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The Effect of Environmental, Social, and Governance (ESG) Disclosure on Financial Performance in the Consumer Cyclical Sector (Listed on the Indonesia Stock Exchange for Period 2020-2023)

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Abstract: This research primarily investigates how the disclosure of environmental, social, and governance (ESG) aspects influences the financial performance of companies listed on the Indonesia Stock Exchange (IDX) during the period of 2020 to 2023. This research employs a quantitative approach, utilizing secondary data obtained from the official website of the IDX, specifically from the cyclical consumer sector. A purposive sampling method was used to select 16 cyclical consumer companies out of 164 listed on the IDX over four years, resulting in a dataset of 64 observations. Data analysis techniques, including classical assumption tests, multiple linear regression, t-tests, and F-tests, were performed using SPSS Version 29. The findings indicate that, partially, environmental disclosure significantly affects financial performance, whereas social and governance disclosures do not. Simultaneously, the combined disclosures of environmental, social, and governance aspects do not significantly influence financial performance.

Keywords: Environmental Disclosure, Social Disclosure, Governance Disclosure, Financial Performance.

INTRODUCTION

The capital market in Indonesia has experienced significant development, as evidenced by the continued increase in the number of investors and the vast market potential available. This is supported by IDX Press Release No. 050/BEI.SPR/08-2024, which states that based on Single Investor Identification (SID) data, the number of capital market investors has grown by 11% year-to-date (ytd). According to the IDX Industrial Classification, one of the sectors—namely, the consumer cyclical sector—comprises stocks that are cyclical in nature, meaning they are highly dependent on business cycles and economic conditions. In other words, the consumer cyclical sector is particularly influenced by economic fluctuations such as changes in Gross Domestic Product (GDP). This correlation is reflected in the increase in Indonesia's per capita spending on non-food consumption, which is directly proportional to the

strengthening outlook for consumer cyclical issuers. The growth of this sector is further supported by data from Statistics Indonesia (BPS), which show a consistent increase in per capita expenditure on non-food commodities or secondary goods from 2011 to 2023.The consumer cyclical sector was selected for this study due to the considerable fluctuations in its financial performance, which are influenced by business cycles and macroeconomic conditions. In 2022, the IDX consumer cyclical sector experienced a decline of 5.50% (IDX, 2022), attributed to pressures from economic volatility.

Currently, Environmental, Social, and Governance (ESG) factors have garnered significant attention. In this era of uncertainty, companies are increasingly compelled to integrate sustainability issues into their environmental, social, and governance aspects, positioning ESG as a crucial instrument for evaluating corporate performance. In response to this imperative, the government has implemented sustainable finance, an initiative aimed at fostering economic stability in harmony with economic, social, and environmental considerations, as stipulated in Financial Services Authority Regulation Number 51/POJK.03/2017. The Indonesia Stock Exchange (IDX) assesses the implementation of ESG practices based on three factors for measuring sustainability impact. According to Morningstar Sustainalytics, a company's risk rating is inversely proportional to its ESG disclosure. Low ESG disclosure reflects a company's failure to manage its business responsibilities in line with ESG principles (Utami & Sebrina, 2024). From an investment perspective, robust ESG disclosure assists investors in identifying issuers with lower risk and higher returns (Hanggareni, 2023).

Table 1. Comparison of ESG Risk Rating with ROE

Companies	Risk Rating ESG		ROE				
	Score	Description	2020	2021	2022	2023	Description
ACES	19,65	Low	0,140	0,130	0,114	0,123	Stagnant
ERAA	14,66	Low	0,118	0,173	0,149	0,105	Stagnant
MAPA	21,00	Medium	0,001	0,069	0,262	0,235	Increased
SCMA	15,63	Low	0,295	0,179	0,078	0,018	Decreased
MNCN	17,88	Low	0,129	0,147	0,113	0,052	Stagnant

Sources: IDX and Morningstar Sustainalytics

Based on Table 1, it is evident that robust ESG disclosure does not consistently correlate with an increase in Return on Equity (ROE). This trend is reflected in the financial performance, specifically ROE, of cyclical consumer companies during the 2020-2023 period. There's a notable tendency for varied and fluctuating performance among these companies, particularly those in the main board category. Despite growing market share, these companies remain susceptible to performance declines. This observation is further substantiated by a phenomenon gap identified in several companies: those with less extensive ESG disclosure achieved a medium risk category but consistently experienced an increase in ROE. Conversely, some companies that demonstrated strong ESG disclosure received a low-risk rating, yet their ROE remained stagnant or even declined.

