Grand theory

This study uses stakeholder theory, signaling theory, legitimacy theory, resource-based view theory, and social capital theory. These theories explain companies' incentives to disclose ESG information and manage media exposure, and provide a theoretical basis for their impact on firm profitability and firm value.

Based on stakeholder theory, companies that are open in communicating their ESG activities are considered more responsible and are given greater support from stakeholders. ESG disclosure is a way for a company to communicate its commitment and concern for ESG issues to enhance the company's value and profitability [14, 15, 19-21]. Media exposure serves as a strategic communication channel to shape public perception and strengthen the company's image in social expectations. When a company successfully communicates its sustainability commitments, stakeholders tend to respond positively, which ultimately enhances profitability and firm value [7]. Through media exposure, stakeholders can understand the company more quickly and take a stance on the news [17].

From a signaling theory perspective, ESG disclosure is a strategic signal sent by companies to the market to demonstrate their commitment to non-financial risk management. Companies that actively disclose ESG information are considered more reliable, ethical, and long-term oriented, thereby increasing investor confidence in the firm's profitability and sustainability. Companies that frequently provide ESG information will receive a favorable view from stakeholders and influence the company's profitability and value. ESG disclosure serves as transparency that clarifies company information to stakeholders, thereby broadening and deepening their understanding of the company [14, 16, 21]. Media exposure can also increase stakeholders' awareness of company activities. Companies that frequently receive media attention tend to be more widely recognised by the public, thereby encouraging companies to improve the quality of their ESG information disclosure [7].

According to legitimacy theory, companies use ESG disclosure to gain acceptance from the public and regulators for their business activities. Companies want to be considered legitimate entities that have the right to operate in society. Society expects companies to make positive contributions to ESG activities [22-24]. Companies need to communicate effectively with various stakeholders. The inclusion of ESG disclosure is carried out by companies to obtain legitimacy in their operational environment and to create harmony with public perception [19, 21]. Media exposure of a company's ESG activities is essential in creating social acceptance and maintaining the company's existence. Zheng et al. [7] demonstrated that media attention can strengthen the impact of ESG on corporate value, while Teng and Yang [8] demonstrated that the media can act as a tool of social punishment when companies fail to meet social expectations, such as in cases of corporate social irresponsibility.

Based on resource-based view (RBV), firms can strengthen the framework for environmental disclosure. RBV highlights how firms' unique internal resources and capabilities, such as intellectual capital at individual and organizational levels, act as strategic assets that enable effective environmental management and green innovation. Environmental disclosure signals the presence of these valuable resources, enhancing competitive advantage. Moreover, media exposure amplifies this effect by increasing stakeholder awareness and trust, which positively influences profitability and firm value [21-26].

According to social capital theory posits that by effectively disclosing social information, companies build and leverage social capital, especially the networks, trust, and norms among internal and external stakeholders that facilitate cooperation and resource exchange. Investing in social capital nurtures multidimensional well-being and empowerment within the workforce while promoting sustainable development within the local community. Through mechanisms such as reciprocity, trust-building, and participatory engagement, companies not only improve social cohesion but also activate cooperative behaviors that yield superadditive benefits where collective outcomes exceed individual contributions [27, 28]. Social capital enhances a firm's reputation and stakeholder relationships, fostering customer loyalty and improving public perception. Companies with strong social performance and transparent social disclosures can increase product demand, sustain long-term profitability, and enhance firm value, thereby achieving sustainable competitive advantage grounded in resilient stakeholder networks and social legitimacy [29, 30].

2.2 Hypothesis development

2.2.1 The effect of environmental disclosure on profitability and firm value

The first component of ESG is the environmental aspect, which concerns how a company manages environmental challenges and conserves natural resources, such as emissions, climate risks and change, biodiversity protection, water management, air pollution, waste and recycling, energy efficiency, and the broader environmental impacts on living organisms. The environmental dimension of ESG can be interpreted through the lens of the RBV, which highlights the strategic role of internal resources and capabilities in achieving sustainable competitive advantage. According to RBV, firms that develop environmental capabilities, such as green innovations, efficient resource management, and risk mitigation processes, can be developed into valuable, rare, and inimitable assets that enhance profitability and firm value [21, 22, 24, 25]. These internal environmental capabilities enable firms not only to comply with regulatory requirements but also to reduce operational costs, manage environmental risks proactively, and innovate sustainably. By embedding such resources into their core operations and strategies, companies strengthen their resilience and adaptability in the face of environmental challenges, thus ensuring long-term value creation and maintaining a competitive edge. Moreover, the dynamic development and integration of these capabilities facilitate continuous improvement and responsiveness to evolving stakeholder expectations and market conditions [25, 26]. Empirical evidence generally supports that enhanced environmental disclosure is positively associated with higher profitability and firm value. Environmental aspects have been found to positively affect company profitability. This suggests that increased environmental disclosure is associated with higher profitability [14]. Mohammad and Wasiuzzaman [15] also found that firms demonstrating strong environmental performance tend to generate higher profits [14, 15]. However, some studies indicate that environmental initiatives can incur short-term costs and market perceptions regarding sustainability investments as financial burdens [13]. Moreover, environmental disclosure can enhance firm value, as companies that proactively address environmental impacts are typically better equipped to manage climate-related risks (such as natural disasters or resource scarcity), sustain operational and financial stability, and maintain a strong, positive image among stakeholders, thereby fostering trust and loyalty. Companies that care about the environment are considered more stable, sustainable, and attractive to investors [21]. Environmental disclosure also has the potential to negatively impact firms due to the short-term costs involved in ESG initiatives and concerns over greenwashing, which can increase market skepticism and reduce perceived value [24]. Previous studies, such as Sharma et al. [20], Rohendi et al. [22], and Atan et al. [29], found that ESG disclosure, including its environmental component, does not directly affect firm value or financial performance, particularly in developing countries. Therefore, the impact of environmental disclosure as part of ESG may require time before it translates into tangible improvements in corporate value. However, factors such as industry type, macroeconomic conditions, and investor perceptions of environmental issues also affect the strength and direction of the relationship. Nonetheless, this study posits that, grounded in RBV, environmental disclosure contributes positively to corporate profitability and value through the development of internal strategic capabilities. The following hypothesis can be developed:

H1: Environmental disclosure positively influences a firm's profitability.

