

The Moderating Role of Firm Size on ESG Disclosure in Stock Prices of Companies Listed on the Sri Kehati Index

Original Article

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Abstract

Investors are now considering environmentally friendly investments, focusing on ESG and sustainable investments. Public attention has forced companies to be transparent in reporting operational activities that have environmental, social, and governance impacts. This study aims to determine the relationship between environmental disclosure, social disclosure, and governance disclosure and stock prices. Furthermore, this study aims to determine the moderating role of company size in influencing environmental disclosure, social disclosure, and governance disclosure on stock prices. The population in this study was companies listed on the IDX Sri Kehati ESG Sector Leaders index on the Indonesia Stock Exchange (IDX). The sampling method used purposive sampling, with the criteria being companies listed on the IDX Sri Kehati ESG Sector Leaders index that were included in one or two indexing periods each year (June and December) for the two years 2022-2023. The results of the study indicate that environmental disclosure and social disclosure are not proven to affect stock prices, while governance disclosure is proven to affect stock prices. Other findings indicate that company size does not moderate the moderating role of environmental disclosure, social disclosure, and governance disclosure on stock prices. This indicates that even though companies manage their operations in an environmentally friendly manner and maintain good relationships with stakeholders, this doesn't yet signal a strong investment decision. Furthermore, a company's size doesn't guarantee that it is disciplined in maintaining environmental and social integrity, or that it is managing its business effectively, which can influence investor behavior.

Keywords: Environment Disclosure, Social Disclosure, Governance Disclosure, Firm Size, Stock Price

1. Introduction

Currently, several environmental, social, governance, and climate change issues are becoming global topics. Companies, in their operations, can damage the surrounding environment due to their activities, products, and services. This can unwittingly have fatal consequences for the company's long-term survival (Marshela et al., 2022). Due to the impact felt by society, companies face numerous demands and pressure from stakeholders to manage their businesses ethically and sustainably (Yayasan Kehati, 2023).

Public awareness of environmental, social, and governance consequences is increasing. This is reflected in demands from various stakeholders encouraging companies to be responsible and assess their environmental, social, and governance (ESG) impacts (Hussain et al., 2025). This means that investor assessments are now based not only on financial aspects such as profits and dividends, but also include non-financial performance related to



environmental, social, and governance contributions (Aprilia & Sarumpaet, 2023; Mechrgui & Theiri, 2024; Zheng et al., 2026). On the other hand, this challenge has raised awareness and increased attention among companies about the importance of sustainability and disclosing the impact of their operations on their businesses (Aprilia & Sarumpaet, 2023). Responsibility for the negative impacts on the surrounding environment, society, and organizational management created during the company's operations can be expressed through ESG disclosure. This disclosure is crucial because it is considered by investors before choosing a company's shares (Shahara & Fitri, 2022).

ESG disclosure is related to ensuring that sustainable, transparent, and ethical business practices are implemented within the company (Giantari, 2024). Companies that integrate ESG into their business activities aim to generate profits while contributing to society and the environment (Mechrgui & Theiri, 2024). By incorporating environmental disclosure into their business strategy, companies are perceived as transparent in disclosing environmental sustainability practices such as reducing greenhouse gas emissions, energy consumption, and waste management. Companies that disclose social issues such as improving the welfare of employees, local communities, and stakeholders are appreciated by relevant parties, supporting business sustainability. Corporate governance disclosures, such as transparency of board structure and internal control mechanisms, are essential. Proper ESG disclosures can attract investor interest, increase sales, and boost stock prices (Adhi & Cahyonowati, 2023; Hanjani & Yanti, 2024; Rusmiani & Rahayu, 2024). Companies with strong ESG performance are able to increase stock prices, reduce costs, and contribute to sustainability (Mechrgui & Theiri, 2024).

The primary goal of a company is to generate substantial profits. To generate profits, companies require sufficient capital for production, marketing, and product distribution. Companies meet these capital needs through stock trading (Aprilia & Sarumpaet, 2023). In stock trading, investors participate in purchasing shares. The goal is to obtain optimal returns. However, before making a transaction, investors will select stocks that can provide optimal returns in the future (I. P. Sari & Lihan, 2023). Investors first analyze all information, both financial and non-financial. This information is used to estimate a company's prospects, make informed investment decisions, and mitigate the risk of loss from stock purchases (Aprilia & Sarumpaet, 2023).

Information about a company's optimal profit and dividend yields attracts investors. Investors believe that investing in a company with optimal profits will result in optimal dividends (I. P. Sari & Lihan, 2023). Consequently, investors begin to invest their funds in a company. When shares are highly sought after by investors, the stock price increases. The stock price reflects investors' response to the company's management and performance. An increase in the stock price indicates investor confidence in management's success in running the business (Shahara & Fitri, 2022).

The launch of the IDX KEHATI ESG Sector Leaders index is a step to strengthen the implementation of ESG-based investments in the capital market. Companies that participate in implementing and integrating environmental, social, and governance principles into their business strategies are included in the IDX ESG Leaders index. Companies prioritizing ESG principles are considered to have greater resilience and adaptability to regulatory changes (BIONS BNI Sekuritas, 2023). This is supported by investors' increasingly shifting investment choices toward companies that create a sustainable climate. Companies that promote a sustainable investment climate are considered to have a good reputation, leading to increased investor interest, particularly in companies that express their commitment to promoting a sustainable financial transition and supporting responsible and sustainable business practices (Yayasan Kehati, 2023).

From the beginning of the year through Monday, September 19, 2022, the IDX Kehati ESG Sector Leaders index demonstrated exceptional performance. Cumulatively, since the beginning of the year, the index recorded a 14.82% increase. Several issuers made significant contributions and were key pillars in the index's strengthening, including PT AKR Corporindo Tbk (AKRA), which surged 70.92%; PT United Tractors Tbk (UNTR), which gained 54.85%; followed by PT Vale Indonesia Tbk (INCO), which rose 39.42%; and PT Bank Negara Indonesia Tbk (BBNI), which recorded growth of 32.96%. Furthermore, several other leading stocks also recorded positive performance. BMRI posted a 31.32% increase in share value, while PGAS shares grew by 32.36%. ASII posted a 25% share price increase, followed by BBCA, which rose 18.49%; and PT Telkom Indonesia (Persero) Tbk (TLKM), which also rose 11.39%. This upward trend is driven by foreign investor interest in green issuers (Puspitasari & Rahmawati, 2022).

Many previous researchers have conducted research on the influence of environmental, social, and governance disclosures on stock prices (Aditama, 2022; Asyifa et al., 2025; Elazar et al., 2025; Febriantoko et al., 2025; Hanjani & Yanti, 2024; Jumarsih et al., 2025; Mastuti et al., 2025; Shahara & Fitri, 2022). These studies provide insights into the impact of ESG disclosures on stock prices. Researchers have observed an interesting phenomenon related to stock prices being influenced by disclosures in annual reports other than financial statements. These disclosures relate to environmental disclosures, social disclosures, and governance disclosures. A company's stock price quickly declines when problems, particularly environmental ones, are detected.



