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# The Effect Of Esg Disclosure And Audit Quality On Firm Value In The Basic Material Sector With Company Size As Moderator In 2021-2023

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ABSTRACT
A company's worth is demonstrated by how well it performs and how well it accomplishes its goals. With a focus on basic materials businesses listed on the Indonesia Stock Exchange in 2021–2023, this study attempts to evaluate the effects of ESG disclosure and audit quality on firm value while taking company size into account as a moderating factor. Based on a sample of 78 firm-year data, the study uses a quantitative methodology that includes multiple linear regression, moderation regression analysis, and descriptive statistics using SPSS 27. The results show that company size, audit quality, and ESG disclosure all have a major impact on company value. However, company size is found to weaken the effect of ESG disclosure and audit quality on firm value. These results present a new challenge for future research to expand the scope of time and industries in order to better understand why company size does not moderate the relationship between ESG disclosure, audit quality, and firm value.



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## INTRODUCTION

In the era of globalization, companies must increase their value because it is an essential indicator in assessing a company's performance and financial health. According to Hutabarat (2024), company value contributes to good performance, and investors see an increase in its share price. Therefore, this study concentrates on the factors that affect the rise and fall of a company's value because company value is essential for investment decisions.

As happened, the Jakarta Composite Stock Price Index (JCI) fell 2.14% to 6,6641.81 due to the decline in all sectoral indices in trading. One of the indices with the most profound decline is basic materials stocks of, 5.69% since the beginning of 2023 due to a decrease in demand (Rahmawati, 2023). Most of the stocks in the basic materials sector that have a large market capitalization also fell from year to year such as MDKA, ANTM, INCO, INKP, and TPIA stocks. From these events, it can be seen that the decline in stock prices greatly affects the value of the company. If the company's stock price continues to decline, many investors will withdraw their funds from the company so that it can reduce the value of the company (Azzahra & Lekok, 2023). At first, investors only considered financial information when valuing companies, but now they also consider non-financial information (Adhi & Cahyonowati, 2023).

So many companies in Indonesia need to pay more attention to the environment when carrying out their operational activities. The researcher observed that companies in the primary materials sector face significant challenges in balancing corporate value growth with environmental practices because the operational activities of basic materials companies include the mining industry, metal processing, chemical production, and the manufacture of building materials, which often cause environmental damage. Based on the IDX's official website, companies in the primary materials sector, such as TINS, BRMS, and ANTM, need to improve in handling environmental, social, and governance (ESG) issues in corporate policies and performance (CNBC, 2023). The Ministry of Environment and Forestry supervises 230 businesses or industrial entities that have the potential to pollute and destroy the environment. Three companies have been recommended for criminal and administrative sanctions (Rifa'i, 2024). Therefore, the Indonesian government has asked companies to quickly transition to environmentally friendly energy sources since 2022 to increase stock prices (Hidayah, 2022).

It can be seen that stock prices and environmental issues can affect the value of a company. Companies must look at development activities, business sustainability, and investment by applying the basic concepts of ESG, namely environmental, social, and governance. With number 51/POJK.03/2017 for financial services forums, issuers, and public companies in Indonesia, the Financial Services Authority (OJK) regulates ESG in implementing sustainable finance. With the presence of ESG investment trends in Indonesia, investors choose sustainable investment because it has better and stronger investment sustainability and better risk management (Syailendra, 2020). Based on research (Astuti & Shafira, 2024) dan (Mauliddin, 2023) these opinions are aligned and stated that ESG disclosure has a significant influence on a company's value, and disclosure of governance makes the company better. However, this is contrary based on research that has been carried out (Suharto et al., 2024) dan (Kartika et al., 2023).