H2: Environmental disclosure positively influences a firm's value.

2.2.2 The effect of social disclosure on profitability and firm value

The second component of ESG is the social aspect, which concerns how companies manage relationships with communities, employees, suppliers, and customers, and how they implement inclusion, equality, diversity, health and well-being, human rights, and ethical practices. Within the ESG framework, the social pillar can be strongly grounded in social capital theory, which emphasizes the role of networks, trust, reciprocity, and shared norms in fostering cooperation and generating value. When firms engage in transparent social disclosure, they not only comply with reporting standards but also actively cultivate social capital with employees, customers, communities, and investors. This relational capital strengthens stakeholder trust, reduces transaction costs, enhances reputation, and fosters loyalty, which in turn increases product demand and organizational legitimacy. As argued by Becchetti et al. [27], investing in the "S" dimension of ESG through participatory engagement and reciprocity produces superadditive outcomes, where collective benefits exceed individual contributions. Consequently, social disclosure can serve as a strategic resource that improves profitability and firm value by embedding the firm within resilient stakeholder networks and legitimizing its long-term sustainability claims. At the market level, social capital also shapes investor behavior by influencing preferences for sustainable investments. Mutual funds operating in high social-capital countries are more likely to apply ESG filters, driven by retail investors whose norms and trust-based expectations increase demand for sustainability. This demand pressures fund managers to allocate more capital to firms with strong ESG and transparent social disclosures, regardless of financial trade-offs. Choy et al. [28] provide evidence that such mechanisms significantly raise portfolio ESG scores and amplify the valuation effects of social disclosure. Thus, firms that invest in building social capital not only secure stronger stakeholder relations but also attract sustainable capital inflows, enhancing long-term firm value. Aydoğmuş et al. [14] found that social aspects positively affect a firm's profitability. Social aspects such as sustainability and corporate social responsibility significantly influence public perception. Customers who are concerned about social issues prefer to buy products and services from companies that are considered socially responsible. A strong corporate reputation can foster customer loyalty, boost product demand, and ultimately enhance profitability. However, some studies found that social disclosure negatively affects a firm's profitability. Potential conflicts with the community or dissatisfaction among stakeholders can limit sales growth, indicating that companies need to pay more attention to social factors in their business strategy to maximize financial outcomes [13]. In addition, social disclosure can enhance firm value, as companies are expected to not only pursue financial performance but also act as responsible corporate citizens contributing to societal well-being. This underscores the concept that companies possess social rights, obligations, and responsibilities toward their stakeholders. Social disclosure reflects a company's performance in areas such as labor, human rights, product responsibility, and involvement in the community or surrounding society. The higher a company's social performance, the higher its value, as this can enhance the company's reputation, strengthen relationships with stakeholders, and positively impact the company's market value [14, 21]. However, social performance may negatively impact firm value due to additional costs or policy restrictions that shift the focus away from maximizing shareholder wealth [24]. Sharma et al. [20], Rohendi et al. [22], and Atan et al. [29] revealed that the disclosure of social aspects has not shown a direct impact on financial performance or firm value in developing countries. The positive effects of sustainable social practices tend to be long-term, requiring time to be recognised by investors and reflected in market valuations. Therefore, it is important for companies to manage social disclosure strategically in order to maximize its benefits for corporate value while fulfilling their social responsibilities in a balanced manner. A strategic approach to social disclosure helps companies sustain long-term business performance. The following hypothesis can be developed:

H3: Social disclosure positively influences a firm's profitability.

H4: Social disclosure positively influences a firm's value.

2.2.3 The effect of governance disclosure on profitability and firm value

The third component of ESG is the governance aspect, which relates to the standards for managing institutions by good corporate governance principles. This includes compliance with regulations and laws, adherence to ethical standards, implementation of anti-bribery and anti-corruption measures, transparency, risk management, and incentive systems. Aydoğmuş et al. [14] found that the governance aspect has a positive effect on company profitability, indicating that stronger governance performance is associated with improved financial outcomes. In line with this, good corporate governance practices are also shown to enhance firm value, as improvements in the governance structure often translate into greater investor confidence and more favorable market valuations. Corporate transparency demonstrated through ethical business practices will be supported by stakeholders, and they will serve as a positive signal to investors. Similarly, Vaihekoski and Yahya [24] emphasized that governance is the strongest pillar in influencing firm valuation, especially when combined with high-quality external audits, as it reinforces stakeholder confidence and reduces the risks of greenwashing. However, Atan et al. [29] found that the impact of governance on financial performance tends to take time, meaning its benefits may not be immediately observable in short-term results. Second, in their study of Malaysian publicly listed companies (PLCs), they concluded that governance aspects did not have a direct influence on firm value. This contrasts with other studies in different regional contexts and underscores how institutional and regulatory environments can shape the effectiveness of ESG practices. Meanwhile, Melinda and Wardhani [21] found that good corporate governance practices result in higher firm value. Stakeholders are more likely to trust companies with strong business ethics. Governance is the strongest pillar of ESG in terms of its influence on company valuation, especially when combined with high-quality external audits [24]. Therefore, it is important for companies to manage governance disclosure transparently and consistently in order to increase the value and profitability of the company. Good governance practices, which include compliance with regulations, business ethics, and risk management, not only strengthen investor confidence but also send a positive signal to stakeholders. Companies can create long-term value while maintaining balanced business sustainability. The following hypothesis can be developed:

H5: Governance disclosure positively influences a firm's profitability.

H6: Governance disclosure positively influences a firm's value.