Figure 1. Pertamina Geothermal Energy Tbk Stock Price Trend
Source: (TradingView, 2025)

Researchers see the Pertamina phenomenon as part of the investor response to news about the company's environmental management. The Ombudsman assessed that PT Pertamina Patra Niaga failed in managing its procurement of goods/services because it had mixed Pertalite fuel to make Pertamax and there was corruption in the procurement (H. P. Sari & Ramadhan, 2025). Investors interpreted this condition as a negative indication because Pertamina was not transparent. This was evident in the weakening of the company's stock price following the circulation of news related to governance issues, namely on February 28, 2025, the stock price on the stock exchange experienced a significant decline to reach the price level of Rp. 875, a decrease of -3.85% (Investing.com, 2025a).

ESG issues are not only related to governance but also to environmental and social issues, such as those experienced by PT. ADARO, where the company failed to manage its social and environmental aspects. Residents were concerned about the environmental impact of Adaro's operations in the Mahakam Ulu region, and they were dissatisfied with the distribution of community welfare (Finka, 2025). This news was interpreted as a negative signal by investors. This signal was reflected in a decline in the stock price on June 25, 2025, reaching Rp 1,785, a decline of -1.65% (Investing.com, 2025b).



Figure 2. Stock Price Trend of PT. Alamtri Resources Indonesia Tbk
 Source: (TradingView, 2025a)

In line with the Pertamina and Adaro phenomenon, the researchers chose the study (Elazar et al., 2025) as a replication study, which will be replicated by researchers to examine the influence of stock prices on environmental, social, and governance disclosures, mediated by company size.

The relationship between ESG disclosure and stock prices can differ between large and small companies. Large companies generally command high public attention due to their extensive resources and extensive stakeholder networks. This high level of attention in large companies triggers high demand for ESG disclosure (Adhi & Cahyonowati, 2023). With more robust financial and non-financial resources, the demand for implementing ESG initiatives is easier for large companies to meet than for small companies. This strong financial position is favored by investors because they desire stable profits commensurate with the company's capabilities. Therefore, investor interest in large companies is greater than in small companies, driving higher stock prices. Thus, company size is an important variable in determining fund allocation decisions for potential investments, and company size influences stock prices (Shahara & Fitri, 2022; Wijaya & Suci, 2025).

Furthermore, researchers chose replication because stock prices can be influenced by ESG disclosure activities. Good ESG performance correlates with increased stock prices. Companies with good ESG performance are increasingly aware of the impact their activities have on the surrounding community. Investors will use this information to help them make investment decisions (Zuhrohtun & Triana, 2023). Investors create investment portfolios with companies that demonstrate transparent ESG disclosure. Shares of companies that support ESG transparency will be in high demand, leading to higher stock prices on the stock exchange (Nugroho & Kohardinata, 2024).

Several research gaps have been identified among researchers examining the effect of environmental disclosure on stock prices. Several studies have found positive results on the relationship between environmental disclosure and stock prices, such as the study by Elazar et

al (2025), which found that the market responds positively to superior environmental scores, thus driving stock prices higher. Furthermore, research by Valenfani & Megawati (2023) also yielded similar results, indicating that environmental disclosures were positively perceived and reflected in the stock prices of mining companies due to increased awareness of environmental issues, which in turn encouraged investor participation in these companies. However, research by Mastuti et al (2025) yielded contradictory results, indicating that environmental performance disclosures did not appear to be a driving force for stock prices in companies listed on ESGleader30. This aspect was unable to influence investment interest, and investors tended to rely solely on financial information, resulting in stock price fluctuations.

Several research gaps were identified among researchers examining the influence of social disclosure on stock price fluctuations. Several previous studies found a positive correlation with social disclosure reporting, including Elazar et al (2025), where social scores positively affected stock prices. Research by Nugroho & Kohardinata (2024) on companies listed on IDX SRI KEHATI and IDX ESG Leaders found that commitment to social responsibility increased public confidence in the company, leading to significant stock price increases. This contrasts with Aditama (2022) research, which confirmed that investors don't significantly appreciate activities related to social scores on stock returns. This is because social scores aren't used as an aspect in investor decision-making, and management focuses more on revenue and sales than non-financial performance.

Several research gaps have been identified among researchers examining the influence of governance disclosure on stock prices. Several studies have found that governance disclosure has a positive effect on stock prices, including Elazar et al (2025) study, which found a significant positive effect of governance scores on stock prices. This is because they believe that by investing in companies that disclose governance information, they believe their investment can help realize ESG practices within the company. Similarly, research by Zuhrohtun & Triana (2023), which examined mining companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period, found that governance disclosure impacts stock prices. Contrary to this finding, research by Rhamdani & Margasari (2025) found that governance scores had no effect on stock returns in LQ45 companies for the 2019-2024 period. This is because large companies engage in governance practices merely to fulfill regulatory obligations and comply with formalities without considering strategies to create a competitive advantage.

A research gap was found in studies examining the moderating effect of company size on the relationship between environmental disclosure, social disclosure, and governance disclosure on stock prices. Febriantoko et al (2025) study revealed that company size successfully moderated the relationship between ESG and financial performance and firm value because larger and more established companies tend to have greater resources to better implement sustainability practices. This is also in line with Arifah (2024) research, which showed that company size can strengthen the influence of environmental performance, social performance, and governance performance on firm value. As a company grows, its assets also increase, making it more capable of disclosing its environmental performance. More disclosure of social performance is made because more shareholders pay attention to its social programs, and it is increasingly able to fulfill its governance responsibilities and has carried out optimal oversight. This builds a positive image and investor confidence in the returns they will receive after investing in this company. Investors will become more interested in owning shares, resulting in an increase in stock prices and company value. This contrasts with research by Rhamdani & Margasari (2025), which found that company size was unable to moderate the effect of governance scores on stock returns in LQ45 companies for the 2019-2024 period, as this disclosure was considered a minimum requirement and therefore did not serve as a strong signal for increasing stock prices. This research aligns with research by Rhamdani & Margasari

(2025), which found that company size did not moderate the relationship between environmental scores and stock returns in LQ45 companies for the 2019-2024 period.

This study examines the influence of environmental disclosure, social disclosure, and governance disclosure on stock prices. This study also tests the signaling theory, which states that if management discloses environmental, social, and corporate governance information in its sustainability report, investors will perceive this as a positive signal. Investors are believed to respond positively to this positive signal, influencing investment decisions. This, in turn, increases demand for shares, leading to increased stock prices.

Based on several research gaps previously explained, numerous inconsistencies were found in the output of each study. Furthermore, research topics addressing the influence of ESG disclosure on stock prices have also been understudied. The use of company size as a moderating variable aims to demonstrate that firm size is a factor that can strengthen or weaken the relationship between ESG variables and stock prices. Therefore, this study addresses the effect of environmental, social, and governance disclosure on stock prices, moderated by company size.

2. Literature Review

2.1. Signalling Theory

Signals serve as a bridge connecting the company as the information provider and market players as the information receivers. These signals act as signposts that provide important information to investors (Safira & Jansen Arsajah, 2024). The forms of signals conveyed by companies can include actions, information disclosures, and managerial policies (Giantari, 2024). According to Jogiyanto (2016), published information serves as a signal for investors, shaping potential investors' perceptions of the company, and assisting in the decision-making process.