This study adopts stakeholder theory as its primary theoretical framework. Stakeholder theory emphasizes the equitable management of relationships between both general and financial stakeholders by adhering to the principles of interdependence, fairness, and transparency (Freeman, 1994). The theory highlights the responsibility of organizations in relation to their financial and economic performance (Subroto, Kumalasari, & Endaryati, 2024). Companies are expected to disclose financial, environmental, and social information in order to gain recognition and support from stakeholders, thereby promoting sustainable development. This view is supported by Gary et al. (1994) as cited in (Chariri & Ghozali, 2007), who argue that companies must secure the support of stakeholders to ensure the

continuity of their business operations. Such support can be achieved through transparent disclosure of both financial and non-financial information, which in turn helps maintain strong relationships and trust with stakeholders.

Previous studies have shown that ESG has a positive influence on economic performance. Ferrero-Ferrero et al (2016) found that the impact of ESG on economic performance is significantly positive, particularly for companies that maintain consistency across all ESG dimensions. Similarly, (Shiddiq Perkasa & Simatupang, 2025) demonstrated that social, environmental, and governance factors positively affect financial performance in the non-financial sector. In addition, (Putri Salma Difa & Yuniar Larasati, 2024) argued that ESG disclosure influences financial performance only when considered simultaneously across all ESG components. Likewise, the findings of (Martha and Khomsiyah, 2023) indicate that ESG disclosure has a significant effect on both Return on Assets (ROA) and Return on Equity (ROE). This finding is further corroborated by (Cherkasova & Nenuzhenko, 2022), who observed a positive correlation between ESG and financial performance, specifically ROE, in multinational corporations across North America, Developed Asia, and Emerging Asia.

Negative results have also been reported in previous studies (Rikandi & Silvia, 2023) found that ESG disclosure does not have a significant effect on financial performance. More specifically, environmental and social disclosures were shown to have a negative impact on financial performance, while governance disclosure had no significant effect in the energy sector. These findings are consistent with those of (Buallay, 2019), who concluded that the relationship between ESG disclosure and financial performance varies, with social and governance disclosures having a negative impact on return on assets (ROA) and return on equity (ROE). Similarly, the studies from (Nisa et al., 2023) found that ESG disclosure does not significantly affect firm performance.

This study empirically investigates the influence of environmental, social, and governance (ESG) disclosures on financial performance, with return on equity (ROE) employed as the performance proxy. The results of this research contribute to the advancement of accounting literature, particularly within the domain of sustainability and ESG-based performance measurement. In the effort to enhance profitability and transparency in financial reporting, the study seeks to elucidate the role of ESG disclosure in improving financial performance, while also evaluating the effectiveness of resource management practices.

METHOD

This study employs a quantitative research design to examine the relationship between the independent variables of environmental, social, and governance (ESG) and the dependent variable, Return on Equity (ROE). Hypotheses were empirically tested using multiple regression analysis. The research sample comprises 16 companies from a total of 164 companies listed in the cyclical consumer sector on the Indonesia Stock Exchange (IDX). These samples were selected using a purposive sampling method based on specific criteria: companies listed on the IDX prior to 2020, categorized under the main board, and which published audited financial reports and sustainability reports for the period 2020-2023. Data for this study were primarily sourced from the audited financial reports of cyclical consumer sector companies listed on the IDX from 2020 to 2023. Additionally, data were obtained from sustainability reports for the same period (2020-2023), which are available on the official websites of each sampled company.

RESULTS AND DISCUSSION

Descriptive Statistical Analysist

Descriptive statistical analysis focuses on providing an overview of the data related to the variables used in this study. The analyzed data include the minimum, maximum, mean, and

standard deviation values for return on equity (ROE) as the dependent variable (Y), environmental disclosure represented by ENV (X_1), social disclosure represented by SOC (X_2), and governance disclosure represented by GOV (X_3).