2.2.4 The effect of ESG disclosure on profitability and firm value

ESG disclosure is an important aspect that companies should undertake, as it can attract investors and build credibility in the market. Companies that are able to manage ESG-related risks tend to demonstrate stronger overall risk management capabilities than their competitors, which contributes to improved performance [30, 31]. Increased ESG disclosure is associated with higher profitability. Sustainability is essential in modern business as a means to protect long-term financial performance and mitigate risks through an ESG-based approach [14, 15]. Conversely, Atan et al. [29] found that ESG did not affect profitability in Malaysian publicly listed companies, highlighting the possible influence of contextual and institutional differences. Several researchers have investigated the impact of ESG reporting on firm value. Aydoğmuş et al. [14], Aras and Kazak [19], Melinda and Wardhani [21], and Vaihekoski and Yahya [24] found that companies with strong ESG commitments tend to improve their public image and gain higher market valuation. However, some studies indicate the opposite. ESG disclosure can decrease firm value, as some investors perceive ESG activities as cost-intensive [32]. Similarly, Sharma et al. [20], Rohendi et al. [22], and Atan et al. [29] argue that the effect of ESG disclosure on firm value is not directly reflected in market valuation. The long-term benefits of sustainable practices take time to be recognised by investors. It can be concluded that ESG disclosure serves not only as a tool for risk management but also as a strategic communication to build stakeholder trust and legitimacy. Although its positive effects on firm performance may take time to materialize, ESG disclosure remains an important approach to ensuring long-term business sustainability and reinforcing the firm's social legitimacy in the eyes of investors and the broader community. The following hypothesis can be developed:

H7: ESG disclosure positively influences a firm's profitability.

H8: ESG disclosure positively influences a firm's value.

2.2.5 The effect of media exposure on profitability and firm value

Media exposure is an important channel for companies to convey ESG-related information to stakeholders. Through media coverage, stakeholders can access and respond more quickly to developments concerning the company and its environment [17]. Conversely, Teng and Yang [8] reported that media exposure regarding ESG issues negatively impacts a company's operational and financial performance. This could be due to increased scrutiny or the spread of unfavorable perceptions. Enhancing stakeholder awareness, media exposure, and ESG performance helps boost firm value, supported by the mediating role of media and analysts [7]. Additionally, media exposure emphasizes the breadth of information transmission. Considering the varying abilities of reader groups to interpret ESG reports, the media simplifies ESG-related information to convey positive news about the company widely and easily to stakeholders. However, Eric et al. [5] found that ESG-related media exposure had no significant effect on firm value, indicating that while investors might react negatively to adverse news, positive ESG media coverage does not necessarily influence market valuation. In conclusion, although the impact of media exposure may vary across studies, it plays a critical role in enhancing stakeholder awareness and shaping perceptions of ESG practices. Transparent and well-managed communication through media channels plays a strategic role in strengthening market perception. The following hypothesis can be developed:

H9: Media exposure positively influences a firm's profitability.

H10: Media exposure positively influences a firm's value.

3. RESEARCH METHODOLOGY

The data collection method in this study was conducted through a documentation study using secondary data in the form of Google News, the Indonesia Stock Exchange website, annual reports, and sustainability reports published by each company. This study examines all non-financial firms listed on the Indonesia Stock Exchange that provided complete annual reports and sustainability reports from 2020 to 2024, as well as companies that disclosed ESG information according to the GRI Standards from 2020 to 2024. There were 62 companies that met the criteria and were used as samples in this study. This study was divided into two time periods: 2020-2022 (during the COVID-19 pandemic) and 2023-2024 (after the COVID-19 pandemic). Data analysis was conducted using Stata 17. The analysis was carried out using the pooled ordinary least squares (pooled OLS) approach, in which all firm-year data were combined without applying firm or year fixed effects. This approach assumes homogeneity across firms and over time. To ensure the validity of the model, classical assumption tests were conducted, including multicollinearity, heteroscedasticity, and autocorrelation. The following is a model of multiple linear regression analysis:

$$ROE = \beta_0 + \beta_1 ENVD + \beta_2 SOCD + \beta_3 GOVD + \beta_4 MEX + \beta_5 DER + \beta_6 SIZE + \varepsilon \quad (1)$$

$$ROE = \beta_0 + \beta_1 ESGD + \beta_2 MEX + \beta_3 DER + \beta_4 SIZE + \varepsilon \quad (2)$$

$$PBV = \beta_0 + \beta_1 ENVD + \beta_2 SOCD + \beta_3 GOVD + \beta_4 MEX + \beta_5 DER + \beta_6 SIZE + \varepsilon \quad (3)$$

$$PBV = \beta_0 + \beta_1 ESGD + \beta_2 MEX + \beta_3 DER + \beta_4 SIZE + \varepsilon \quad (4)$$

where,

ROE = Return on Equity
PBV = Price-to-Book Value
ESGD = ESG Disclosure
ENVD = Environmental Disclosure
SOCD = Social Disclosure
GOVD = Governance Disclosure
MEX = Media Exposure
DER = Debt-to-Equity Ratio
SIZE = Company Size
β_0 = Constant
β = Regression Coefficient
ε = Error term

When the β value is positive, the independent variable moves in the same direction as the dependent variable. Conversely, a negative β reflects a relationship in the opposite direction.

Environmental disclosure is calculated by dividing the total environmental disclosures of the company by the total number of GRI 300 disclosures, which is 32 items [33].

Social disclosure is calculated by dividing the total social disclosures of the company by the total number of GRI 400 disclosures, which is 40 items [33].

Governance disclosure is calculated by dividing the total governance disclosures of the company by the total number of GRI 102 disclosures, which is 22 items for 2020-2021. Meanwhile, for 2022-2024, the calculation is based on the total corporate governance disclosures divided by the total number of GRI 2 disclosures, which is 13 items [33].

ESG disclosure is measured by dividing the total ESG disclosures of the company by the total GRI Standard disclosures. ESG disclosure is proxied using GRI Standards, which are guidelines frequently used by companies in reporting non-operational activities related to ESG impacts. Each disclosed GRI item is counted and summed to create a quantitative measure of ESG disclosure for each firm annually. GRI Standards are preferred over Bloomberg ESG scores or Thomson Reuters metrics due to their greater granularity, consistency across years, and broader coverage [33].

Media exposure is a mechanism of public oversight of company activities that puts pressure on companies to be more concerned about ESG issues. Media exposure is calculated by the number of news articles appearing on Google News that mention the company name in combination with the keyword ‘ESG’. The search was conducted separately for each year, from January 1 to December 31, for the years 2020, 2021, 2022, 2023, and 2024. All relevant company name variants were included, and duplicate articles were excluded to ensure comprehensive coverage of media reporting relevant to each firm’s ESG activities [8, 34-36].

Profitability is proxied by return on equity (ROE). ROE is measured using the ratio between net income and total equity [21, 37, 38].

Firm value is proxied by price-to-book value (PBV), using the formula: share price per share divided by book value. Book value is obtained from equity value divided by the number of outstanding shares [19, 38-40].