Investors receive and respond to information about an event in different ways. Investors rely on information that represents the company's condition in making decisions. Investors' interpretation of this information can be categorized as positive or negative. Investors then respond or act on this information through a reaction. Investors can react to these signals by buying, selling, or even choosing not to react (Nida et al., 2020).

Conveying positive signals is crucial for companies to convince investors that the company has promising prospects and is worthy of investment. Some examples of corporate actions that send positive signals to investors include high dividend announcements, earnings announcements, acquisitions, and new product launches. However, if a company is experiencing difficult times, such as debt inability or other scandals, investors perceive negative signals, leading to doubts and investors choosing not to invest in the company's shares due to the potential for losses (Giantari, 2024).

Investors use signals to assess a company's prospects, potential returns, risks, and ultimately influence their investment decisions (Giantari, 2024). Investors gain confidence when the information they receive is well-received, which can lead to increased stock prices. Rising stock prices indicate a company's healthy financial performance through high cash flow and dividends, so investors tend to respond to positive information that signals positive outcomes. Meanwhile, investors become less confident or discouraged when the information they receive signals negative outcomes, resulting in declining stock prices (Jogiyanto, 2017). Investors tend to wait and become cautious in responding to uncertain or dangerous situations.

2.2. Stock Price

Shares can be defined as a nominal value held by investors through stock transactions/trading on the stock exchange (Zuhrohtun & Triana, 2023). This capital ownership can be realized in the form of a document containing the nominal value of the shares, the company name, and the rights and obligations of the owner. These shares are traded on the stock exchange. They are a popular instrument because they offer attractive advantages for investors, such as the ability to provide dividends. The stock price can reflect the wealth of shareholders (Elazar et al., 2025). The stock price serves as a measure of a company's performance, indicating the effectiveness of financial management (Femmy Juliastuti et al., 2024). The stock price represents a company's value and performance. Investors' assessment of a company's performance is reflected in changes in the stock price (Jumarsih et al., 2025).

Research typically uses the closing stock price as a reference. The closing stock price reflects the last trading price during the period before the stock exchange closes, is the most stable, and easily accessible (Jumarsih et al., 2025). The closing stock price is important because it serves as the basis for determining the opening price on the following trading day. The closing price is often used as an indicator to predict stock prices for the following period. This can serve as a reference for investors in predicting when to sell or buy shares (I. P. Sari & Lihan, 2023). Consistently rising stock prices indicate a company's well-managed performance. A consistently rising stock price can reassure investors of sound corporate governance. When investors are confident, they flock to acquire the company's shares, eliminating the worry that their investments will incur losses. Because many investors buy shares, demand exceeds supply, resulting in a surge in stock prices and a positive corporate reputation/image. If the stock price experiences a downward trend, investors tend to avoid investing in the company for fear that their funds will not return a profit (Femmy Juliastuti et al., 2024; Shahara & Fitri, 2022).

2.3. Company Size

Company size is defined as an indicator of a company's size (Jumarsih et al., 2025). Company size can be seen from the amount of assets, resources, and income a company possesses. Company size is important because it serves as an indicator of a company's financial strength (Melisa et al., 2022). The size of a company can be said to determine its costs, profits, and sources of funding. Company size is calculated by multiplying the natural logarithm by the company's total assets (Elazar et al., 2025).

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Large entities are characterized by complex organizational structures. Large entities have an abundance of resources compared to small companies. These substantial resources will help the company meet its funding needs (Asyifa et al., 2025). Large companies also have more focused and well-defined goals and strategies. With clear goals and strategies, large companies can better manage sustainability projects and implement ESG practices more effectively than smaller companies (Abdi et al., 2022). Large companies are perceived as more stable, trustworthy, and have more promising future prospects. Large companies possess strong resources, a strong market position, and the ability to maintain a competitive advantage, making them a safe and profitable investment in the long term, with a lower risk of failure (Wijaya & Suci, 2025).

Small companies face unique challenges. Their small scale makes it difficult for them to meet ESG demands. This is because implementing ESG in line with stakeholder demands requires significant funding. Therefore, small companies often struggle to achieve a good corporate reputation (Asyifa et al., 2025). Small companies tend to favor short-term investments and focus on financial performance (Febriantoko et al., 2025).

Large companies also face unique challenges. Large companies naturally have a large scale of operations. Therefore, large companies face greater public pressure and scrutiny. This pressure comes from stakeholders, such as the communities where the companies operate. They demand that companies protect the environment. Their business operations must conform to the boundaries of prevailing societal norms.

2.4. ESG Disclosure

This disclosure involves three aspects: disclosure of environmental, social, and corporate governance aspects. A company considered financially successful, particularly one that remains sustainable, is one that is able to manage non-financial risks, namely environmental, social, and governance risks (Asyifa et al., 2025).

The environmental criteria in ESG discuss a company's ability to address the impact of its organizational activities on the environment in which it operates (Aditama, 2022). This environmental aspect discusses how management can efficiently use the resources and energy consumed by the company, how the company reduces greenhouse gas emissions, preserves biodiversity and ecosystems, how the company avoids water, land, and air pollution, and properly manages waste, whether liquid, solid, or gaseous (Asyifa et al., 2025; Shahara & Fitri, 2022).

A company's commitment to social aspects demonstrates how much the company contributes to the social life around its operations, both externally (community and stakeholders) and internally (employees). Social aspects include ensuring human rights, considering stakeholder expectations, promoting employee welfare, providing working conditions that support employee productivity, and disclosing CSR (Asyifa et al., 2025). Furthermore, these include gender equality, employee training during employment at the company's operations, guaranteeing employee rights, responsibility for products produced, securing decent work, and so on (Shahara & Fitri, 2022).

Governance is crucial in companies, especially in running a company. Corporate governance encompasses how a company communicates its management system transparently, complies with company regulations, and practices accountability. The more established corporate governance, the more transparent the company is in disclosing how it is managed. This transparent disclosure of governance can increase company stability because investors trust the company to be safe from external shocks (Asyifa et al., 2025).

ESG initiatives aim to preserve the environment, reduce environmental risks, and strengthen governance. Increasing ESG disclosure can reduce information asymmetry because ESG disclosure indicates a company's transparency, readiness to face sustainability challenges, reduce the risk of violating regulations, and avoid potential fines (Febriantoko et al., 2025). Furthermore, companies that adopt ESG can reduce exposure to reputational risk from unsustainable practices, gain public trust, protect themselves during crises, avoid customer loss, improve financial performance, and increase stock prices (Abdalla et al., 2026; Mechrui & Theiri, 2024).

