

The Effect of ESG Disclosure, Green Investment, and Board Gender Diversity on Corporate Reputation

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ABSTRACT

This study investigates how ESG disclosure, green investment, and board gender diversity influence corporate reputation within Indonesia's manufacturing industry. The research draws on secondary data sourced from the annual and sustainability reports of companies listed on the Indonesia Stock Exchange between 2018 and 2024. A sample of 68 companies yielding 476 total observations was analyzed using binary logistic regression with the Maximum Likelihood approach, processed through EViews 12. The findings reveal that ESG disclosure and board gender diversity both positively and significantly affect corporate reputation, indicating that greater ESG transparency and a more gender-inclusive boardroom improve how stakeholders perceive a company. Green Investment, however, showed no significant impact on reputation – a result that may stem from insufficient disclosure, delayed outcomes, and inconsistent practices among companies. The study concludes that to build a stronger corporate reputation, companies should prioritize improving the quality of their ESG disclosure and adopt more inclusive governance structures.

Kata kunci:

Pengungkapan ESG,
Investasi Hijau,
Keberagaman Gender
Dewan, dan Reputasi
Perusahaan.

ABSTRAK

Penelitian ini mengkaji pengaruh pengungkapan ESG (Environmental, Social, and Governance), investasi hijau (green investment), dan keberagaman gender dalam dewan direksi terhadap reputasi perusahaan pada industri manufaktur di Indonesia. Penelitian menggunakan data sekunder yang diperoleh dari laporan tahunan dan laporan keberlanjutan perusahaan yang terdaftar di Bursa Efek Indonesia selama periode 2018–2024. Sampel penelitian terdiri atas 68 perusahaan dengan total 476 observasi. Analisis data dilakukan menggunakan regresi logistik biner dengan pendekatan Maximum Likelihood yang diolah menggunakan perangkat lunak EViews 12. Hasil penelitian menunjukkan bahwa pengungkapan ESG dan keberagaman gender dalam dewan direksi berpengaruh positif dan signifikan terhadap reputasi perusahaan, yang mengindikasikan bahwa transparansi

ESG yang lebih baik serta komposisi dewan yang lebih inklusif mampu meningkatkan persepsi para pemangku kepentingan terhadap perusahaan. Sementara itu, investasi hijau tidak menunjukkan pengaruh yang signifikan terhadap reputasi perusahaan. Temuan ini diduga disebabkan oleh masih terbatasnya pengungkapan investasi hijau, manfaatnya yang baru dirasakan dalam jangka panjang, serta praktik implementasi yang belum konsisten di antara perusahaan. Penelitian ini menyimpulkan bahwa untuk membangun reputasi perusahaan yang lebih kuat, perusahaan perlu memprioritaskan peningkatan kualitas pengungkapan ESG serta menerapkan tata kelola perusahaan yang lebih inklusif melalui peningkatan keberagaman gender dalam dewan direksi.

INTRODUCTION

Over the last few decades, the business sector has experienced a significant transformation, moving away from a sole focus on profits to embracing sustainable practices. Nowadays, a company's success is measured not just by its financial accomplishments but also by its commitment to sustainability, especially given the urgent global environmental issues. In this context, Environmental, Social, and Governance (ESG) practices have become crucial elements that must be integrated into a company's operations. This idea signifies a company's commitment to addressing environmental, social, and corporate governance concerns. According to Bloomberg, ESG assets worldwide have reached a value of \$37.8 trillion. In Indonesia, the Financial Services Authority Regulation No. 51 of 2017 governs the adoption of ESG practices, specifically concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. This regulation requires financial services institutions and publicly traded companies to submit annual sustainability reports.

Alongside these developments, corporate reputation has emerged as a vital intangible asset, playing a strategic role in securing a sustainable competitive advantage. A strong reputation can enhance investor confidence, foster customer loyalty, and improve a company's ability to handle risks and crises (Fombrun, 2005). In the current business environment, a company's reputation is increasingly influenced by its dedication to sustainable and responsible practices, in addition to its financial performance. Reputation involves the perceptions, assessments, and expectations of the public, customers, investors, employees, stakeholders, and others regarding a company. Essentially, it reflects the company's image or standing in the external environment. This reputation is highly valuable due to its potential to create value, and its intangible nature makes it challenging for competitors to imitate (Roberts & Dowling, 2002).