Company size is measured using the natural logarithm of total assets. Large companies have clear strategies and objectives for monitoring their businesses and can handle sustainability projects [41, 42].

Leverage is proxied by the debt-to-equity ratio (DER), which describes the extent to which a company relies on debt to finance its operations [43, 44].

4. RESULTS AND DISCUSSION

4.1 Descriptive statistics

In this study, descriptive statistics were used to provide an overview of the variables studied and the characteristics of the data used. Based on 310 observations, the results are presented in Table 1.

ROE ranges from –0.6440 to 0.6150, with an average of 0.0882 and a standard deviation of 0.1186. A higher ROE indicates greater efficiency in utilizing equity to generate profit, whereas a negative ROE reflects suboptimal financial performance.

PBV ranges from 0.0553 to 13.7501, with an average of 1.3537 and a standard deviation of 1.5234. A low PBV indicates poor market perception or weak fundamentals, while a high PBV reflects strong investor confidence and growth expectations.

Table 1. Descriptive statistics

Variable	Obs	Mean	Std. Deviation	Min	Max
ROE	310	0.0882	0.1186	–0.6440	0.6150
PBV	310	1.3537	1.5234	0.0553	13.7501
ENVD	310	0.5449	0.2499	0	1
SOCD	310	0.5090	0.2035	0.0250	0.9
GOVD	310	0.7065	0.3451	0.0455	1
ESGD	310	0.5521	0.2129	0.0426	0.9412
MEX	310	4.2839	5.5070	0	30
SIZE	310	30.5235	1.2742	27.5584	33.79
DER	310	1.2267	1.4752	0.0505	10.7534

ENVD scores range from 0 to 1, with an average of 0.5449 and a standard deviation of 0.2499. A high ENVD score indicates a strong commitment to environmental accountability, while a low score suggests limited integration of environmental aspects into corporate strategy.

SOCD has a minimum value of 0.0250 and a maximum of 0.9, with a mean of 0.5090 and a standard deviation of 0.2035. A high SOCD score indicates a strong corporate commitment to social responsibility, while a low score suggests that social aspects remain insufficiently integrated into sustainability strategies.

GOVD ranges from 0.0455 to 1, with a mean of 0.7065 and a standard deviation of 0.3451. A high GOVD score reflects strong adherence to transparency and accountability, whereas a low score indicates suboptimal governance practices.

ESGD ranges from 0.0426 to 0.9412, with a mean of 0.5521 and a standard deviation of 0.2129. A higher ESGD score indicates a strong commitment to sustainability and governance, while a lower score reflects weak alignment with ESG principles.

MEX ranges from 0 to 30, with a mean of 4.2839 and a standard deviation of 5.5070. A higher MEX value indicates greater exposure to sustainability-related content in the media, while a value of zero reflects the absence of such media exposure during the observation period.

SIZE ranges from 27.5584 to 33.79, with a mean of 30.5235 and a standard deviation of 1.2742. These values indicate that most firms fall within the medium to large size category. The variation reflects differences in operational scale and resource capacity, which may influence the implementation and reporting of ESG practices.

DER ranges from 0.0505 to 10.7534, with a mean of 1.2267 and a standard deviation of 1.4752. These figures suggest that firms employ a wide range of capital structures, from low to high leverage. This variation affects financial risk exposure and reflects differing strategies in managing debt and equity.

4.2 Classical assumption tests

To ensure the validity of the model, classical assumption tests were conducted, including multicollinearity, heteroscedasticity, and autocorrelation.

4.2.1 Multicollinearity test

Multicollinearity is a condition in regression analysis where two or more independent variables have a high correlation, which can affect the stability and interpretation of the model results. Based on Tables 2 and 3, it can be concluded that there is no multicollinearity between independent variables in both regression models, either with ESG simultaneously or partially. This is indicated by VIF values that are all below 10, as well as Tolerance or 1/VIF values that are greater than 0.10, in accordance with commonly used tolerance limits. Thus, the assumption of multicollinearity freedom in regression has been fulfilled.

Table 2. Multicollinearity test with partial ESG

Variable	VIF	Tolerance	Description
MEX	1.32	0.759612	No multicollinearity
ESGD	1.24	0.807978	No multicollinearity
SIZE	1.24	0.805679	No multicollinearity
DER	1.07	0.934630	No multicollinearity

Table 3. Multicollinearity test with simultaneous ESG

Variable	VIF	Tolerance	Description
ENVD	2.39	0.418805	No multicollinearity
SOCD	2.36	0.423260	No multicollinearity
GOVD	1.54	0.649831	No multicollinearity
MEX	1.36	0.734424	No multicollinearity
SIZE	1.29	0.772339	No multicollinearity
DER	1.08	0.923301	No multicollinearity

4.2.2 Heteroscedasticity test

The heteroscedasticity test is useful for testing whether there is variance inequality in the regression model from one observation to another. When the p-value (Prob > Chi^2) is greater than 0.05, it indicates that there is no heteroskedasticity. The results of the heteroscedasticity test of the PBV variable using the Cameron and Trivedi decomposition of the IM-test obtained a Prob > chi^2 of 0.06. Because this value is greater than 0.05, it can be concluded that there are no signs of heteroscedasticity. Meanwhile, the results of the heteroscedasticity test for the ROE variable using the Cameron-Trivedi decomposition of the IM-test show that Prob > chi^2 is 0.33. Because this value is greater than 0.05, it can be concluded that there are no signs of heteroscedasticity.

4.2.3 Autocorrelation test

Autocorrelation test using the Breusch-Godfrey test. The autocorrelation test aims to test whether there is a correlation between the disturbance error in period t and the disturbance error in the previous period t-1 in the linear regression model. A good regression model should not have autocorrelation problems. Based on the results of the autocorrelation test using the Breusch–Godfrey test, a Prob > chi^2 value of 0.5945 was obtained. Because this probability value is greater than 0.05, it can be concluded that there are no signs of autocorrelation in the regression model residuals, so the classical assumption of autocorrelation freedom is fulfilled.

4.3 Hypothesis test

The hypothesis testing in this study was conducted through several stages of statistical analysis, including the R-squared test, t-test, and F-test. These tests were conducted to assess the overall and individual effects of the independent variables on the dependent variables. The results of the hypothesis testing can be seen in Table 4-7 below.