2.5. Previous Research

Environmental disclosure is a form of active corporate action to detect and mitigate the negative impacts of company operations by creating a positive, non-destructive environment and striving to manage the environment around the company (Arifah, 2024). Environmental disclosure is information sent by management to external parties as a signal about the

company's performance and sustainability. This signal is perceived as positive, helping to assess the company and providing investors with confidence in investing in the company's shares, as the company is perceived as environmentally responsible and performing well. This makes environmental responsibility information a helpful signal in determining investment choices and ultimately increasing stock demand and share prices (Elazar et al., 2025). This theory and logic of thinking are in accordance with research (Abdalla et al., 2026; Adhi & Cahyonowati, 2023; Aprilia & Sarumpaet, 2023; Arifah, 2024; Elazar et al., 2025; Febriantoko et al., 2025; Giantari, 2024; Hanjani & Yanti, 2024; Marshela et al., 2022; Mechrui & Theiri, 2024; Purnomo et al., 2024; Rusmiani & Rahayu, 2024; Shahara & Fitri, 2022; Valenfani & Megawati, 2023; Zuhrohtun & Triana, 2023) where the research has the same results, namely that environmental disclosure affects stock prices.

Social disclosure is defined as a company's awareness of the social conditions surrounding the company, resulting from the impact of its operations. A company with a high level of awareness will foster social awareness, both internally and externally. This social concern is reflected in social disclosure. Information regarding the company's social disclosure will be sent by management to investors, and investors will perceive it as a positive signal. This fosters a positive relationship between stakeholders and the company, leading to public acceptance and social support from stakeholders. Companies with stakeholder support will attract investors' interest in investing, leading to increased stock prices. The researcher's assumption is in line with previous studies, namely (Abdalla et al., 2026; Abdi et al., 2022; Aprilia & Sarumpaet, 2023; Arifah, 2024; Elazar et al., 2025; Febriantoko et al., 2025; Giantari, 2024; Hanjani & Yanti, 2024; Mechrui & Theiri, 2024; Nugroho & Kohardinata, 2024; Purnomo et al., 2024; Rusmiani & Rahayu, 2024; Valenfani & Megawati, 2023; Zuhrohtun & Triana, 2023) where the research has the same results, namely that social disclosure affects stock prices.

Corporate governance disclosure demonstrates a company's awareness of the impact of corporate governance on its management. Corporate governance disclosure by management demonstrates the transparency of the company's existing systems for organizing, controlling, and managing the organization. The company's level of awareness regarding its governance transparency is reflected in its governance disclosure. Transparent organizational management conveys a positive image, suggesting a well-established management system and that all critical operations are managed according to standards. This demonstrates that the company has successfully implemented sound controls. Investors will respond positively to this signal of success in strong operational management controls. Investors will respond to good governance by increasing the company's stock price. The researcher's assumption is in accordance with previous studies, namely (Abdalla et al., 2026; Adhi & Cahyonowati, 2023; Arifah, 2024; Elazar et al., 2025; Febriantoko et al., 2025; Hanjani & Yanti, 2024; Mechrui & Theiri, 2024; Purnomo et al., 2024; Zuhrohtun & Triana, 2023) where they have results that good governance disclosure will affect stock prices.

Researchers suspect that company size will strengthen the influence of environmental disclosure on stock prices. This is because company size indicates the extent of the company's responsibility in disclosing its environmental impacts. Large companies have a greater responsibility to demonstrate awareness/responsibility for disclosing environmental impacts. Large companies also have substantial resources, so they have the capacity to meet their financial needs and have the ability to implement ESG better than smaller companies. The larger the company, the greater the responsibility for environmental disclosure, which can influence stock prices. Company size will strengthen the influence of environmental disclosure on stock prices. The researcher's logic that forms the hypothesis that company size moderates the effect of environmental disclosure on stock prices is in accordance with previous research

(Abdi et al., 2022; Adhi & Cahyonowati, 2023; Asyifa et al., 2025; Febriantoko et al., 2025; Giantari, 2024; Hanjani & Yanti, 2024; Mastuti et al., 2025).

Researchers suspect that company size will strengthen the social influence on stock prices. This is because company size indicates the extent of the company's responsibility in disclosing the social impacts arising from its company. Large companies have extensive operations, thus having a significant impact on society, thus their responsibility in disclosing social impact is greater. Large company size has an impact on large profits, which can be interpreted as a company having a greater ability to carry out social activities in the surrounding community. All information about the company's better ability in responding to social responsibility by management is responded positively by investors. A positive image of the company in the eyes of the public can be built, which will provide legitimacy to the company. Large companies will be encouraged by the surrounding community to continue operating, thus supporting the company's sustainability. This will make the shares of companies that care about their social impact increasingly sought after by investors, driving the company's share price to continue to rise. The researcher's assumption is in accordance with previous research, namely (Adhi & Cahyonowati, 2023; Asyifa et al., 2025; Febriantoko et al., 2025; Hanjani & Yanti, 2024; Mastuti et al., 2025) where company size moderates the effect of social closure on stock prices.

Researchers suspect that company size has a moderating effect on the influence of governance disclosure on stock prices. This is because company size indicates the extent of the company's responsibility in disclosing the impact of governance arising from its company. Large companies have extensive operations, the impact of corporate governance is also greater, thus their responsibility in disclosing the impact of governance is greater. The larger the company and the better its governance, the more positive the image/perception will be among investors. Shares of companies that care about their governance will be increasingly sought after by investors. This is because investors are confident that the funds they invest will generate profits and have a low risk of loss. When investors invest their funds in a company, the stock price also increases (Winarsih et al., 2025). The researcher's assumption that size moderates the effect of governance disclosure on stock prices is also found in research (Abdi et al., 2022; Adhi & Cahyonowati, 2023; Asyifa et al., 2025; Febriantoko et al., 2025; Hanjani & Yanti, 2024; Mastuti et al., 2025) and these studies have succeeded in providing evidence that company size influences stock prices.

3. Methods

The research data covers a two-year period, 2022-2023. The study variables are stock price as the dependent variable, ESG disclosure as the independent variable, and company size as the moderating variable. The study employed a quantitative approach with purposive sampling. The population comprised 86 companies included in the IDX KEHATI ESG Sector Leaders Index. Panel data was used to observe corporate sustainability, requiring the data to be presented sequentially. The sample comprised 86 companies included in the IDX KEHATI ESG Sector Leaders Index, which were included in one or two indexing periods each year (June and December) for the two-year period 2022-2023.

Data was downloaded from the official IDX website to obtain a list of companies included in the IDX KEHATI ESG Sector Leaders Index. ESG disclosure data was obtained from Bloomberg, covering a two-year period (2022-2023). The Bloomberg ESG Disclosure Score represents a company's annual ESG disclosure and is based on the quantity of ESG information the company discloses to the public. ESG data obtained from Bloomberg contains sustainability measures in the form of separate scores for each ESG component: environmental, social, and governance variables. Closing stock price data is obtained from

<https://id.investing.com/> and is taken 10 days after the ESG disclosure. In this case, investor reactions are measured 10 days after the announcement of environmental, social, and governance disclosures. The disclosure publication dates are set for December 31, 2022, and December 31, 2023. Because stock price data collection was conducted on the 10th day, the disclosure publication date set for December 31, 2022, uses stock price data from Tuesday, January 10, 2023. Furthermore, for the disclosure publication date set for December 31, 2023, the stock price data used is Wednesday, January 10, 2024.