Companies must not only focus on sustainability but also ensure the security and prosperity of their investors. Investors rely on high-quality audits when making investment decisions, as these audits help mitigate the risk of data manipulation (Holly & Thody, 2023). This is because audits have the ability to observe asymmetry because high-quality information can reduce information asymmetry. This is because audits play a crucial role in addressing information asymmetry, where high-quality information can reduce discrepancies. There is a divergence in findings, as some studies (Rianti et al., 2021) and (Sunarmi & Trisnawati, 2023) suggest that audit quality does not influence company value, while other research(Nurasiah & Riswandari, 2023) and (Nafi'ah & Sopi, 2020) indicates that audit quality does, in fact, affect the value of the company.

In addition to audit quality, a company's size is another factor that can influence its value, reflecting how large or small the company is. Larger companies typically indicate better development, which helps to enhance their value (Dewi & Praptoyo, 2022). Research by Nurmansyah et al. (2023) supports the idea that company size impacts company value, while

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Heliani et al. (2023) found that company size does not affect its value. This highlights the ongoing differences between large and small companies, particularly in how they face challenges related to ESG disclosure and audit quality.

This study refers to Khairunnisa & Haryati (2024), entitled "ESG Disclosure and Financial Performance for Company Value Moderated by Company Size". What distinguishes this study from previous studies is that this study focuses on companies in the basic materials sector and uses audit quality as a financial performance variable to measure its effect on firm value. In addition, this study uses a time period Based on the phenomena outlined and backed by various research findings from previous studies. Therefore, the title of this study is "The Effect of ESG Disclosure and Audit Quality on the Value of Companies in the Basic Materials Sector with Company Size as a Modeator in 2021-2023."

## Literature Review

### Legitimacy Theory

According to the theory of legitimacy, management has the ability to influence how society perceives a company (Putri & Lismawati, 2024). Therefore, this theory suggests that the effort of the statement depends largely on the attitude of the company itself towards its social relations with society. According to the theory of legitimacy, a company can only survive if its society believes that it operates on a value system comparable to the surrounding society (Tangdialla, 2019). Disclosure of accountability for corporate governance, environmental, and social practices is one way to reduce these legitimacy differences (Safriani & Utomo, 2020). Therefore, if the company's operational activities can be aligned with existing community norms, then the company can support, both in the form of financial capital, human resources, and public trust that contributes to the company's sustainability, which results in better performance.

### Signal Theory

The Signalling Theory was first proposed by Spence (1973) stating that companies use information disclosure to provide signals to stakeholders regarding the company's performance. According to Meirini & Khoiriawati (2021), companies need to disclose information to external parties due to the existence of information asymmetry between managers and owners. By signaling, information holders aim to provide details that can be utilized by the recipients (Amanda et al., 2019). In summary, a signal represents an action or message conveyed by the sender to inform the recipient about the quality of both financial and non-financial information. Accurate and reliable information allows management and investors to gain insights into the company's performance and make informed decisions for future business strategies.

### Company Value

Management must pay attention to the value owned by the company. Corporate value is the condition achieved by the company as a description of the public's trust as consumers in the company's performance and products. All business activities seek to achieve the same goal of increasing the value of an entity by increasing its share price representation (Sipayung et al., 2024). The high value of a price can increase the welfare of shareholders. Therefore, a high company value implies that the company is performing well which is characterized by an increase in stock prices (Ramadhany & Suwaidi, 2021). Tobin's Q ratio is used in the measurement of a company value.

### ESG *Disclosure*

ESG is a standard of investment practice companies that coordinates and implements corporate strategies to be in accordance with governance, social, and environmental principles (Wulandari & Istiqomah, 2024). This strategy is a measurement, disclosure, and accountability to all stakeholders (Almeyda & Darmansyah, 2019). Companies that implement ESG principles in their operations not only have a positive impact on society and the environment but also gain significant business benefits.