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
ROE	64	-.090	.308	.09577	.088932	.008
ENV	64	.097	.677	.24042	.137693	.019
SOC	64	.111	.778	.40321	.129250	0.17
GOV	64	.308	1.000	.65745	.196680	0.39

Source: SPSS output (processed data 2025)

Based on Table 2, the dependent variable ROE (Y) shows a minimum value of -0.090 and a maximum value of 0.308, with an average of 0.09577 and a standard deviation of 0.088932. For the independent variable ENV (X1), the lowest value recorded is 0.097 and the highest is 0.677, with an average of 0.24042 and a standard deviation of 0.137693. Moving on to SOC (X2), the minimum value is 0.111 and the maximum is 0.778, with an average value of 0.40321 and a standard deviation of 0.129250. Finally, the variable GOV (X3)—assuming you meant GOV for X3, as SOC was used for X2—has a minimum value of 0.308 and a maximum of 1.000, with an average of 0.65745 and a standard deviation of 0.196680.

Multicollinearity Test

The multicollinearity test is conducted to ensure that there is no linear relationship among the independent variables in the regression model. Conclusions are drawn based on the Variance Inflation Factor (VIF) values, following the guidelines that tolerance values should be greater than 0,10 or VIF values should be less than 10.

Table 3. Multicollinearity Diagnostics

Model		Collinearity Statistics		Conslusion
		Tolerance	VIF	
1	(Constant)			
	ENV	.760	1.316	Free from multicollinearity
	SOC	.731	1.368	Free from multicollinearity
	GOV	.798	1.253	Free from multicollinearity

Source: SPSS output (processed data 2025)

Based on Table 3, the tolerance values for the variables are as follows: ENV at 0,760 then SOC at 0,731 and GOV at 0,798. These tolerance values are all greater than 0,10, indicating that the independent variables meet the acceptable threshold and that there is no multicollinearity present in the regression model.

Furthermore, the Variance Inflation Factor (VIF) values for the variables are: ENV at 1,316 then SOC at 1,368 and GOV at 1,253. Since all VIF values are below the threshold of 10, it can be concluded that multicollinearity is not an issue within the dataset.

Normality Test

The normality test is conducted to ensure that the regression model and residuals are normally distributed. This test is necessary for the validity of statistical inference, with

conclusions drawn based on the Kolmogorov-Smirnov test where a significance value (Sig.) greater than 0.05 indicates normal distribution.

Table 4. Normality Test

Test	Unstandardized Residual
N	64
Monte Carlo Sig. (2-tailed)[e]	0,498

Source: SPSS output (processed data 2025)

Based on the table above, the Kolmogorov-Smirnov test results indicate a Monte Carlo significance value of 0,498. Since this value is greater than 0,05, the null hypothesis (H_0) is accepted, which leads to the conclusion that the residuals in this study are normally distributed.

Heteroscedasticity Test

The next step in the classical assumption tests is the heteroscedasticity test, which aims to determine whether there is a variance inequality of the residuals in the regression model. The conclusion is drawn based on the p-value, where a p-value greater than 0.05 indicates the absence of heteroscedasticity.

Table 5. Heteroscedasticity Diagnostics

Model		T	Sig.	Conslusion
1	(Constant)			
	ENV	1.554	.125	No heteroscedasticity
	SOC	-1.363	.178	No heteroscedasticity
	GOV	.254	.800	No heteroscedasticity

Source: SPSS output (processed data 2025)

Based on the test results presented in the table above, the significance values for the variables are as follows: ENV at 0,125 then SOC at 0,178 and GOV at 0,800. Since the significance values for all three variables exceed 0.05, it can be concluded that the regression model in this study does not exhibit heteroscedasticity.

Autocorrelation Test

The autocorrelation test is the final step in the classical assumption testing process, aimed at detecting the presence of serial correlation between error terms in the current period and the preceding period within the regression model. A well-specified regression model should be free from autocorrelation. The conclusion is drawn by comparing the Durbin-Watson (DW) statistic with the upper bound critical value (du). If the DW statistic falls within the range of $du < DW < 4 - du$, it indicates the absence of autocorrelation.