Environment Disclosure (X1) represents the company's capacity to disclose environmental performance to stakeholders. This data contains the percentage of disclosures of environmental-related items, totaling 31 disclosure items. Social Disclosure (X2) represents the company's capacity to disclose social performance to stakeholders. This data contains the percentage of disclosures of social-related items, totaling 40 disclosure items. Governance Disclosure (X3) represents the company's capacity to disclose governance performance to stakeholders. This data contains the percentage of disclosures of governance-related items, totaling 13 disclosure items. The scores assigned to each environmental disclosure, social disclosure, and governance disclosure range from 10 to 100%. Stock price (Y) is measured by Ln(closing price) 10 days after the ESG disclosure is released. Firm size (M) is measured by multiplying Ln(total assets).

The data analysis technique used IBM SPSS version 25.0. The data were first subjected to classical assumption tests, which included several tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation. The second step involved data processing using a t-test. The t-test, or partial hypothesis test, was conducted to determine the partial effect of each variable on the dependent variable. The third step involved an F-test to determine the simultaneous effect of all independent variables on the dependent variable. The fourth step involved a Moderated Regression Analysis (MRA). The moderation framework addresses the question of whether environmental disclosure, social disclosure, and governance disclosure practices influence stock prices depending on company size. The fifth step involved a coefficient of determination test. The coefficient of determination test is carried out to determine the strength of the model or to find out how large a percentage of the independent variable's ability to influence the dependent variable is.

4. Results and Discussion

4.1. Descriptive Analysis

Descriptive statistical measurements are used to obtain a general overview of the data, such as minimum, maximum, mean, and standard deviation values. The descriptive statistical tests for this study can be seen in the following table:

Table 1. Descriptive Test Results

Research Variables	N	Minimum	Maximum	Mean	Std. Deviation
X1_Environment Disclosure	86	12,62	76,93	42,4093	13,78779
X2_Social Disclosure	86	21,22	64,45	40,0570	9,29180
X3_Governance Disclosure	86	50,87	96,81	83,6084	9,24453
M_Firm Size	86	29,29	35,32	31,8210	1,44102
Y_Stock Price	86	4,33	10,12	7,6329	1,17243

Source: SPSS Data Processing Results Version 25

The following is an interpretation of the descriptive test results:

Environmental Disclosure (X1) has a minimum and maximum value of 12,62 and 76,93, respectively, while the average value is 42,4093 and the standard deviation is 13,78779. This indicates good data distribution because the standard deviation is smaller than the mean.

Social Disclosure (X2) has a minimum and maximum value of 21,22 and 64,45, respectively, while the average value is 40,0570 and the standard deviation is 9,29180. This indicates good data distribution because the standard deviation is smaller than the mean.

Governance Disclosure (X3) has a minimum and maximum value of 50,87 and 96,81, respectively, while the average value is 83,6084 and the standard deviation is 9,24453. This indicates good data distribution because the standard deviation is smaller than the mean.

Firm Size (M) has a minimum and maximum value of 29,29 and 35,32, respectively, while the mean value is 31,8210 and the standard deviation is 1,44102. This indicates good data distribution because the standard deviation is smaller than the mean.

Stock Price (Y) has a minimum and maximum value of 4,33 and 10,12, respectively, while the mean value is 7,6329 and the standard deviation is 1,17243. This indicates good data distribution because the standard deviation is smaller than the mean.

4.2. Normality Test

Table 2. Results of the Normality Test Using the One-Sample Kolmogorov-Smirnov

Normality Test Indicator	Result	Interpretation
<i>Asymp. Sig. (2-tailed)</i>	0,200	Meets the assumption of normality

Source: SPSS Version 25 Data Processing Results

Based on the table above, the Asymp.Sig (2-tailed) value is 0.200. This indicates that $0.200 > 0.05$, thus, it can be concluded that the data is normally distributed, thus meeting the assumption of normality.

4.3. Multicollinearity Test

Table 3. Results of Multicollinearity Test

Research Variables	Collinearity Statistics		Intepretation
	Tolerance	VIF	
<i>Environment Disclosure</i>	0,720	1,388	There are no symptoms of multicollinearity
<i>Social Disclosure</i>	0,716	1,397	There are no symptoms of multicollinearity
<i>Governance Disclosure</i>	0,764	1,309	There are no symptoms of multicollinearity
<i>Firm Size</i>	0,775	1,290	There are no symptoms of multicollinearity

Source: SPSS Data Processing Results Version 25

If the tolerance value is >0.10 and the VIF is <10.00 , the variable is free from multicollinearity. The table above shows that the tolerance value for the Environment Disclosure (X1) variable is 0.720, Social Disclosure (X2) is 0.716, Governance Disclosure (X3) is 0.764, and Firm Size (M) is 0.775. These tolerance values indicate that all variables have a tolerance value >0.10 .

Meanwhile, the Variance Inflation Factor (VIF) value for the Environment Disclosure (X1) variable is 1.388, Social Disclosure (X2) is 1.397, Governance Disclosure (X3) is 1.309, and Firm Size (M) is 1.290. These VIF values indicate that all variables have a VIF value <10.00 . Because the tolerance and VIF values have met the requirements, it can be concluded that all the variables above do not show symptoms of multicollinearity.

4.4. Heteroscedasticity Test (Glejser Test)

Table 4. Heteroscedasticity Test Results (Glejser Test)

Research Variables	t	Sig.	Intepretation
<i>Environment Disclosure</i>	-0,494	0,623	There are no symptoms of heteroscedasticity
<i>Social Disclosure</i>	0,558	0,579	
<i>Governance Disclosure</i>	1,394	0,167	
<i>Firm Size</i>	-1,681	0,097	

Source: SPSS Data Processing Results Version 25

The requirement for heteroscedasticity testing is that if the Sig. value is >0.05, then there are no symptoms of heteroscedasticity. The results above indicate that the variables Environment Disclosure (X1), Social Disclosure (X2), Governance Disclosure (X3), and Firm Size (M) have Sig. values >0.05, thus there are no symptoms of heteroscedasticity.

4.5. Autocorrelation Test

Table 5. Autocorrelation Test Table

Autocorrelation Test Indicator	Result	Intepretation
<i>Durbin-Watson Value</i>	1,839	There is no autocorrelation symptom

Source: SPSS Data Processing Results Version 25

The requirement for an autocorrelation test is that if $dU < d < 4-dU$, then there is no autocorrelation. Based on the results of the autocorrelation test, the Durbin-Watson value was 1.839. The dU value, based on the Durbin-Watson table, with an n of 86 and a total of 4 independent and moderating variables ($k = 4$), was 1.7478. The table above shows that $dU < d < 4-dU$, or $1.7478 < 1.839 < 2.2522$, indicates that this research model does not exhibit autocorrelation.

4.6. t-Test

The t-test, or partial hypothesis test, is conducted to determine the partial effect of one independent variable on the dependent variable. Decision making in the t-test is if the Sig value <0.05 or the calculated t value > t table then each variable Environment Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) has an effect on Stock Price (Y). However, if the Sig value > 0.05 or the calculated t value < t table then each variable Environment Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) has no effect on Stock Price (Y). Based on table 6, the analysis shows the influence of the tested variables on stock prices.