4.3.1 Coefficient of determination test (R^2 test)

The R^2 value ranges from zero to one, indicating the extent to which the variation of the dependent variable can be explained by the independent variable in the regression model. The higher the R^2 value, the better the model is at explaining the relationship between variables.

Based on Table 4, the R^2 value for 2020–2022 shows that the model can explain 0.1431 of ROE and 0.0835 of PBV. Meanwhile, Table 5 explains 0.1187 of ROE and 0.0716 of PBV. These models can explain a small portion of the variation in profitability and firm value.

Based on Table 6, the R^2 values for 2023–2024 indicate that the model can explain 0.3161 of ROE and 0.0675 of PBV. Meanwhile, Table 7 explains 0.3063 of ROE and 0.0554 of PBV. All models can only explain a small portion of profitability and firm value.

Table 4. Results of hypothesis testing for 2020-2022 (partial ESG)

	Dependent Variable: ROE			**Dependent Variable: PBV**		
	β (Std. error)	**t**	**p-value**	**β (Std. error)**	**t**	**p-value**
			Independent Variables			
ENVD	–0.0171 (0.0535)	–0.32	0.750	–0.2884 (0.4997)	–0.58	0.564
SOCD	–0.0342 (0.0679)	–0.50	0.614	0.2512 (0.5229)	0.48	0.631
GOVD	0.0692 (0.0265)	2.61	0.009**	0.5661 (0.2270)	2.49	0.013**
MEX	0.0040 (0.0037)	1.06	0.289	–0.0937 (0.0298)	–3.14	0.002***
			Control Variables			
SIZE	0.0101 (0.0083)	1.22	0.221	0.1965 (0.0658)	2.99	0.003***
DER	–0.0205 (0.0128)	–1.60	0.109*	–0.1207 (0.0511)	–2.36	0.018**
Constant (cons)	–0.2138 (0.2351)	–0.91	0.363	–4.6160 (1.8820)	–2.45	0.014**
	Sample size (n = 186)			Sample size (n = 186)		
	Prob > F = 0.0005			Prob > F = 0.0005		
	R-squared = 0.1431			R-squared = 0.0835		
	Adj R-squared = 0.1144			Adj R-squared = 0.0528		
	Root MSE = 0.1102			Root MSE = 1.1646		

*** Significant at the 0.01 level
** Significant at the 0.05 level
* Significant at the 0.1 level

Table 5. Results of hypothesis testing for 2020-2022 (simultaneous ESG)

	Dependent Variable: ROE			**Dependent Variable: PBV**		
	β (Std. error)	**t**	**p-value**	**β (Std. error)**	**t**	**p-value**
			Independent Variables			
ESGD	0.0424 (0.0409)	1.04	0.300	0.7003 (0.3382)	2.07	0.038**
MEX	0.0059 (0.0038)	1.93	0.054*	–0.0812 (0.0266)	–3.05	0.002***
			Control Variables			
SIZE	0.0059 (0.0079)	0.74	0.457	0.1633 (0.0610)	2.68	0.007***
DER	–0.0196 (0.0123)	–1.60	0.110	–0.1084 (0.0497)	–2.18	0.029**
Constant (cons)	–0.0952 (0.2290)	–0.42	0.678	–3.6851 (1.7764)	–2.07	0.038**
	Sample size (n = 186)			Sample size (n = 186)		
	Prob > F = 0.0260			Prob > F = 0.0005		
	R-squared = 0.1187			R-squared = 0.0716		
	Adj R-squared = 0.0993			Adj R-squared = 0.0511		
	Root MSE = 0.1112			Root MSE = 1.1656		

*** Significant at the 0.01 level
** Significant at the 0.05 level
* Significant at the 0.1 level

Table 6. Results of hypothesis testing for 2023-2024 (partial ESG)

	Dependent Variable: ROE			**Dependent Variable: PBV**		
	β (Std. error)	**t**	**p-value**	**β (Std. error)**	**t**	**p-value**
			Independent Variables			
ENVD	–0.0796 (0.0680)	–1.17	0.242	0.8675 (0.8499)	1.02	0.307
SOCD	0.0603 (0.0907)	0.67	0.506	1.4746 (1.2763)	1.16	0.248
GOVD	–0.0189 (0.0459)	–0.41	0.680	–0.9850 (0.6313)	–1.56	0.119
MEX	–0.0003 (0.0017)	–0.20	0.838	–0.0582 (0.0293)	–1.99	0.047**
			Control Variables			
SIZE	0.0140 (0.0085)	1.65	0.099*	0.1599 (0.1736)	0.92	0.357
DER	–0.0524 (0.0144)	–3.64	0.000***	–0.1796 (0.0815)	–2.20	0.028**
Constant (cons)	–0.2532 (0.2475)	–1.02	0.306	–3.3661 (5.3451)	–0.63	0.529
	Sample size (n = 124)			Sample size (n = 124)		
	Prob > F = 0.0163			Prob > F = 0.2096		
	R-squared = 0.3161			R-squared = 0.0675		
	Adj R-squared = 0.2810			Adj R-squared = 0.0197		
	Root MSE = 0.1026			Root MSE = 1.8978		

*** Significant at the 0.01 level
** Significant at the 0.05 level
* Significant at the 0.1 level

Table 7. Results of hypothesis testing for 2023-2024 (simultaneous ESG)

	Dependent Variable: ROE			**Dependent Variable: PBV**		
	β (Std. error)	**t**	**p-value**	**β (Std. error)**	**t**	**p-value**
			Independent Variables			
ESGD	–0.0466 (0.0534)	–0.86	0.388	2.0089 (1.4320)	1.40	0.161
MEX	–0.0002 (0.0017)	–0.13	0.898	–0.0537 (0.0277)	–1.94	0.050**
			Control Variables			
SIZE	0.0123 (0.0084)	1.46	0.143	0.1559 (0.1715)	0.91	0.364
DER	–0.0528 (0.0146)	–3.63	**0.000*** **	–0.1932 (0.0792)	–2.44	0.015**
Constant (cons)	–0.2039 (0.2371)	–0.86	0.390	–4.0554 (5.2944)	–0.77	0.444
	Sample size (n = 124)			Sample size (n = 124)		
	Prob > F = 0.0078			Prob > F = 0.1225		
	R-squared = 0.3063			R-squared = 0.0554		
	Adj R-squared = 0.2830			Adj R-squared = 0.0237		
	Root MSE = 0.1025			Root MSE = 1.8940		

*** Significant at the 0.01 level
** Significant at the 0.05 level
* Significant at the 0.1 level

4.3.2 Simultaneous test (F test)

The F-test is useful for determining whether the independent variables simultaneously influence the dependent variable. The F-test results are represented by Prob > F value.