Experts argue that while ESG data may not have clear standards, it can help businesses in responding to environmental changes and even help them develop competitive strategies (Giannopoulos et al., 2022). GRI standards can be used to evaluate ESG disclosures. Global best practices for publicly disclosing economic, environmental, and social impacts are outlined in the GRI (Global Reporting Initiative, 2024). In calculating ESG disclosure, it is possible to take advantage of standards based on the GRI standard in 2021. In the 2021 GRI standard, there are environmental aspects with 31 indicators, social aspects with 36 indicators, and governance aspects with a total of 30 disclosure indicators (Rahayu, 2024). By comparing the total number of indicators disclosed with the total indicators that comply with GRI, the results of ESG disclosure can be formulated. A dummy variable is used in this calculation, which gives a score of 1 for the disclosed element and a score of 0 for the undisclosed element (Nisa et al., 2023).

### Audit Quality

Audit quality is a measure of how effective and robust the audit process is, which includes the methods used and the results. Audit quality is very important in ensuring the integrity and reliability of financial reporting (Pangaribuan, 2024). When auditing a company's financial statements, an auditor must follow independent audit standards and principles in accordance with the professional code of ethics in order to communicate the quality of audit reports accurately and appropriately (Supriyanto et al., 2022). Therefore, companies need to choose a reputable auditor from a Public Accounting Firm (KAP) because consumers of financial statements are usually more confident in the findings of audited financial statements (Sianturi & Rinendy, 2023). This calculation is expressed with a value of 1 if it is classified as a big four KAP and a non-big four KAP is rated 0.

### Company Size

Company size can be determined by the scale or magnitude of its total assets (Simanjuntak & Sinaga, 2021). A high asset value indicates a large company. To minimize excessive fluctuations, the natural logarithm of total assets is often applied to measure company size (Maotama & Astika, 2020). Accordingly, this study utilizes total assets as an indicator of company size, calculated using logarithms.

### Relationship Between Variables

### The Effect of ESG Disclosure on Company Value

To enhance company value, organizations must adopt environmental, social, and governance (ESG) practices. According to legitimacy theory, organizations aim to align their

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activities and operations with the expectations of the public, investors, and other stakeholders. Transparent disclosure of ESG aspects in operations is a key strategy for achieving legitimacy. Sustainability reports serve as a tool to demonstrate a company's dedication to fulfilling its environmental, social, and governance responsibilities to society (Apriliyani et al., 2021). This hypothesis is supported by research according to (Delvina & Hidayah, 2023) and (Rahayu, 2024), namely ESG has a significant effect on company value that are proxied with Tobins'Q.

H1 : ESG disclosure has a significant effect on a company value

### The Effect of Audit Quality on Company Value

High-quality audits offer stakeholders assurance that a company's financial statements comply with relevant accounting standards and accurately represent its financial position (M. Simarmata & Khomsiyah, 2024). This aligns with signal theory, which suggests that individuals with more information use specific actions or attributes to communicate that information to others in a clear and credible manner, minimizing the risk of falsification. Signal theory highlights the importance of information signals in aiding investors and other stakeholders in making informed decisions about a company (Darsono, 2022). This hypothesis is further supported by previous studies conducted by Nurasiah & Riswandari (2023) and Atika et al. (2022), which found that audit quality significantly impacts company value.

H2 : Audit quality has a significant effect on a company value

### The Effect of Company Size on Company Value

Company size is a scale used to measure the size of a business based on total assets, total sales, and stock market value (Kasir, 2021). This allows management to adjust its operations to the size of the company. An important concept known as company size is used to understand the size, performance, and growth opportunities of a company. Signal theory can help management (agents), investors, and other interests in reducing asymmetry in information. Supported by previous research Septian (2024), which states that the size of the company has an influence on the value of the company through the dividend policy. In addition, research conducted by Nurmansyah et al. (2023) and Safaruddin et al. (2023), align that the value of the company is affected by the size of the company.

H3 : The size of the company has a significant effect on a company value

### The Effect of ESG Disclosure on Company Value Moderated by Company Size

How the market assesses a company's value is influenced by ESG disclosure, which can be influenced by company size. Large companies usually have more resources to make more comprehensive ESG disclosures, resulting in increased market value. Therefore, research conducted by Cahyani & Maryanti (n.d.) and Ariasinta et al. (2024), supports this hypothesis, stating that company size can play a moderating role in ESG disclosure.