Table 6. t-Test Results

Research Variables	t	Sig.	Intepretation
<i>Environment Disclosure</i>	0,092	0,927	No significant effect
<i>Social Disclosure</i>	-0,081	0,936	No significant effect
<i>Governance Disclosure</i>	3,200	0,002	Have a significant impact

Source: SPSS Data Processing Results Version 25

The first t-test examined the first hypothesis regarding the effect of Environmental Disclosure (X1) on Stock Price (Y). Based on the table above, the Sig. value for the Environmental Disclosure (X1) variable was $0.927 > 0.05$, and the calculated t-value was 0.092

< t-table 1.98932. This means that H0 is accepted and H1 is rejected. Therefore, it can be concluded that the Environmental Disclosure (X1) variable does not significantly influence stock prices in companies listed on the ESG Sector Leaders IDX KEHATI for the 2022-2023 period.

The second t-test examined the second hypothesis regarding the effect of Social Disclosure (X2) on Stock Price (Y). Based on the table above, the Sig value for the Social Disclosure (X2) variable is 0.936 > 0.05, and the calculated t-value is -0.081 < t-table value of 1.98932. This means that H0 is accepted and H2 is rejected. Therefore, it can be concluded that the Social Disclosure (X2) variable does not significantly influence stock prices in companies listed on the ESG Sector Leaders IDX KEHATI for the 2022-2023 period.

The third t-test examines the third hypothesis regarding the effect of Governance Disclosure (X3) on Stock Prices (Y). Based on the table above, the Sig value for the Governance Disclosure (X3) variable is 0.002 < 0.05, and the calculated t-value is 3.200 > t-table value of 1.98932. This means that H0 is rejected and H3 is accepted. This concludes that the Governance Disclosure variable (X3) has a significant positive effect on stock prices in companies listed on the ESG Sector Leaders IDX KEHATI for the 2022-2023 period.

4.7. F Test

The F test is conducted to test the feasibility of the regression model and to determine the simultaneous influence of the independent variables on the dependent variable, or how the independent variables simultaneously influence the dependent variable. The decision in the F test is made if the Sig value is <0.05 or the calculated F value is >F table, then the regression model is considered feasibility, and the independent variables simultaneously have a significant effect on the dependent variable. The following are the results of the F test (simultaneous significance test) for the variables Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) on Stock Price (Y).

Tabel 7. F Test Results

F Test Indicator	Result	Intepretation
F	4,077	Simultaneously have a significant effect
Sig	0,009	

Source: SPSS Data Processing Results Version 25

The results of the F-test, or simultaneous significance test, yielded a Sig. 0.009 < 0.05 and a calculated F of 4.077 > 2.71. This regression model is considered suitable for measuring the influence of the variables Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) on Stock Price (Y). This concludes that the variables Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) collectively have a significant effect on stock price (Y) in companies listed on the ESG Sector Leaders IDX KEHATI for the 2022-2023 period.

4.8. Moderated Regression Analysis (MRA) Test

The MRA test itself is known as the interaction test between the independent variable and the moderating variable. This test examines the strength of the moderating variable in influencing the relationship between the independent variable and the dependent variable, whether it strengthens or weakens the relationship. The requirement is that the interaction value between the independent variable and the moderating variable shows a Sig. > 0.05, the moderating variable cannot moderate the relationship between the independent variable and the dependent variable. The following table shows the results of the Moderated Regression Analysis (MRA) test.

Table 8. Results of the Moderated Regression Analysis (MRA) Test

Variable	t	Sig.	Intepretation
X1M	-0,713	0,478	unable to moderate
X2M	1,435	0,155	unable to moderate
X3M	-0,157	0,875	unable to moderate

Source: SPSS Data Processing Results Version 25

The first MRA test examines the moderating effect of Firm Size (M) on the relationship between Environmental Disclosure (X1) and Stock Price (Y). The significant value of the interaction variable between Environmental Disclosure (X1) and Firm Size (M) is $0.478 > 0.05$, thus concluding that Firm Size (M) is unable to moderate the effect of Environmental Disclosure (X1) on Stock Price (Y).

The second MRA test examines the moderating effect of Firm Size (M) on the relationship between Social Disclosure (X2) and Stock Price (Y). The significant value of the interaction variable between Social Disclosure (X2) and Firm Size (M) is $0.155 > 0.05$, thus concluding that Firm Size (M) is unable to moderate the effect of Social Disclosure (X2) on Stock Price (Y).

The third MRA test examines the moderating effect of Firm Size (M) on the relationship between Governance Disclosure (X3) and Stock Price (Y). It is known that the sig value of the interaction variable between Governance Disclosure (X3) and Firm Size (M) is $0.875 > 0.05$, so it can be concluded that the Firm Size (M) variable is not able to moderate the influence of Governance Disclosure (X3) on Stock Price (Y).

4.9. Coefficient of Determination (R²)

This study used a coefficient of determination test to determine the percentage influence of the variables Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) on Stock Price (Y). The indicator for the coefficient of determination test is the R-square value. A value approaching 1 indicates a significant influence by the independent variable or a significant explanation for the dependent variable. The following are the results of the coefficient of determination test obtained using SPSS analysis.

Table 9. Results of the Coefficient of Determination

Coefficient of Determination Test Indicator	Result	Intepretation
<i>R</i>	0,360	Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) were only able to explain the Stock Price variable (Y) by 13.0%
<i>R Square</i>	0,130	
<i>Adjusted R Square</i>	0,098	

Source: SPSS Data Processing Results Version 25

Table 9 shows an R value of 0.360, indicating a positive relationship between the dependent and independent variables. This relationship means that if the independent variable increases, the dependent variable also tends to increase, although the magnitude is not significant.

Based on the table above, the coefficient of determination test found an R-square value of 0.130, or 13.0%, for the regression model. This means that the independent variables in the regression model, namely Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3), only explain 13.0% of the Stock Price (Y) variable, while the remaining 87% is influenced by other variables not included in the model. Although the R-

square value is not particularly high, the independent variables still make a significant contribution in explaining the variation in the dependent variable.

Table 10. Results of the MRA Test Determination Coefficient

Coefficient of Determination Test Indicator	Result	Intepretation
<i>R</i>	0,488	Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3) were only able to explain the Stock Price variable (Y) by 23.8%
<i>R Square</i>	0,238	
<i>Adjusted R Square</i>	0,169	

Source: SPSS Data Processing Results Version 25

Table 10 shows an R value of 0.488, indicating a positive relationship between the dependent and independent variables. This relationship means that if the independent variable increases, the dependent variable also tends to increase, although the magnitude is not significant.

Based on the table above, the coefficient of determination test found an R-square value for the regression model after the addition of the moderating variable Firm Size (M) of 0.238, or 23.8%. This means that the independent variables in the regression model, namely Environmental Disclosure (X1), Social Disclosure (X2), and Governance Disclosure (X3), only explain 23.8% of the Stock Price (Y) variable, while the remaining 76.2% is influenced by other variables not included in the model. Although the R-square value is not particularly high, the independent variables still make a significant contribution in explaining the variation in the dependent variable.