Extensive ESG disclosure can bolster a company's reputation, enhance investor trust, and ultimately improve corporate performance. Research has shown that ESG disclosure positively affects returns on assets and market value, indicating that comprehensive ESG disclosure has a favorable impact on corporate performance. Other studies have also demonstrated that integrating ESG into a company's operations allows for efficient management of financial resources and environmentally friendly operations. The manufacturing sector is the largest contributor to the national gross domestic product and the

primary driver of growth for the Indonesian economy. According to Statistics Indonesia, from 2020 to 2024, the manufacturing sector contributed at least 18% to Indonesia's GDP. Furthermore, investment is crucial in determining the sector's growth rate, with the manufacturing sector being the main investment destination in 2024. Data from the Ministry of Investment and Downstream Industry/Indonesia Investment Coordinating Board indicate that total investment in the manufacturing industry in 2024 reached Rp721.3 trillion, representing 42.1% of total investment in Indonesia

Table 1. Contribution of the Manufacturing Sector to Indonesia's GDP

Year	Contribution to GDP	Growth
2020	19,87%	-2,93%
2021	19,24%	3,39%
2022	18,34%	4,89%
2023	18,67%	4,64%
2024	18,98%	4,75%

(Sumber: Statistics Indonesia)

Despite this, the manufacturing sector remains a major source of greenhouse gas emissions, production waste, and fossil fuel usage. In Indonesia, manufacturing firms are responsible for 20% of environmental harm, prompting them to reveal their sustainability efforts (www.kemenperin.go.id). The Indonesian government, through the Ministry of Industry, mandates that manufacturing companies submit emissions data via the Sistem Informasi Industri Nasional (SIINas) to back green transformation policies and manage greenhouse gas emissions, aiming for a carbon-neutral domestic industry. This requirement is detailed in the Circular Letter of the Minister of Industry No. 2 of 2025. Consequently, there is a growing expectation for companies to adopt sustainable business practices through green investments, alongside their profit-maximization objectives. Companies that are environmentally conscious are likely to provide sustainable returns to investors.

Green investment involves directing corporate funds towards assets, projects, or activities that aim to cut carbon emissions, boost energy efficiency, support environmental sustainability, and facilitate the shift to a low-carbon economy. This includes investments in clean technologies, enhanced waste management, water conservation, and the creation of eco-friendly products (OECD, 2017). Engaging in green investment also sends a favorable message to stakeholders, improving corporate reputation and, in turn, enhancing corporate performance.

Nonetheless, corporate governance, especially gender diversity, remains a significant issue. It is believed that gender diversity on boards of directors and supervisory boards enhances decision-making quality and increases awareness of social and environmental concerns. Indonesia is notably positioned as the third highest in terms of gender diversity, with women holding 14.9% of board positions in publicly traded companies. Earlier research has shown a link between increased gender diversity on boards and enhanced ESG performance,

implying that female board members tend to be more involved in ESG initiatives. According to the International Finance Corporation (IFC) of the World Bank (2019), women often engage in ESG activities that enhance a company's reputation.

However, there is limited empirical research specifically exploring the connection between ESG Disclosure, Green Investment, and Board Gender Diversity on corporate reputation, particularly in developing nations like Indonesia. Most prior research has concentrated more on the impact of ESG on financial performance, such as return on assets (ROA) or the company's market value (Tobin's Q). Research conducted by demonstrates the significant mediating role of corporate reputation, showing how well-integrated reporting enhances corporate reputation, ultimately boosting corporate value.

In light of this situation, this study seeks to examine the effects of ESG disclosure, green investment, and board gender diversity on corporate reputation among Indonesian manufacturing companies. This research aims to address a gap by investigating the impact of ESG disclosure, green investment, and board gender diversity on corporate reputation, particularly within Indonesia's manufacturing sector. The study is anticipated to offer practical insights for companies aiming to improve their reputation through sustainable practices and sound corporate governance.

LITERATURE REVIEW

Stakeholder Theory

Freeman (1984) introduced the concept of stakeholder theory, which posits that businesses have responsibilities to all stakeholders, not just shareholders, but also those impacted by the company's operations. These stakeholders encompass employees, consumers, the community, government entities, financial institutions, and the environment. The theory underscores the significance of stakeholder interactions in enhancing corporate value.