Table 6. Autocorrelation Test 1

Durbin-Watson (DW) Autocorrelation Test		Conclusion
$dU < d < 4 - dU$	1,6946 > 1,325 < 2,3054	Autocorrelation detected

Source: SPSS output (processed data 2025)

Based on Table 6, Autocorrelation was detected in this study, as the Durbin-Watson (DW) statistic was found to be lower than the upper bound critical value (dU). Consequently, the Cochrane-Orcutt procedure was applied as a corrective treatment, yielding the following results:

Table 7. Autocorrelation Test 2

Durbin-Watson (DW) Autocorrelation Test		Conclusion
dU < d < 4 – dU	1,6946 < 1,791 < 2,209	No Autocorrelation

Source: SPSS output (processed data 2025)

Based on Table 7, the Durbin-Watson value obtained is 1,791, which is greater than the upper bound critical value (dU). Therefore, this study is free from autocorrelation.

Multiple Regression Analysist

The purpose of multiple regression analysis is to examine the influence of Environmental disclosure (X_1), Social disclosure (X_2), and Governance disclosure (X_3) on Return on Equity (ROE) (Y) in the consumer cyclical sector for the period 2020–2023, using a sample that meets the specified criteria.

Table 8. Summary of Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.098	.043		2.285	.026
	ENV	.231	.090	.358	2.573	.013
	SOC	-.177	.098	-.258	-1.815	.075
	GOV	.020	.061	.044	.326	.746

Source: SPSS output (processed data 2025)

Based on Table 8, can be concluded as a the multiple regression equation as follows:

$$\mathbf{Y= 0{,}098 + 0{,}231ENV - 0{,}177SOC + 0{,}020GOV + \epsilon}$$

The constant value of 0,098 represents the baseline ROE for consumer cyclical sector companies listed on the Indonesia Stock Exchange during the 2020-2023 period, assuming all independent variables are held constant. The regression coefficient for ENV is 0,231 indicating that a one-unit increase in environmental disclosure is associated with a 0,231 increase in ROE. Conversely, the coefficient for SOC is -0,177 suggesting that a one-unit increase in social disclosure corresponds to a 0.177 decrease in ROE. Similarly, the coefficient for GOV is 0,020, implying that a one-unit increase in governance disclosure is associated with a 0,020 increase in ROE.

Correlation Analysist

The strength and direction of the relationship between variables can be assessed using Pearson's product-moment correlation (r), which will indicate a positive or negative association between the independent and dependent variables.

Table 9. Result of Correlation Coefficient

Variable Independent	Correlation Coefficient	Coefficient Interval	Strength of Relationship
ENV (X1)	0,258	0,20-0,399	Low
SOC (X2)	-0,079	0,00-0,199	Negligible
GOV (X3)	0,069	0,00-0,199	Negligible

Source: SPSS output (data processed 2025)

Based on Table 9, the correlation coefficient between environmental disclosure and ROE is 0.258, indicating a low level of relationship between these two variables. The positive value

suggests that an increase in environmental disclosure is associated with an increase in ROE. Furthermore, the correlation coefficient between social disclosure and ROE is -0.079, which signifies a very low level of relationship. The negative value indicates that an increase in social disclosure is associated with a decrease in ROE. Lastly, the correlation coefficient between governance disclosure and ROE is 0.069, also representing a very low level of relationship. This positive value suggests a direct relationship, where an increase in governance disclosure is associated with an increase in ROE.

Coefficient of Determination Analysist

Table 10. Result of R-Squared

Model	R	R Square	Adjusted R Square
1	.340[a]	.116	.072

Source: SPSS output (processed data 2025)

Based on Table 10, the R-squared value is 11,6%. This indicates that the three independent variables used in this study such as environmental disclosure, social disclosure, and governance disclosure collectively explain 11,6% of the variance in ROE. The remaining 88,4% is influenced by other factors not included in this research model.

Partial Significance Test (t-test)

The t-test statistic indicates the extent to which the independent variables explain the variation in the dependent variable. This test is conducted by examining the significance value, where a significance level of $\alpha < 0.05$ indicates a statistically significant effect.