4.10. Discussion

The Effect of Environmental Disclosure on Stock Prices

This study found that environmental disclosure had no effect on the stock prices of companies included in the ESG Sector Leaders Index (IDX Sri Kehati). This means that while companies increasingly disclose their environmental performance, it does not actually increase stock prices. The benefits of environmental disclosure are not reflected in stock prices.

The reason for the lack of impact on stock prices is likely due to Indonesian investors' perceptions being biased towards financial interests alone. Investor awareness of the importance of environmental disclosure is likely still minimal. Furthermore, when companies strive to increase environmental disclosure, they likely sacrifice significant costs to invest in environmental interests.

Signaling theory states that signals are sent from management to investors and ultimately interpreted as signals. In this study, information about environmental disclosure is not considered a meaningful and strong market signal. This means that companies that maintain the environment well and use environmentally friendly production equipment are unable to sway stock demand. Ultimately, even if companies announce environmental disclosures, they do not increase stock prices.

The Environmental Performance Index (EPI) is an index that explains how responsive a country is to environmental issues faced by the country. In 2020, based on the Environmental Impact Assessment (EPI), Indonesia still ranked 116th out of 180 countries. This position indicates that Indonesia is less responsive to environmental reform. It can be concluded that investors in countries with less awareness of the importance of environmental issues are less likely to consider environmental disclosure (Aditama, 2022).

The results of this study are supported by Aditama (2022), who found an insignificant effect of environmental performance on stock returns because improving this aspect requires high costs and investors may not yet assess the importance of environmental aspects for stock investment. This is also supported by Mastuti et al. (2025), who provided similar results, stating that environmental information does not affect stock prices in companies listed on ESGleader30 because investors likely have not responded to the environmental performance information announced by the companies and have not been able to influence investor investment interest, thus, stock prices do not fluctuate. Research by Putri & Susanti (2025) showed similar results, indicating that environmental disclosure does not contribute significantly to stock price changes. The results of this study are supported by Santoso & Sofian (2025) study, which found that environmental disclosure had no significant impact on stock returns. Rhamdani & Margasari (2025) study also yielded similar results, showing that environmental scores negatively impacted stock returns in LQ45 companies, possibly due to investors' lack of awareness, lack of communication about environmental policies, and a tendency to focus on short-term profitability impacts.

Danila (2026) study in the ASEAN-5 markets yielded similar results, showing that environmental scores did not affect abnormal returns for all companies in the ASEAN-5 countries. This is due to several factors, including a possible lack of ESG awareness, market behavior, regulatory influence, sectoral dominance in each country, and the direction of investment policies within the ASEAN-5 region, which focus on short-term profits over long-term sustainability. For companies in China, environmental regulations increase the risk of falling stock prices, particularly in companies with weaker innovation capabilities and lower equity incentive intensity, state-owned enterprises, and companies in highly polluting industries. This occurs due to innovation failures and lack of experience in transformation, leading managers to be selective about environmental disclosures and a tendency to suppress negative news. If this negative news is revealed, it can reduce transparency and erode investor confidence, the impact of which is directly reflected in market prices, triggering massive sell-offs, and increasing stock price falls and lowering stock prices (Zheng et al., 2026).

The Effect of Social Disclosure on Stock Prices

The results of social disclosure on stock prices did not significantly impact companies listed on the ESG Sector Leaders IDX Kehati. This indicates that social performance disclosures do not drive stock prices higher. This is likely because investors still do not consider social performance disclosures when making sustainable investment decisions. Investors likely do not factor in a company's handling of social issues in their investment decisions. Investors likely prefer to consider financial performance when making investment decisions. Furthermore, investor awareness of the importance of social disclosure is likely still minimal. This suggests that social aspects can only have a significant impact if investors in a country have a high awareness of social aspects.

This research does not align with signaling theory. This study states that social disclosure practices are not considered a strong signal that can influence investor perceptions. Investors are not motivated to purchase shares because they have no interest in owning the shares. Therefore, demand for shares is zero. The absence of market demand results in stock prices not increasing. Social activities in many large companies are often undertaken merely as a regulatory obligation and a symbol of legitimacy, rather than as a differentiating strategy that creates a competitive advantage over other companies. As a result, sound social disclosure no longer has sufficient signaling power to influence investor perceptions of the potential for high stock prices.

Similar results were found in Aditama (2022) study, which found that for companies listed on the IDX 30, social scores did not significantly influence stock returns. This is because

social scores are not a key strategy for management to consider to improve stock performance. Building good relationships with employees, the community, and stakeholders requires significant investment. Another reason why social scores are not considered is that management focuses more on revenue and sales than on non-financial performance. Investors likely still rely on financial performance to assess a company's financial condition when making investment decisions. A similar study by Shahara & Fitri (2022) found that social disclosure had an insignificant effect on stock prices. This means that the greater the number of companies disclosing social information, the less likely it is to increase stock prices. This is because the importance of this reporting remains low, despite the existence of laws requiring it.

Research by Mastuti et al. (2025) also yielded similar results, indicating that corporate social disclosure did not affect stock prices in companies listed on ESGleader30. This is likely due to the fact that social aspects are not a primary factor influencing investors' investment decisions, thus maintaining stock prices. Research by Marshela et al. (2022) also yielded similar results, indicating that social performance variables had no significant impact on stock prices. Research by Santoso & Sofian (2025) also found similar results, indicating that social disclosure had no significant impact on stock returns. This is because creating a business that supports ESG often requires significant assets and significant costs. Investors often fail to consider social aspects in their investment decisions, likely due to a lack of awareness, particularly in countries with limited disclosure.

The Effect of Governance Disclosure on Stock Prices

This study found that governance disclosure significantly impacts the dependent variable, stock price. As companies become more transparent in disclosing their governance performance, stock prices increase. Investors are likely more likely to pay attention to information published by management regarding company management, and this information may become a reference for investment decisions. This is because governance is considered crucial for running a company. The domestic capital market has also begun to appreciate companies that demonstrate a clear sense of corporate governance. From a company perspective, it is likely that the company has carefully considered governance aspects. These governance aspects are not merely disclosed to fulfill obligations but have been integrated into the company's strategy to support share price growth and ultimately, the company's long-term survival.

This study's findings align with signaling theory. When a company successfully discloses governance information, it indicates that it has transparently disclosed its management practices. This indicates that the company has established sound corporate control. This information is then perceived as a positive signal by investors. Companies that actively engage in governance disclosure initiatives will receive favorable reviews from investors, demonstrating a well-established management system and managing all critical operations according to standards. This information increases investor confidence that the company has maintained its good governance performance and is considered compliant with regulations, thus ensuring long-term business performance.

As a business operates over a long period, it has the potential to generate greater profits and dividends. Therefore, investors increasingly favor companies with good governance performance, attracting investors who are aware of this disclosure. Ultimately, investors will look to the company's shares, leading to higher demand for the company's shares than supply. Consequently, the stock price soars. Stock prices can rise due to increased demand, which can further increase the stock price. Governance disclosure not only impacts financial performance, such as increasing share prices, but also embodies a company's sustainability efforts.