H4 : The size of the company can strengthen the influence of ESG disclosure on a company value

### The Effect of Audit Quality on Company Value Moderated by Company Size

Company size can be assessed by evaluating the total assets it owns. A larger asset base often necessitates more complex audits, typically conducted by Big Four accounting

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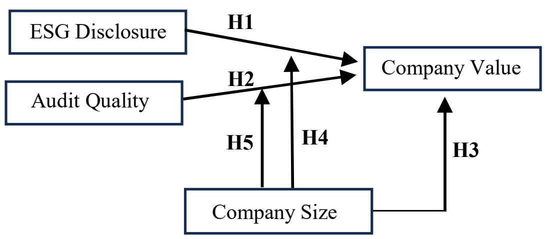
firms. As a result, the quality of financial reporting improves with an increase in company size due to the likelihood of utilizing Big Four auditors (Helmi et al., 2023). This hypothesis is supported by research findings indicating that company size enhances the influence of audit quality on company value, as demonstrated in studies by T. Simarmata & Meutia (2024).

H5 : The size of the company can strengthen the influence of audit quality on a company value

Theoretical Framework




## METHODS

This analysis uses a quantitative methodology and focuses on basic materials firms that were listed between 2021-2023 on the Indonesia Stock Exchange. The Indonesia Stock Exchange website and the official websites of each company provided the data used in this study. The sample was chosen using the purposive sampling technique and the following standards:

1. Companies in the basic materials sector listed on the IDX consecutively in 2021-2023.
2. Companies in the basic materials sector whose reports are complete for this study.

95 populations of businesses in the basic materials industry are included in this study. 69 company have incomplete reports based on these criteria, such as the lack of annual financial reports and sustainability reports on the Indonesia Stock Exchange website. Therefore, the sample of companies obtained was 26, where the observation period in this study was 3 years and the total obtained was 78 for this study. The observation data uses SPSS version 27 to obtain the results of hypothesis testing and also uses the content analysis method in analyzing and interpreting ESG disclosures. In this study, the researcher used a multiple linear regression model and moderation regression. The equation of the multiple linear regression model is as follows:

Company Value = α + β1ESG *Disclosure* + β2Audit Quality + β3Company Size + ε

The equation of the moderation regression model is as follows:

Company Value = α + β1ESG *Disclosure* + β2Audit Quality + β3Company Size + β4ESG *Disclosure* Company Size + β5Audit Quality Company Size + ε

information:

Y : Company Value
α : Constant
βi : Regression Coefficients
X1 : ESG *Disclosure*
X2 : Audit Quality
X3 : Company Size
ε : Error Standards

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The researcher employs descriptive statistical analysis to present the collected data in a way that is clear and easy for readers to comprehend. Additionally, the researcher applies the P-P Plot normality test and a multicollinearity test. For hypothesis testing, a partial t-test and a simultaneous F-test are used to analyze the collective impact of independent variables on the dependent variable. Furthermore, the R-squared (coefficient of determination) test is conducted to determine the extent to which variations in the independent variables explain changes in the dependent variable.

## RESULT AND DISCUSSION

### Descriptive Statistics

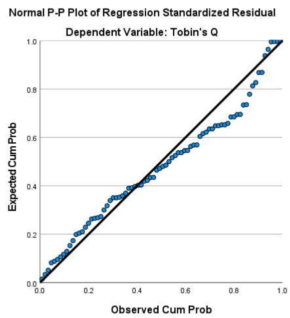
This research table explains the results of obtaining descriptive statistics with independent and dependent variables. Descriptive statistics is a method for collecting and displaying a set of data in the form of a statistical summary distribution, variable types, and figures without using probability formulas. In this study, company size (SIZE), independent variables of ESG Disclosure (ESGD), Audit Quality (KA), and dependent variables of Company Value (Tobins Q) are used as moderating variables. This method allows us to gain a comprehensive understanding of the characteristics and trends of the company's data over that time period. To explain the characteristics of the research data, descriptive statistics were used. The maximum, minimum, average, and standard deviation values can be found in descriptive statistics.