Table 11. Partial Significance Result (t-test)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.098	.043		2.285	.026
	ENV	.231	.090	.358	2.573	.013
	SOC	-.177	.098	-.258	-1.815	.075
	GOV	.020	.061	.044	.326	.746

Source: SPSS output (processed data 2025)

Based on Table 11, the significance value for ENV is 0,013 which is less than 0,05 indicating that the environmental disclosure variable has a positive and significant effect on financial performance. The positive t-value suggests that environmental disclosure is positively correlated with financial performance. Conversely, the significance value for SOC is 0,075 which is greater than 0,05 indicating that the social disclosure variable does not have a significant effect on financial performance. The negative t-value implies that social disclosure is negatively related to financial performance. Lastly, the significance value for GOV is 0,746 which is also greater than 0,05 leading to the conclusion that governance disclosure does not have a significant effect on financial performance. The positive t-value indicates a positive relationship with financial performance.

Simultaneous Significance Test (F-Test)

The F-test is conducted to determine whether all independent variables collectively have a significant effect on the dependent variable. The test results are considered significant if the significance value (Sig.) is less than 0.05.

Table 12. Simultaneous Significance Result (F-test)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.058	3	.019	2.621	.059[b]
Residual	.441	60	.007		
Total	.498	63			

Source: SPSS output (processed data 2025)

Based on Table 12, the significance value is 0,059 which is greater than 0,05. Therefore, it can be concluded that, simultaneously, the independent variables do not have a significant effect on the dependent variable.

The Impact of Environmental Disclosure on ROE

Environmental disclosure represents one aspect of sustainability that contributes to long-term value creation, as it reflects a company's ability to minimize risk, enhance its reputation, and improve returns. As such, environmental disclosure fosters stronger relationships with stakeholders. Environmental initiatives are implemented through pollution control, resource efficiency, and the adoption of renewable energy, all of which serve as critical factors influencing corporate performance particularly ROE, a key indicator of profitability. Additionally, environmental disclosure can help reduce costs associated with non-compliance with government environmental regulations, while benefiting from incentives offered for sustainable practices. This is evident in the consumer cyclical sector, where companies have increasingly improved their environmental disclosures and practices, particularly in energy consumption, leading to lower production costs and enhanced profitability.

Based on the t-test results in Table 11, environmental disclosure has a significance value of 0,026 (0,026 < 0,05), indicating that the first hypothesis (H_1) is accepted. The findings of this study demonstrate that environmental disclosure improves financial performance, specifically Return on Equity (ROE). Thus, the disclosure of environmental information can create a positive perception of the company. This concept aligns with stakeholder theory, which suggests that environmentally responsible practices enhance operational efficiency through transparent environmental disclosure. A strong commitment to sustainability becomes a competitive advantage by strengthening the company's reputation, attracting stakeholder investment, and ultimately increasing consumer loyalty and profitability.

The results of this study are consistent with the findings of previous search conducted by Imlak Skhaih (2021), Kamila Rahayu (2024), Kartikasari & Amanda Dwi (2023), and Hennri Martha & Komsiyah (2022) which stated that environmental disclosures gas a significant impact on financial performance specially ROE.

The Impact of Social Disclosure on ROE

When a company extensively discloses its social activities such as environmental programs, education, or public health initiatives, it often incurs additional costs. These costs may be reflected in the production process, ultimately leading to higher product prices. Price increases can result in reduced sales revenue, which in turn may lower the company's profitability. This is evident in several consumer cyclical sector companies included in the sample, which consistently increased their social disclosures while simultaneously experiencing a decline in ROE. Moreover, high disclosure related to employee recruitment, occupational health and safety management systems, and workplace accidents often requires substantial investment. This includes more detailed and transparent recruitment and onboarding processes. First, implementing a comprehensive occupational health and safety (OHS) system entails significant costs for ISO certification as well as advanced equipment and technologies. Second, workplace accidents may result in compensation, media costs, and

investigations, all of which increase the financial burden on the company. Therefore, these expenditures are unlikely to generate short-term profits.