Based on Table 4, the Prob > F value is 0.0005 for ROE and 0.0005 for PBV. Based on Table 5, the Prob > F value is 0.0260, while for PBV it is 0.0005. It is concluded that all values are less than 0.05, so it can be concluded that both ESG disclosure and media exposure together have a significant effect on ROE and PBV in the 2020-2022 period.

Based on Tables 6 and 7, the Prob > F values are 0.0163 and 0.0078, both of which are less than 0.05. This indicates that ESG, both partially and simultaneously, significantly influences ROE. Conversely, in Tables 6 and 7, the Prob > F values are 0.2096 and 0.1225, both of which are greater than 0.05, so they are not significantly simultaneous. It can be concluded that the influence of ESG and media exposure on PBV is not yet strong enough in the 2023–2024 period.

4.3.3 Partial test (t-test)

The t-test is used to determine whether each independent variable partially influences the dependent variable significantly.

Based on Table 4, GOVD has a significant positive effect on ROE ($t = 2.61$, $p = 0.009$), while ENVD ($t = –0.32$, $p = 0.750$), SOCD ($t = –0.50$, $p = 0.614$), and MEX ($t = 1.06$, $p = 0.289$) are not statistically significant on ROE. GOVD also has a significant positive influence on PBV ($t = 2.49$, $p = 0.013$), while ENVD ($t = –0.58$, $p = 0.564$) and SOCD ($t = 0.48$, $p = 0.631$) are not statistically significant on PBV. MEX negatively affects PBV ($t = –3.14$, $p = 0.002$).

Based on Table 5, all variables in the model did not show a significant effect on ROE. Despite this, all variables showed a significant effect on PBV. The results indicate that ESGD ($t = 1.04$, $p = 0.300$) has no significant effect on ROE, while MEX ($t = 1.93$, $p = 0.054$) is near-significant but does not reach the 5% level. Although this does not reach the conventional 5% significance level, it is very close to the threshold, suggesting a near-significant relationship. This tendency may indicate that during the pandemic period, media exposure had a potential role in shaping firm performance, possibly due to heightened public attention to corporate disclosures and news. ESGD ($t = 2.07$, $p = 0.038$) shows a positive and significant effect on PBV, while MEX ($t = –3.05$, $p = 0.002$) negatively affects PBV.

Based on Table 6, ENVD ($t = –1.17$, $p = 0.242$), SOCD ($t = 0.67$, $p = 0.506$), and GOVD ($t = –0.41$, $p = 0.680$) do not significantly affect ROE, whereas MEX ($t = –0.20$, $p = 0.838$) also do not significantly influence ROE. In contrast, MEX ($t = –1.99$, $p = 0.047$) demonstrates a negative and significant effect on PBV, while ENVD ($t = 1.02$, $p = 0.307$), SOCD ($t = 1.16$, $p = 0.248$), and GOVD ($t = –1.56$, $p = 0.119$) are insignificant on PBV.

Based on Table 7, ESGD ($t = –0.86$, $p = 0.388$) and MEX ($t = –0.13$, $p = 0.898$) do not significantly influence ROE. Similarly, ESGD ($t = 1.40$, $p = 0.161$) is statistically insignificant for PBV. However, MEX ($t = –1.94$, $p = 0.050$) shows a negative and significant effect at the 5% significance level, as its p-value is exactly at the conventional threshold. The effect of media exposure on PBV has a p-value of 0.050, which meets the 5% significance level. This result suggests that after the pandemic, media exposure continues to influence firm value at the 5% statistical threshold. The persistence of this negative and significant effect indicates that the role of media exposure in the post-pandemic context remains important and deserves careful consideration.

4.4 Discussion

4.4.1 The effect of environmental disclosure on profitability and firm value

The results of the study indicate that environmental disclosure does not have a significant effect on a firm's profitability and firm value during 2020-2024. This finding aligns with Sharma et al. [20], Rohendi et al. [22], and Atan et al. [29], who noted that the effects of environmental disclosure do not directly influence financial performance and valuation, particularly in the context of emerging markets. The long-term benefits of sustainable practices require time to materialize and be recognised by investors. In the post-pandemic period, the effect of environmental disclosures has tended to weaken as investor attention returned to short-term financial indicators. In Indonesia, this limited impact is understandable since Financial Services Authority Regulation Number 51/2017, while a milestone in mandating sustainability reporting, is still in the early stages of full implementation under the 2021–2025 Roadmap. As reporting standards and assurance practices mature, environmental disclosures are expected to evolve from mere compliance into strategic resources that strengthen firm value [11]. In developing countries, including Indonesia, this insignificance may be due to the low quality of implementation and reporting of environmental aspects, which have not yet been able to provide strong economic signals (signaling theory), sufficiently promote social legitimacy (legitimacy theory), or optimally meet stakeholder expectations (stakeholder theory). Environmental disclosure practices are still in a stage of gradual development. The quality and depth of reporting have not yet fully reached a level where such disclosures can be leveraged as strategic resources in the sense of the resource-based view theory [25, 26]. As a result, environmental disclosure is often seen more as a formal responsibility than as a capability that enhances competitiveness. This condition helps explain why its impact on profitability and firm value remains limited in the short term. Therefore, H1 and H2 are rejected.