**Table 1.** Descriptive Statistical Test Results

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| ESGD | 78 | .000 | 1.000 | .41564 | .369649 |
| KA | 78 | .000 | 1.000 | .42308 | .497245 |
| Tobin's Q | 78 | -1.66 | 3.30 | .2057 | .84510 |
| SIZE | 78 | 3.22 | 3.50 | 3.3837 | .06468 |
| Valid N (listwise) | 78 | | | | |

SPSS 27 data processed by the author

### Normality Test




SPSS 27 data processed by the author

The Normality Test is a useful method to determine whether the regression model in a study is based on normal or abnormal data. For the regression model to be valid, the residual values must follow a normal distribution. In this research, IBM SPSS STATISTICS 27 was used

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to perform the test and ensure the data meets normality criteria. If the data points align closely with or follow a diagonal line on the P-Plot graph, the residual values can be considered normally distributed. The diagonal line on the graph represents the ideal normal distribution. Achieving normality is crucial as it impacts the accuracy of parameter estimates, the validity of hypothesis tests, and the reliability of model predictions. Since the data points closely align with the diagonal line, it can be concluded that the data distribution is normal.

**Multicollinearity Test**

The Multicollinearity Test is performed to determine if there is any correlation between the independent variables in the regression model being examined. This test detects multicollinearity using the Variance Inflation Factor (VIF) and tolerance values. If the tolerance value is greater than 0.01 or the VIF is below 10, it indicates that multicollinearity is absent. In this study, the independent variables show tolerance values above 0.01 and VIF values under 10, suggesting that there are no indications of multicollinearity. The VIF values in the table help identify whether there is strong multicollinearity among the independent variables in the regression model. A summary of the multicollinearity test results is provided in Table 2 below.

**Table 2.** Multicollinearity Test Results

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | ESGD | .673 | 1.485 |
| | KA | .713 | 1.402 |
| | SIZE | .622 | 1.607 |

SPSS 27 data processed by the author

**T-Partial Test**

The purpose of this test is to evaluate the research hypothesis by analyzing the individual impact of each independent variable on the dependent variable. If the significance value is 0.05 or lower, it implies that the independent variable influences the dependent variable, leading to the acceptance of the alternative hypothesis (Ha). Conversely, if the significance value exceeds 0.05, it suggests that the independent variable has no effect on the dependent variable, resulting in the rejection of the null hypothesis ($H_0$) and the acceptance of Ha. This forms the basis for interpreting the T-test. A summary of the partial t-test results is presented below:

**Table 3.** Multiple Linear Regression Partial T-Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 14.203 | 5.815 | | 2.443 | .017 |
| | ESGD | .667 | .293 | .292 | 2.275 | .026 |
| | KA | .582 | .212 | .343 | 2.752 | .007 |
| | SIZE | -4.291 | 1.742 | -.328 | -2.463 | .016 |

SPSS 27 data processed by the author

Based on the table above, it can be seen that the value of the constant (value α) is 14.203 and for the value of β1 is 0.667, β2 is 0.582 and β3 is -4.291. So that the multiple linear equation can be obtained as follows:

Company value = 14.203 + 0.66ESG *Disclosure* + 0.582Audit Quality – 4.291Company Size + ε

Based on these results, the t value (table) of 1.99254 shows that ESG disclosure variables, audit quality and company size are able to affect the company value. Thus, that H1, H2 and H3 are accepted which means that ESG disclosure, audit quality and company size can affect the company value. Therefore, the three hypotheses made by the researcher are accepted because they give a significance value below 0.05 which means that they affect the value of the company.