Within the framework of this study, the theory suggests that companies should reveal their ESG (Environmental, Social, and Governance) practices, invest in environmentally sustainable projects (green investments), and create a diverse board structure (gender diversity) as part of their social responsibility. These actions are believed to positively influence stakeholders' views of the company, thereby boosting its reputation and performance.

Legitimacy Theory

Suchman (1995) formulated Legitimacy Theory, which asserts that companies must ensure their operations are socially acceptable and align with societal values. To sustain legitimacy, businesses need to demonstrate responsible and ethical conduct in their activities. Regarding ESG disclosure and green investments, this theory suggests that companies reveal their sustainability efforts to establish social legitimacy. Firms with strong legitimacy are more likely to gain public and investor trust, thereby enhancing their reputation.

Signaling Theory

Spence (1973) introduced Signaling Theory, which describes how one entity (such as a company) can communicate information to another entity (like investors or the market) to reflect its internal conditions favorably. In a business setting, ESG disclosures, board diversity, and green investments can be perceived as positive indicators of a company's credibility and accountability.

By sending these signals, a company can build a favorable market image, bolster its reputation, and increase investor confidence. Thus, this theory effectively explains the link between ESG disclosure, reputation, and corporate performance.

2.1 The Influence of ESG Disclosure on Corporate Reputation

Companies bear responsibility to all stakeholders, including shareholders and those affected by their operations. From the perspective of signaling theory, ESG disclosure acts as a positive signal to stakeholders about a company's dedication to sustainable practices. Companies that openly share ESG information are often seen as having superior governance and a strong sense of social responsibility. Additionally, legitimacy theory suggests that companies aim to gain societal legitimacy by disclosing activities that align with social norms and values. Consequently, a higher level of ESG disclosure increases the likelihood of a company earning a favorable reputation among its stakeholders. A study found a significant positive relationship between ESG quality and corporate reputation in China.

In Indonesia, the implementation of ESG disclosure is required by OJK Regulation No. 51 of 2017. However, many manufacturing firms still engage in ESG practices only partially or symbolically. Nonetheless, a strong reputation is becoming increasingly crucial for attracting and retaining investors.

H1: ESG Disclosure positively influences Corporate Reputation

2.2 The Influence of Green Investment on Corporate Reputation

From a resource-based viewpoint (Barney, 1991), green investment is seen as a strategic asset that enhances energy efficiency and environmental sustainability while bolstering a company's image among its stakeholders. Such investment can offer firms a competitive edge, as it signifies a dedication to sustainability that rivals may struggle to imitate. Additionally, stakeholder theory highlights the necessity for companies to fulfill stakeholder expectations, including those related to the environment. In Indonesia, manufacturing firms have yet to fully allocate resources for green investments. Nonetheless, as consumer and investor awareness of sustainability issues rises, companies that pursue green investments gain value, thereby improving their corporate reputation. Currently, no research has specifically explored the effect of green investment on corporate reputation. However, a study has shown that green innovation can boost corporate reputation.

H2: Green Investment Positively Influences Corporate Reputation

2.3 The Influence of Board Gender Diversity on Corporate Reputation

Stakeholder Theory suggests that diversity in governance, including gender diversity, demonstrates a company's commitment to representation and inclusivity, fostering trust and reputation among stakeholders. Research has shown that female directors contribute positively to a company's reputation. It has also been found that a high degree of gender diversity enhances a company's CSR performance, thereby improving public perception of its ethics and social responsibility.

In Indonesia, the presence of women on boards of directors or commissioners is still minimal, especially in the manufacturing sector. Companies with gender-diverse boards generally enjoy a more favorable image.