4.4.2 The effect of social disclosure on profitability and firm value

The results of the study indicate that social disclosure does not have a significant effect on a firm's profitability and firm value during 2020-2024. This finding aligns with Sharma et al. [20], Rohendi et al. [22], and Atan et al. [29], who state that social reporting in developing countries is still symbolic and has not had a real impact on market perceptions. In the context of stakeholder theory, companies have not demonstrated concrete social engagement with strategic groups such as employees, local communities, or consumers. Post-pandemic findings suggest that while social initiatives gained visibility during the crisis, such as employee welfare, community support, and health protection. Investor focus has since returned to financial fundamentals, thereby reducing the immediate valuation impact of such disclosures. In Indonesia, the relatively low consistency and comparability of social reporting further limit its signaling power. Although Financial Services Authority Regulation Number 51/2017 requires firms to report on social aspects, the practice remains heterogeneous and largely descriptive. The ongoing 2021-2025 Sustainable Finance Roadmap provides an opportunity to strengthen the credibility of social disclosures through clearer indicators, sectoral guidance, and third-party assurance. As these mechanisms mature, social disclosure can evolve from a compliance exercise into a strategic resource that enhances stakeholder trust and firm value [11]. From the perspective of signaling theory, the social information communicated does not sufficiently reflect competitive advantages or clear economic value added for investors. Meanwhile, within the framework of legitimacy theory, the reported social aspects have not been sufficient to establish strong social legitimacy due to the lack of evidence of concrete actions or commitment to critical social issues. This indicates that the success of social disclosure in creating value depends on the quality, depth, and relevance of its context to public expectations. Viewed through the lens of social capital theory [27, 28], this insignificance reflects the fact that disclosure alone does not automatically build the trust, reciprocity, and networks that underpin social capital. In developing country contexts, where institutional frameworks and stakeholder expectations are still evolving, the relational dimension of social responsibility has yet to be fully consolidated. As a result, social disclosure is often perceived more as a compliance or symbolic activity rather than a driver of stronger relationships that could enhance firm performance and value. Therefore, H3 and H4 are rejected.

4.4.3 The effect of governance disclosure on profitability and firm value

The results of the study indicate that disclosure of governance aspects has a significant positive effect on profitability and firm value, particularly during the period 2020–2022. This is in line with the findings of Aydoğmuş et al. [14] and Vaihekoski and Yahya [24], who emphasize the importance of good governance practices in building investor confidence. Within the framework of signaling theory, transparent and accountable corporate governance serves as a strong signal to the market that management is capable of managing risks and acting in the best interests of shareholders. In stakeholder theory, effective governance demonstrates the company's responsibility to various stakeholder interests, including regulators, minority shareholders, and the public. Additionally, from the legitimacy theory perspective, the implementation of strong governance principles creates normative legitimacy, which is the alignment of the company's actions with prevailing public norms and expectations.

Meanwhile, recent results for the 2023–2024 period (post-pandemic) show that governance disclosure has no significant effect on profitability and firm value. Although the direction of the effect has changed to negative, these results are not statistically significant and do not support hypothesis 5. This change indicates that after the pandemic, investor and market attention began to shift from governance issues to other, more operational or strategic issues. This decline in significance may also be due to a decline in reporting quality or inconsistencies in governance practices. The impact of ESG on financial performance is often unstable in developing countries, depending on the time context and market confidence [20]. The impact of governance on financial performance is not direct if it is not accompanied by a competitive advantage [22]. In the context of signalling theory, governance signals may be considered weak if they are not accompanied by tangible evidence or visible results. Stakeholder theory also states that when stakeholder needs or expectations shift, companies must be able to adjust their strategic focus. From the perspective of legitimacy theory, the legitimacy of governance practices will only be effective if governance reporting truly reflects the reality of management practices.

The results of the study indicate that governance disclosure only had a significant effect on profitability and firm value during the pandemic, but no longer had a significant effect after the pandemic. This indicates that the strength of governance as a strategic factor in profitability is situational, greatly influenced by external uncertainties such as the pandemic. Companies need to maintain consistency and quality in governance practices even during normal times to remain a source of trust and long-term value for stakeholders and investors. Therefore, H5 and H6 are partially accepted.

4.4.4 The effect of ESG disclosure on profitability and firm value

The results of the study indicate that ESG disclosure has a significant positive effect on PBV in the early period (2020–2022), but does not affect ROE and PBV after the pandemic (2023-2024). This suggests that the combination of environmental, social, and governance disclosures can strengthen market perceptions during a crisis but lose relevance when market conditions improve. Within the framework of signaling theory, ESG disclosures reflect a company's intent to communicate managerial quality and sustainability commitments to investors [14]. However, the effectiveness of such signals tends to weaken when market expectations shift from long-term commitments to short-term results [20]. Based on stakeholder theory, comprehensive ESG reporting demonstrates a company's efforts to respond to various stakeholder interests, but its impact on profitability is not immediately felt. From the legitimacy theory perspective, ESG disclosure serves to establish organizational legitimacy through sustainability communication aligned with social values and norms, though its effectiveness remains dependent on the quality and consistency of its implementation. Thus, ESG disclosure is simultaneously effective in creating value perceptions, particularly when aligned with the appropriate context and timing. Therefore, H7 is rejected, and H8 is partially accepted.

4.4.5 The effect of media exposure on profitability and firm value

This study found that media exposure does not have a significant effect on profitability during 2020-2024, but shows a significant negative effect on firm value during 2020-2024. These results are consistent with the study by Teng and Yang [8], which explains that media exposure can actually reinforce negative perceptions, especially when the content of the news is not always favorable. From the perspective of signaling theory, not all media exposure provides positive signals, especially if the news tends to be neutral or negative. From the stakeholder theory perspective, media exposure can create reputational pressure, especially if the company is not sufficiently responsive to public criticism. Meanwhile, within the legitimacy theory, high media exposure intensity does not necessarily result in legitimacy, especially if it is not accompanied by evidence of real and consistent sustainability actions. Therefore, H9 and H10 are rejected.

5. CONCLUSIONS

This study shows that of the three pillars of ESG, only the governance aspect consistently enhanced profitability and firm value during the pandemic period (2020-2022), while the environmental and social aspects did not show a significant effect. This suggests that during times of crisis, investors and firms may prioritize risk management, transparency, and decision-making structures over longer-term environmental and social commitments. Environmental disclosure has been found not to exert a direct influence on financial performance and firm valuation, especially in emerging markets. The long-term benefits of sustainable practices require considerable time to materialize and gain recognition from investors. In the Indonesian context, this insignificance may stem from the low quality of environmental implementation and reporting. Moreover, social reporting in developing countries remains largely symbolic and has yet to exert a tangible impact on market perceptions. From the perspective of stakeholder theory, companies have yet to demonstrate meaningful social engagement with strategic stakeholder groups, such as employees, local communities, and consumers. These limitations highlight the need for improved reporting standards, capacity building, and regulatory enforcement to enhance the credibility and effectiveness of environmental and social disclosures in emerging markets like Indonesia. ESG disclosure simultaneously only affected firm value within a certain period of time. Media exposure, although expected to be a strategic communication channel, actually had a negative effect on firm value. These findings show that in emerging markets like Indonesia, media and ESG practices have yet to be fully utilised as strategic tools for improving financial performance and firm valuation. This study reinforces the importance of good governance in building market trust and emphasizes the need to improve the quality of ESG disclosure and media communication to send stronger and more credible signals to investors.