The results of this study are similar to those of Hanjani & Yanti (2024), who found that governance disclosure has a positive effect on stock returns. This indicates that the company is likely complying with existing regulations and norms, leading to higher stock prices. This research aligns with research by Zuhrohtun & Triana (2023), which examined mining companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period, finding that governance disclosure impacts stock prices. Companies that transparently disclose their governance practices gain investor confidence, leading to higher stock prices. This research aligns with research by Purnomo et al. (2024), which found that governance performance disclosure impacts the stock prices of mining companies. This means that governance disclosure is perceived as a positive signal for investors and fosters confidence in the company's governance commitment, potentially increasing stock prices.

The Role of Company Size in Moderating Environmental Disclosure on Stock Prices

According to the MRA test results, firm size did not play a moderating role in the relationship between environmental disclosure and stock prices, thus refuting Hypothesis 4. As issuers' assets increase, the demand for companies to disclose their environmental information increases, leading to greater transparency in disclosing their environmental responsibilities.

While companies improve their implementation of environmental disclosure initiatives, stock price movements are not visible. This may be due to the relatively low level of investor awareness of the long-term benefits of environmental aspects. Furthermore, environmental disclosure may simply be a symbol of compliance and may not be incorporated into the company's business strategy.

The results of this study are inconsistent with signaling theory, which states that larger companies improve their environmental stewardship, transparency in disclosing the impact of water use, and reporting the impact of products and services on biodiversity. However, in this study, investors did not respond to these signals. The signals were considered meaningless and weak by investors. Investor trust was not built on these signals, even though the company had committed to environmental disclosure in its operational activities. Demand for shares was low, resulting in insignificant stock price movements. Therefore, the conclusion is that company scale is not sufficient to guarantee acceptance as a strong signal that can influence environmental disclosure on stock prices.

The results of this study are supported by research by Elazar et al. (2025), where firm size, as a moderating variable, actually weakens the relationship between environmental disclosure and stock prices. As larger companies increasingly disclose their environmental management, it becomes increasingly difficult for them to achieve high stock prices. Furthermore, this study is supported by research by Shahara & Fitri (2022), which shows that company size has no effect on stock prices because investors likely do not consider company size indicators when purchasing shares. A company with large assets but poorly managed assets is unable to provide high dividends, resulting in a loss of investor interest, leading to a decline in the company's stock price. This research is supported by research Rhamdani & Margasari (2025), which found that company size did not moderate the relationship between environmental scores and stock returns in LQ45 companies for the period 2019-2024. This proves that even though large companies have a large capacity to carry out activities that do not damage the environment, this information cannot yet be a meaningful signal for investors to convince them and is unable to increase stock returns.

The Role of Company Size in Moderating Social Disclosure on Stock Prices

According to the MRA test, firm size did not moderate the relationship between social disclosure and stock prices, thus refuting Hypothesis 5. A large issuer's size indicates a significant amount of assets and substantial profits, enabling the company to undertake social activities, maintain relationships with stakeholders, and mitigate social impacts. Large companies are synonymous with extensive operations, which in turn significantly impact the surrounding community and the company's workforce. The greater the social impact resulting from these operations and the greater the public exposure, the greater the demand for companies to be more aware, responsible, and transparent in their social disclosures. However, when companies attempt to respond to social disclosure demands, they do not significantly affect stock prices.

Investors likely lack responsiveness to social disclosure because they choose investments based on financial aspects rather than non-financial considerations. Investors also likely lack awareness and minimal knowledge of the importance of social disclosure. Investors likely perceive each reported activity as costly and detrimental to their interests, ultimately discouraging them from investing, which is reflected in declining stock prices.

This research's findings are inconsistent with signaling theory. Companies send signals to investors about their actions. Information about greater social concern in large companies, such as employee health and safety, selecting suppliers that meet social criteria, and making honest claims on promoted products, does not provide a meaningful signal to investors to invest in the company. Furthermore, while large companies are encouraged by the surrounding community to continue operating and face lower risks related to social issues, this does not send a strong enough signal to investors. Consequently, shares of companies that care about their social impact are not attractive to investors. Although companies try to build a positive reputation, investors are not moved to entrust their funds to the company, thus not triggering investment demand for large company shares. Ultimately, the company's stock price does not rise.

This research aligns with research by Rhamdani & Margasari (2025), which found that issuer size did not moderate the relationship between environmental scores and stock returns in LQ45 companies for the 2019-2024 period. This demonstrates that even though larger companies have better oversight and implementation capacity, this information cannot yet serve as a meaningful signal to influence investor confidence and stock returns.

The Role of Company Size in Moderating Governance Disclosure on Stock Prices

According to the MRA test results, firm size did not play a moderating role in the relationship between governance disclosure and stock prices, thus refuting Hypothesis 6. The large size of an issuer indicates a wealth of assets, high profit generation, extensive operations, and the impact of large company operations on its governance. Consequently, the company faces increased public scrutiny. This is because increasing company size consequently raises demands for transparent governance performance. To address this public scrutiny, companies with substantial assets can use their profits to mitigate the impact of their governance. However, when large companies attempt to be accountable for their governance, this action fails to impact stock prices. Therefore, company size, related to company size, does not influence the correlation between governance disclosure and stock prices.

Even for large companies, governance disclosure is not yet a driving force for stock price increases. Several reasons explain the inability of firm size to moderate this relationship. First, investors in Indonesia likely still focus on financial performance. Second, it's possible that this report was prepared merely for formality, merely to fulfill regulatory obligations, and without considering how it could generate sufficient investor interest. Third, there's likely a lack of education regarding the importance of governance disclosure.

Signaling theory suggests that management signals will be responded to by investors. However, this study contradicts this theory, as larger companies, and better-organized corporate governance, should send a positive signal to investors. However, in this study, all information about greater concern for governance aspects in large companies, such as transparency in governance structures, transparent delegation of responsibilities for managing operational impacts, and clear oversight functions, did not provide a strong enough signal to investors, and investors failed to respond to these signals. This information signal was not used in investment decisions. Even though governance information was disclosed, the company's ability to generate profits failed to inspire investor confidence in investing in the company. Demand for shares was also not massive, resulting in insignificant stock price movements.

The results of this study align with those of Rhamdani & Margasari (2025), who found that company size was unable to moderate the effect of governance scores on stock returns in LQ45 companies for the 2019-2024 period. This suggests that although large companies have been more transparent in disclosing their governance practices and have had their governance monitored more closely, this is often only a minimum obligation and therefore does not serve as a strong signal for increasing stock prices. This research is supported by research by Elazar et al. (2025), which found that company size weakens the effect of governance disclosure on stock prices, whereby larger companies increasingly disclose their governance performance, making it increasingly difficult for them to achieve high stock prices.

5. Conclusion

Based on the research results and discussions presented, the researchers can draw several conclusions, including that environmental disclosure has not been proven to affect stock prices, social disclosure has not been proven to affect stock prices, and governance disclosure has been proven to affect stock prices. The role of moderating variables in this study indicates that company size has not been proven to moderate the effect of environmental disclosure on stock prices, company size has not been proven to moderate social disclosure on stock prices, and company size has not been proven to moderate governance disclosure on stock prices.

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