**Table 4.** Results of the Moderation Regression T-Partial Test

| Model | B | Unstandardized Coefficients | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 13.569 | 7.448 | | 1.822 | .073 |
| | ESGD | 19.485 | 21.285 | 8.523 | .915 | .363 |
| | KA | -8.717 | 13.835 | -5.129 | -.630 | .531 |
| | SIZE | -4.107 | 2.229 | -.314 | -1.842 | .070 |
| | ESGD*SIZE | -5.521 | 6.250 | -8.260 | -.883 | .380 |
| | KA*SIZE | 2.734 | 4.065 | 5.504 | .673 | .503 |

SPSS 27 data processed by the author

Based on the table above, it can be seen that the constant value (value α) is 13.569 and for the value of β1 is 19.485, β2 is -8.717 and β3 is -4.107, then β4 is -5.521, and β5 is 2.734. So that the moderation regression equation can be obtained as follows:

Company Value = 13.569 + 19.485ESG *disclosure* – 8.717Audit Quality – 4.107Company Size – 5.521ESG *Disclosure* Company Size + 2.734Audit Quality Company Size + ε

The findings show a notable decline in the connection between the independent and dependent variables. Additionally, the company size variable does not moderate the impact of ESG disclosure and audit quality on company value, as indicated by the decrease in significance. Consequently, it can be concluded that hypotheses H4 and H5 are rejected, since company size does not strengthen the effect of ESG disclosure and audit quality on company value.

### F-Simultaneous Test

To ascertain whether any of the independent variables can adequately account for the variation in the dependent variable, a simultaneous F test is performed. This test uses a significance level of 0.05 or 5% to compare the F (calculated) and F (table) values. The independent factors, either separately or in combination, have a significant impact on the dependent variable if the significance value is less than 0.05. The independent factors may not have a significant impact on the dependent variable if the significance value is greater than 0.05. Tables 5 and 6 below provide a summary of the simultaneous F test results:

**Table 5.** Multiple Linear Regression F-Simultaneous Test Results

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 9.965 | 3 | 3.322 | 5.459 | .002[b] |
| | Residual | 45.028 | 74 | .608 | | |
| | Total | 54.993 | 77 | | | |

SPSS 27 data processed by the author

**Table 6.** Results of F-Simultaneous Moderation Regression Test

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 10.496 | 5 | 2.099 | 3.397 | .008[b] |
| Residual | 44.497 | 72 | .618 | | |
| Total | 54.993 | 77 | | | |

SPSS 27 data processed by the author

The F value (table) is 2.73, which is greater than the calculated F value, indicating that the independent variable has a significant effect on the dependent variable. The F-significance values in tables 5 and 6 are 0.002 and 0.008, respectively, indicating that the independent variable has a significant effect on the dependent variable as a whole.

**Coefficient of Determination Test**

The degree to which the independent variables in the regression model help to explain the variation in the dependent variable is assessed using the determination coefficient. Only 14% of the variation in business value can be explained by the factors associated with ESG disclosure, audit quality, and firm size, according to the adjusted R2 value of 0.148. The modified R2 value drops to 0.135, or 13%, when firm size serves as a moderator. This indicates that factors not covered in this study account for between 85% and 86% of the volatility in company value. Tables 7 and 8 below give an overview of the determination coefficient test.

**Table 7.** Multiple Linear Regression Coefficient of Determination Test

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .426[a] | .181 | .148 | .78005 |

SPSS 27 data processed by the author

**Table 8.** Moderation Regression Determination Coefficient Test

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .437[a] | .191 | .135 | .78614 |

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### The Effect of ESG Disclosure on Company Value

The results showed that the ESG disclosure variable had a t-value of 2.275 with a significance level of 0.026. As this significance level is below α=0.05, $H_0$ is rejected and H1 is accepted, confirming that ESG disclosure has a significant impact on company value. This finding is in line with previous research by Delvina & Hidayah (2023) and Rahayu (2024), which indicates that ESG disclosure positively affects company value. It suggests that companies that report on their environmental, social, and governance activities can boost their value.