In the post-pandemic period (2023-2024), partial and simultaneous ESG disclosure had no significant effect on either ROE or PBV. Media exposure, intended as a strategic communication channel, even demonstrated a negative relationship with PBV, though its effect on ROE was not significant. These findings imply that the growth in ESG reporting and media attention has yet to sufficiently persuade market participants, primarily due to the still low quality, transparency, and integration of ESG practices into the core business strategies of companies. Investors tend to be skeptical of reporting that is merely symbolic without concrete evidence of its implementation. These findings show that the effectiveness of ESG disclosure and media exposure is highly contextual and influenced by the timing and quality of reporting. During the COVID-19 pandemic crisis, governance became the most important ESG dimension because it was closely related to risk, transparency, and decision-making. Conversely, after the COVID-19 pandemic, market expectations increased regarding the quality of ESG implementation, not just reporting. Media exposure, which should serve as a strategic communication channel, can have negative effects if it is not communicated professionally. These results reinforce the findings of Rohendi et al. [22], who stated that ESG practices in Indonesia are still limited to formal reporting and have not been substantially implemented. ESG signals are only effective in increasing firm value if they are high quality and reinforced by media and analyst attention [7, 32].

These findings contribute to the development of stakeholder theory, signaling theory, and legitimacy theory regarding sustainability in emerging markets. First, stakeholder theory emphasizes the importance of corporate involvement and responsibility towards all stakeholders. Companies need to address the prospects of stakeholders [14, 21]. However, insignificant results in the social and environmental dimensions indicate that stakeholder expectations have not been adequately met. Second, signaling theory suggests that ESG reporting and media exposure should serve as positive signals to the market. However, when the signals given are weak, ambiguous, and not credible, they will not be accepted or responded positively by investors [19, 24]. Third, within the framework of legitimacy theory, companies need to obtain social legitimacy through authentic sustainability practices. Legitimacy theory also indicates that legitimacy has not been established if reporting is not supported by concrete actions [8]. Fourth, resource-based view theory explains that environmental initiatives can only generate competitive advantages and enhance firm value when they are supported by strong internal capabilities such as effective environmental management systems, innovative green technologies, and dedicated resources. Without these capabilities, environmental disclosures might remain superficial and ineffective [25, 26]. Finally, social capital theory posits that social disclosures will have meaningful impact only if companies foster genuine relationships and trust with stakeholders like employees, communities, and customers. In contexts where such social capital is weak, social disclosures tend to be perceived as symbolic rather than substantive [27, 28]. Companies in Indonesia have yet to meet stakeholder expectations for authentic social and environmental engagement, the signals sent through ESG disclosures are often weak and ambiguous, and legitimacy has not been fully established when reporting lacks underlying concrete actions. The results of this study show that ESG disclosure is still largely symbolic and thus has not been able to build strong legitimacy in the eyes of the public and the capital market [24].

In Indonesia, ESG regulations remain limited, primarily governed by Financial Services Authority Regulation Number 51/2017, which mandates sustainability reporting starting in 2021 but was postponed to 2022 due to the COVID-19 pandemic. As a result, all companies listed before 2022 still voluntarily disclose their sustainability reports [11]. This regulatory delay helps explain why environmental and social disclosures had a weaker impact, as compliance pressures and enforcement mechanisms were minimal. Strengthening policy incentives and aligning reporting requirements with international frameworks would be critical to enhance the effectiveness of ESG practices. Accordingly, this study adopts the GRI Standards as the basis for measuring ESG variables. The GRI Standards provide widely recognized guidelines for reporting non-operational activities related to ESG impacts, ensuring comparability and credibility across firms. The implementation of ESG would be more effective if it were aligned with the GRI Standards [12, 13].

The findings of this study should be interpreted in light of Indonesia's regulatory setting. During the observation period, sustainability reporting remained voluntary because the Financial Services Authority Regulation (POJK 51/2017), which was initially mandated for 2021, was postponed to 2022 due to the COVID-19 pandemic. As a result, compliance pressure and enforcement mechanisms were minimal, which helps explain why environmental and social disclosures exerted weaker effects compared to governance-related aspects. This regulatory delay suggests that ESG practices in Indonesia have largely been compliance-driven rather than value-driven, reflecting companies' tendency to disclose information only when required. Accordingly, strengthening enforcement mechanisms, providing policy incentives such as fiscal or financial benefits, and aligning reporting obligations with internationally recognized frameworks (e.g., GRI Standards) would be critical to ensure that sustainability reporting becomes more substantive, comparable, and impactful in promoting sustainable business practices.

Overall, it can be concluded that the influence of ESG and media exposure on profitability and firm value is still limited in Indonesia, especially in the pandemic period. ESG only has a significant impact when associated with strong governance. Media exposure can actually have a negative effect if they are not managed strategically. Thus, companies in Indonesia need to enhance the quality of their ESG disclosures, strengthen the integration of ESG into their corporate strategies, and utilize media effectively and strategically to foster positive perceptions. This study also emphasizes that to obtain the benefits of sustainability, companies must demonstrate not only formal reporting but also real commitment.

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DATA AVAILABILITY STATEMENT

Data Availability: Data supporting this study are openly available from Mendeley Data at https://data.mendeley.com/datasets/3hx5gr2zyc/1 or these data can be accessed via https://docs.google.com/spreadsheets/d/e/2PACX-1vSh6aPt0-laJLsK63TIIjuYcYgRZzDWsTvz928Nc5W1qTuoYcgnLI-KwGk7ZkwHPg/pubhtml.

AUTHOR CONTRIBUTIONS

Thalia Angela: Conceptualization, Methodology, Investigation, Resources, Data Curation, Software, Formal Analysis, Visualization, Writing – Original Draft, Funding Acquisition. Toto Rusmanto: Supervision, Validation, Project Administration, Writing – Review & Editing.

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