

THE EFFECT OF ESG ON FIRM VALUE IN BANKING COMPANIES IN ASEAN-5 DURING THE 2020–2024 PERIOD

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Abstract

Research purposes For analyze influence ESG to mark companies in the banking sector in ASEAN-5 for the 2020–2024 period. Type of research: This is a quantitative. Technique for taking sample in the study: This use Non-Probability Sampling with the purposive sampling method. The sample includes as many as 25 companies during period 2020 – 2024, so the total sample study as many as 125. Data collection techniques in research This that is using secondary data report finance annual reports, and reports sustainability reports. Data analysis used in study This that is analysis Sobel path analysis and test use SPSS program. Research results show that, in a way, partial variables of ESG (X_1) have a positive and significant influence to mark company.

Keywords: ESG, Corporate Value, Financial Performance, ASEAN

A. INTRODUCTION

Asia is a continent the largest in the world by number population that reaches 60% of amount world population . Conditions This show that Asia has potential source Power huge human and market in push activity global economy . When compared to the region Europe and America, the economy in Asia is still Far left behind , main in matter stability system finance , level technology , as well as quality of governance company . However Thus , Asia achieved success in matter growth its very fast economy during a number of decade lastly by donating more from 60% growth world economy (IMF, 2018). This show existence condition inequality between growth high economy with the quality of economic fundamentals that are still need strengthened , especially in aspect stability and sustainability .

Banking institutions referring to one of the sectors that have contribution big in support growth economy in various countries (Nurbaiti *et al* ., 2024). This due to sector banking own

function main as institution intermediaries that channel funds from public to sector productive through credit and financing . Thus , banking own role important in support investment , growth business , as well as stability economy national . However Thus , the sector this is also a sector economy facing various type risk Because activity its operations involving source Power public For various form investment like acquisition companies , loans , etc. These risks covering risk credit , risk liquidity and risk operational that can impact direct to performance finance and stability banking . The height exposure risk This become sector banking as vulnerable sectors to turmoil economy , especially in developing countries (Nurbaiti *et al* ., 2024)

Based on from *Global Reporting Initiative* (2022) shows that only about 46% of companies in ASEAN-5 countries which are consistent report ESG practices such as Indonesia 44%, Malaysia 48%, the Philippines 42%, Singapore 48%, Thailand 57%, and Vietnam 24%. This data show that level transparency and implementation practice *Environmental, Social, and Governance* (ESG) in the ASEAN region is still classified as low in Not yet evenly distributed . The low ESG disclosure indicates that companies , including sector banking , not yet fully integrate principle sustainability in activity its operations . In fact , the implementation of ESG is one of the indicator important for investors in evaluate performance term long company as well as risks faced .

Data from *Bank for International Settlements* (2022) shows that banks in developing countries in ASEAN-5, such as Indonesia, the Philippines, and Vietnam, tend to face greater risk high , especially in matter risk liquidity and credit , which has the potential influence stability financial company . Condition This show that sector banking in the ASEAN-5 region still face challenge in management risk in a way effective . Level of disclosure low sustainability is also a factor inhibitor for these banks For attracting caring investors towards ESG (GRI, 2022). This because global investors at the moment This the more consider aspect

sustainability and transparency in taking decision investment , so that companies with a high level of low ESG disclosure tend not enough in demand .

Based on situation mentioned , it can be seen existence mismatch between growth the economy is still face risk high finance as well as low level ESG disclosure . In general theoretically , good implementation of ESG and *green financing* expected capable increase performance finance and ultimately increase mark company . However , the condition empirical show results Not yet consistent , so that required study more carry on For study influence ESG performance against mark companies with performance finance as variables moderation in the sector banking in the ASEAN-5 region .

ESG can influence mark company . Level of disclosure *Environmental, Social, and Governance* (ESG) in the ASEAN-5 region is still classified as low . Based on data from the Global Reporting Initiative (GRI, 2022), only around 46% of companies in ASEAN-5 countries which are consistent report ESG practices . Low level disclosure This show that implementation principle sustainability Still not optimal, especially in improvement transparency principle sustainability Still not optimal, especially in improvement transparency and accountability company .