The findings of this study align with legitimacy theory, which asserts that companies must obtain societal legitimacy by operating in ways that are consistent with the values and social norms of the community in which they function. When a company's values are in harmony with those of society, stakeholders are more likely to support and trust the company's business activities, which can ultimately contribute to the growth and enhancement of the company's value.

### The Effect of Audit Quality on Company Value

The audit quality variable has a t-value of 2.275 and a significance level of 0.007, according to the test results, meaning that H2 is accepted and $H_0$ is rejected. This demonstrates that the value of the company is significantly impacted by the quality of the audit. These results are consistent with signaling theory, which holds that accurate financial reporting is guaranteed by a top-notch audit, improving stakeholder evaluation of the business's performance and raising its worth. The findings of this investigation align with earlier studies conducted by Nurasiah & Riswandari (2023) and Nafi'ah & Sopi (2020), which also discovered a noteworthy correlation between audit quality and firm value.

### The Effect of Company Size on Company Value

The test results show that the company size variable has a t-value of -2.463 and a significance level of 0.016, which is below the α=0.05 threshold. This indicates that company size has a significant negative impact on company value, meaning that H3 is accepted. From the t-test results, it can be concluded that as a company's size increases, its value tends to decrease. Larger companies with significant assets often face greater risks of mismanagement, especially if these risks are not properly controlled by management(Fajartania & Utiyati, 2019).

These findings support signaling theory, which argues that company size acts as a signal to investors about the company's future prospects, including decisions regarding capital structure. The theory also emphasizes the information gap between management and investors, where changes in capital structure policies by management can affect company value. These results are in line with studies by Safaruddin et al. (2023) and Pangesti et al. (2020), which indicate that company size influences its value.

### The Effect of ESG Disclosure on Company Value with Company Size as a Moderation

The test results indicate that when company size is used as a moderator for the ESG disclosure variable, it produces a t-value of -0.883 and a significance level of 0.380, which exceeds the α=0.05 threshold. As a result, $H_0$ is accepted, and H4 is rejected, suggesting that company size, as a moderating factor, weakens the significant connection between ESG disclosure and company value. This implies that larger companies may reduce their ESG disclosures, potentially diminishing their value. These findings are consistent with the study by Khairunnisa & Haryati (2024), which also concluded that company size does not moderate the relationship between ESG disclosure and company value.

**The Effect of Audit Quality on Company Value with Company Size as a Moderation**

The test's findings show that the t-value of 0.673 and significance level of 0.503, which surpass the $\alpha$=0.05 criterion, are obtained when firm size is employed as a moderator for the audit quality variable. Consequently, $H_0$ is approved and H5 is denied, indicating that the impact of audit quality on firm value is not mitigated by the size of the company. This conclusion is consistent with the findings of Nurhasanah & Napisah (2024), who also determined that company size does not amplify the impact of audit quality on enhancing company value.

## CONCLUSION

ESG disclosure, audit quality, and company size have a considerable impact on company value, according to studies done on basic materials companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2023. Businesses that reveal more information about their governance, social, and environmental policies typically enjoy a rise in value. In a similar vein, businesses who hire the Big Four accounting firms to examine their financial accounts see an increase in their worth. Additionally, larger businesses typically have higher company values due to their larger total assets. However, the association between ESG disclosure, audit quality, and corporate value is not moderated by the size of the organization. The findings of this study are not applicable to all companies in Indonesia, as it focuses on testing company value (Tobin's Q) and company size (total assets) specifically within the basic materials sector. Future research could consider analyzing different sectors listed on the Indonesia Stock Exchange (IDX) and extend the study period to observe long-term relationships between variables. This study was conducted over three years, emphasizing short-term trends and phenomena, as the factors influencing the variables are more pertinent in the short run. Future studies should also explore other factors that may impact company value.

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