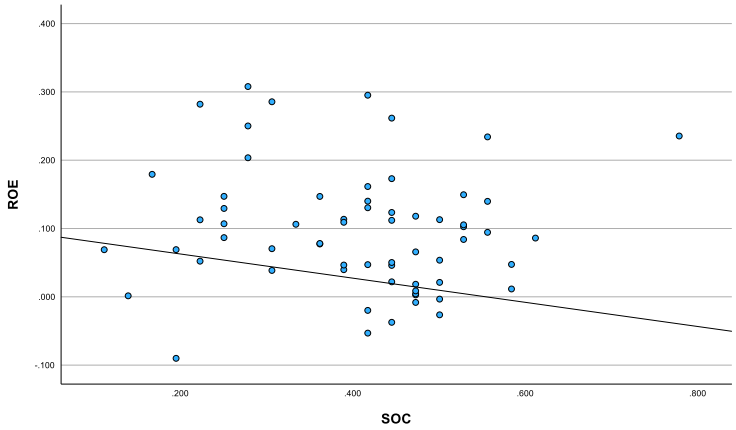
On one hand, companies engage in voluntary disclosure of social information to build a positive image aimed at maintaining good relationships with stakeholders. This process requires significant financial resources and, in the short term, may not yield substantial returns, thereby placing a burden on the company's profitability. This is consistent with the data analysis results from consumer cyclical sector companies, which show that increased social disclosure is associated with a decrease in ROE.

Based on the significance value of 0,075 (0,075 > 0,05), it indicates that hypothesis 2 (H_2) is rejected, meaning that social disclosure does not have a significant partial effect on financial performance in the consumer cyclical sector listed on the Indonesia Stock Exchange (IDX) during the 2020-2023 period. This result contradicts stakeholder theory, which posits that a company must pay attention to all stakeholders from investors to the wider community to ensure long-term sustainability and thereby enhance financial performance.

The results are consistent with the findings of previous research conducted by Alareeni & Hamdan (2020), Felix Tanjaya & Dwi Ratmono (2024), Ryko Ardiansyah & Hersugondo (2024), and Firmansyah et al. (2023) which said that social disclosure does not have a significant effect on ROE.

This observation is further supported by the scatter plot between the independent variable Social (SOC) and the dependent variable ROE. The data points are randomly scattered, exhibiting no discernible tight linear pattern. Therefore, it can be concluded that social disclosure does not have a significant impact on corporate financial performance. Furthermore, the linear trend (implied by the regression line, even if scattered) suggests that a one-unit increase in SOC would lead to a 0.177 decrease in ROE.

Picture 1. Scatter Plot of SOC on ROE



Source: Output SPSS (data diolah 2025)

The Impact of Governance Disclosure on ROE

The voluntary nature of governance disclosure means that there are no sanctions imposed if it's not carried out. This situation results in corporate governance disclosures being limited to administrative compliance or regulatory fulfillment, rather than serving as a strategic tool to demonstrate financial performance. Governance disclosures, which typically include transparency about the structure, mechanisms, and governance practices such as audit committees and independent commissioners, often function merely as a means to build stakeholder trust. However, when such disclosures are adopted solely as a form of compliance, the mechanisms envisioned by stakeholder theory do not operate optimally. This is reflected in consumer cyclical sector companies, which frequently disclose information on governance

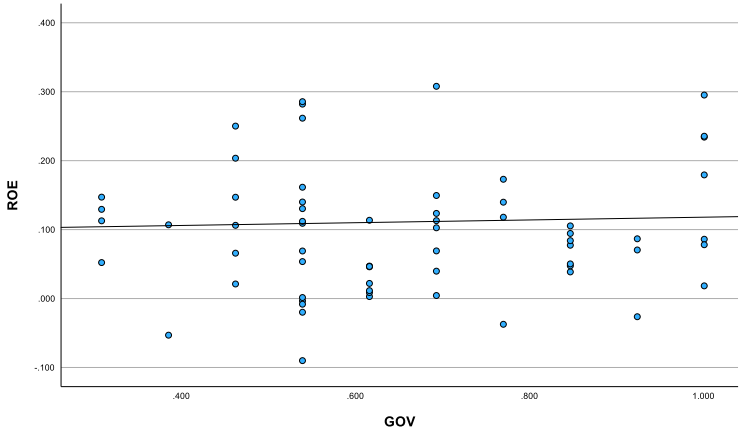
structure and composition as well as the role of the highest governance bodies in overseeing management impacts. Such disclosures tend to be perfunctory, characterized as "tick-the-box" exercises or generic compliance, rather than being viewed as investments that generate direct financial returns.