More continue , in context ASEAN region , sector banking own a very tragic role in push growth economy at a time support the development agenda sustainability . This is due to function banking as institution intermediaries that channel funds to sector economy , including sustainability - oriented sectors (Handayani *et al .*, 2023) . However , the characteristics of each country in the ASEAN-5 region are different , both from side regulation , level ESG adoption , as well as financial market conditions , can influence effectiveness implementation of ESG and *green financing* to performance finance company . Therefore that , research that focuses on the ASEAN-5 region becomes important For give a clearer picture comprehensive and contextual about connection between ESG, *green financing* , and performance finance company .

Theoretical Review

Stakeholder Theory

According to Parmar *et al.* (2010), *stakeholder theory* appear as response to change environment increasingly global business complex, dynamic, and interconnected. Globalization, innovation technology, as well as increasing impact activity company to various party push the need approach new in understand not quite enough answer company.

Signaling Theory

Spence (2002) explains that signal is attributes that can controlled and deliberate indicated by a party. For convey information to the market. In context this, signal must own costly signal to be credible and not easy imitated by parties with better quality low. Therefore that is only companies with good performance that are able to give strong and convincing signal to investors.

Legitimacy Theory

Legitimacy Theory is theory that explains that sustainability something the company is very dependent on the extent of its activities company in accordance with values, norms and expectations society. This theory leave from thinking that company No stand alone, but rather is part from system more social wide. High legitimacy will increase trust public as well as make things easier company in get source power, so that support sustainability business in term length (Suchman, 1995).

Environmental, Social, and Governance (ESG)

Environmental, Social, and Governance (ESG) is evolving concept from Socially Responsible Investment (SRI) practices that have been There is since 19th century, where investors through consider aspect ethics, social and environmental in taking decision investment. Development draft This No let go from various global events such as issue right basic humans, environment and responsibility answer social companies that encourage

investors to No only profit - oriented financial , but also the impact resulting social impact (Robert et al., 2020) . By simply , ESG score can formulated as following :

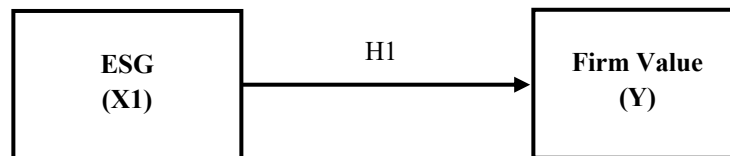
$$ESG\ Score = \frac{E + S + G}{3}$$

Company Values

Company values is description about level success reflected company through investor perception of stock market prices company . The company's value also reflects ability company in manage source Power as well as produce benefits that can be obtained increase welfare holder shares . Therefore that , value company often associated with price share . Because price share reflect market assessment of conditions and prospects company (Oktary , 2025). In study finance , measurement mark company generally using Tobin's Q, because indicator This capable compare the market value of a company with total assets owned company . Tobin's calculation can done using formula as following (Anita *et al .*, 2022):

$$Tobin's\ Q = \frac{MVS + D}{TA}$$

Conceptual framework



Gambar 1. Kerangka Berpikir

Research Hypothesis

H 1 : ESG has an effect to mark company to company ASEAN-5 banking period 2020-2024

B. METHOD

This research uses a quantitative research method. This research was conducted at a company. sector banking in the ASEAN -5 region, namely Indonesia , Malaysia, Singapore,

Thailand, and the Philippines . study chosen Because sector banking own role important in support growth economy at a time implementation principle sustainability through *Environmental, Social, and Governance* (ESG) as well *green financing* . The population of this study is banking in ASEAN-5 for the 2020–2024 period , consisting of 25 companies. The sampling method used was purposive sampling, which resulted in 128 research samples. Research data was obtained from Indonesia (IDX): <https://www.idx.co.id/id> , Malaysia (MYX): <https://www.bursamalaysia.com/> , Singapore (SGX): <https://www.sgx.com/> , Thailand (SET): <https://www.set.or.th/en/home> , Philippines (PSE): <https://www.pse.com.ph/> , annual reports, sustainability reports, and the websites of each company. Data analysis used includes: classical assumption tests , multiple linear regression , analysis panel data regression , panel regression model selection , t-test (partial), coefficient of determination test (R^2) , and analysis test mediation with the help of SPSS software.

C. RESULTS AND DISCUSSIONS

Analysis Multiple Linear Regression

According to Sugiyono (2023), analysis multiple linear regression used For know the influence of two or more variables independent to One variables dependent .