Based on the t-test results presented in Table 11, governance disclosure has a significance value of 0,746 (0,746 > 0,05), indicating that the third hypothesis (H_3) is rejected. It can be concluded that the governance disclosure variable does not have a significant partial effect on financial performance in the consumer cyclical sector during the 2020-2023 period.

These results are consistent with the study conducted by Felix Tanjaya & Dwi Ratmono (2024) and Egasa Leony et. al (2024) which found that governance disclosure has no significant impact on financial performance. This conclusion is reinforced by the minimal correlation observed between governance disclosure and ROE, implying that increased governance reporting by companies does not guarantee an improvement in ROE.

This observation is further reinforced by the scatter plot between the independent variable Governance (GOV) and the dependent variable ROE. While the data points generally show a positive linear trend, the statistical significance tests indicate no significant influence. Therefore, we can conclude that governance disclosure does not have a significant impact on corporate financial performance. Furthermore, the observed linear relationship suggests that a one-unit increase in GOV would correspond to a 0.020 increase in ROE.

Picture 3. Scatter Plot of GOV on ROE



Source: SPSS output (data processed 2025)

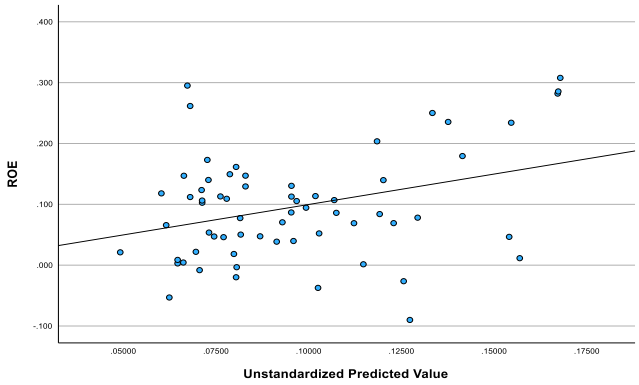
The Impact of Environmental, Social, Governance Disclosure on ROE

ESG disclosure is widely perceived as an indicator of a company's commitment to sustainability and business ethics. While stakeholder theory posits that investor trust in a company's reputation should positively impact ROE, the simultaneous findings of this study reveal that ESG disclosure does not significantly influence ROE. Several factors may account for this outcome: Firstly, it is possible that ESG initiatives are currently more symbolic than fully integrated into core operational and financial strategies. Consequently, their impact on short-term profitability may not yet be evident. Secondly, ROE as a financial performance indicator is inherently influenced by numerous factors, including operational efficiency and market dynamics, which may dilute or overshadow the direct effect of ESG disclosures. Thirdly, the limited research period of 2020-2023 could constrain the observed relationship.

This non-significant simultaneous effect is further supported by the F-test results at table 12, where the significance value is greater than 0.05. This indicates that, collectively, the independent variables do not significantly affect the dependent variable. Visually, the scatter plot reinforces this finding, depicting a wide dispersion of data points with many observations

far from the regression line, suggesting no strong concentration near it. Although the regression line exhibits a positive slope, the visual correlation appears weak. This visual pattern from the scatter plot therefore strengthens the conclusion that the regression model demonstrates no significant impact of ESG disclosure on ROE.

Picture 3. Scatter Plot of ENV, SOC, GOV on ROE



Source: SPSS output (data processed 2025)

CONCLUSION

Based on the discussion above, it can be concluded that the environmental disclosure variable exerts a positive and significant influence on the financial performance of consumer cyclical sector companies listed on the Indonesia Stock Exchange during the 2020–2023 period. In contrast, the social and governance disclosure variables do not exhibit any effect on financial performance in the same sector within the specified timeframe. Furthermore, when analyzed simultaneously, the three disclosure variables—environmental (X1), social (X2), and governance (X3)—do not collectively influence the financial performance of consumer cyclical sector companies listed on the Indonesia Stock Exchange for the 2020–2023 period.

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