Table 1 Analysis Multiple Linear Regression

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	3,132	1,109		2,824
	ESG	.215	.077	.053	.012

a. Dependent Variable: Company Value

Source : Data Processed with SPSS, (2026)

Based on results analysis the path in model 1 above , can known results as following :

$$Y : \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y : 3.132 + 0.215X_1 + e_i$$

T-test

The t-test is a statistical technique used to test the truth or falsity of the null hypothesis that there is no significant difference between the mean values of two samples obtained randomly from similar populations (Sugiyono, 2023).

Table 2 Results of t-test analysis of Model 2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,661	1,245		3,755	.000
	ESG	.140	.061	.125	2,289	.030

a. Dependent Variable: Firm Value

Source : Data Processed with SPSS, (2026)

Based on results analysis data table above , can concluded that on the ESG variable (X_1) $t_{count} > t_{table}$ namely $2.289 > 1.979$ with a significance of $0.030 < 0.05$, meaning H_0 is rejected and H_a is accepted . This means in a way partial variables ESG (X_1) has positive and significant influence to mark company to company banking in ASEAN-5 for the 2020-2024 period , so that hypothesis First accepted . This is show that the more tall ESG , then mark company to company banking in ASEAN-5 for the 2020-2024 period will also the more increase .

Coefficient Determination (R^2)

The coefficient of determination (R^2) is used to determine how much the independent variable can explain the dependent variable. The magnitude proportion donation This called coefficient determination double , with the symbol R^2 . For mark coefficient determination in study This can seen in the table following :

Table 3 Table of Multiple Determination Coefficients of Model 2

Model Summary ^b					
Model	R	R Square	Adjusted Square	Standard Error of the Estimate	Durbin-Watson
1	.774 ^a	.599	.577	.806718	2,098

a. Predictors: (Constant), Financial Performance , Green Financing, ESG

b. Dependent Variable: Company Value

Source : Data Processed with SPSS, (2026)

Based on the table above, obtained results mark R_{Square} approaching 1, namely 0.599, meaning There is strong influence between variables free with variables bound. To percentage influence ESG towards mark company to company banking in ASEAN-5 for the 2020-2024 period by 59.9%. Meanwhile the rest namely 40.1% influenced variables other free ones that are not investigated in study This.

DISCUSSIONS

The Influence of ESG on Company Value

Discussion First that is related influence *ESG* to mark company to company ASEAN-5 banking sector for the 2020-2024 period. Based on results analysis that has been done obtained results On the ESG variable (X_1) $t_{\text{count}} > t_{\text{table}}$ namely $2.289 > 1.979$ with a significance of $0.030 < 0.05$, meaning H_0 is rejected and H_a is accepted. This means in a way partial variables ESG (X_1) has positive and significant influence to mark company to company banking in ASEAN-5 for the 2020-2024 period, so that hypothesis First accepted. This is show that the more tall ESG, then mark company to company banking in ASEAN-5 for the 2020-2024 period will also the more increase.

There is the influence of ESG (*Environmental, Social, Governance*) on Company Value, however the impact depends heavily on the market context and governance company That itself. Good ESG practices in a way general give benefit strategic term long like interesting investor interest and mitigate non- financial risks. Many studies find that score or high ESG performance contribute positive to mark company. The implementation of ESG can reduce risk cost of capital (WACC), so that produce higher valuation tall for investors.

Research conducted by Aritonang & Melinda (2025) explains that ESG integration in industry banking capable give benefit strategic through improvement market value, cash flow, and management more non - financial risks good. Denisa & Sulfitri's research (2024) also shows that ESG has an impact positive and significant to mark company Because practice

sustainability can increase image company and interesting investor interest. In addition, research Mauliddin & Subardjo (2024) stated that companies with good ESG disclosure tend get stakeholder support and legitimacy public so that mark company increased . However thus , some study show different results . Research by Nuraini et al., (2025) found that that ESG is not influential to mark company .

D. CONCLUSIONS

Based on research that has been done related ESG impact as well as *Green Financing* to mark companies with performance finance as variables mediation in companies banking in ASEAN-5 for the 2020-2024 period can concluded that in a way partial variables ESG (X_1) has positive and significant influence to mark company to company banking in ASEAN-5 for the 2020-2024 period .

E. SUGGESTIONS

For researchers next , it should be add variables control or moderator specific like *Good Corporate Governance* (GCG) or size company (Firm Size) for see other influences in the mediation model . Expanding period observation pass 2024 or expand coverage sample to become ASEAN+3 for see trend finance more sustainable comprehensive .

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