H3: Board Gender Diversity Positively Affects Corporate Reputation

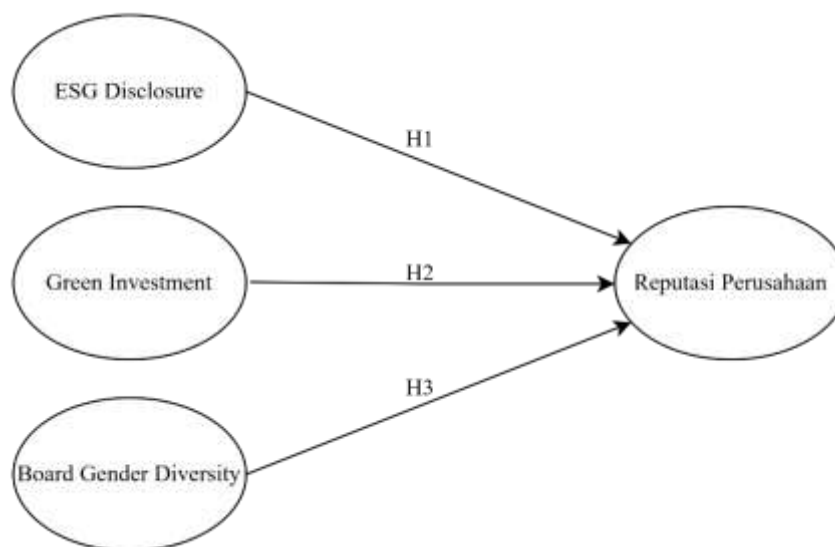


Figure 1. Conceptual Framework

(Compiled by the author, 2026)

METHOD

This research relies on secondary data, specifically the annual and sustainability reports of manufacturing firms listed on the Indonesia Stock Exchange from 2018 to 2024. These secondary data sources were accessed via <https://idx.co.id/> and the companies' official websites. The data collection process involved assembling information from existing reports, records, and archives to acquire the essential theoretical and research data. The study examined 68 manufacturing firms on the Indonesia Stock Exchange that engage in ESG practices, resulting in a total of 476 observations. The analysis of the data was performed using Eviews 12 software.

Table 2. Variables Operational

Research Variables	Variable Concepts	Indicators	References
Corporate Reputation (Dependent)	Stakeholders develop their overall view of a company's trustworthiness, quality, accountability, and reputation by observing its actions and conduct over a defined timeframe.	External recognition from reputation rating agencies Dummy Variable: 1 = if the company has a high reputation 0 = if the company has a low reputation	(Alatawi et al., 2025; García-Sánchez et al., 2025; Oduro et al., 2025)
ESG Disclosure (Independent)	The extent to which a company reveals information concerning environmental, social, and governance factors in accordance with sustainability reporting guidelines	ESG Disclosure Score from the Bloomberg Terminal	(Bamel et al., 2025; Mohammad & Wasiuzzaman, 2021; Yoo & Managi, 2022)
Green Investment (Independent)	A company's investment in projects, technologies, or assets that support sustainability and energy efficiency	Spending on capital for safeguarding the environment includes financial commitments to renewable energy technologies, energy-saving innovations, and research and development in eco-friendly technology. -	(Chen & Ma, 2021)
Board Gender Diversity (Independent)	The proportion of women on the company's board of directors serves as an indicator of inclusive and diverse corporate governance.	Percentage of women on the total board of directors	(Abdelkader et al., 2024; Gavana et al., 2024; Kabir et al., 2023)

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(Razaq et al.)

Research Variables	Variable Concepts	Indicators	References
Firm Size (Control Variable)	Firm size measures a firm's resource capacity and operational scale. It is generally proxied by the natural logarithm of the total assets.	Natural logarithm of total assets Size = $\ln(\text{Total Assets})$	(Mensah et al., 2025) (Omenihu et al., 2025)
Sales Growth (Control Variable)	The rate of change in a company's sales from one period to the next.	$(\text{Revenue}_y - \text{Revenue}_{t-1}) / \text{Revenue}_{y-1}$	(Vintilă et al., 2025)

Based on Figure 1, the following equation is derived:

$$RP = \alpha + \beta_1 \text{ESG}_{i,t} + \beta_2 \text{GI}_{i,t} + \beta_3 \text{BGD}_{i,t} + \beta_4 \text{Size}_{i,t} + \beta_5 \text{Growth}_{i,t} + e_{i,t}$$

Description:

- RP = Corporate Reputation
- ESG = ESG Disclosure
- BGD = *Board Gender Diversity*
- Size = Company Size
- Growth = Sales Growth
- β = Regression Coefficient
- ε = Error term

RESULT AND DISCUSSION

Descriptive Statistics

Descriptive statistics are used to provide an overview of the characteristics of the research data, which include independent variables (ESG disclosure, green investment, and board gender diversity), the RP variable, and control variables (size and sales growth). The results of the descriptive statistics are presented in Table 3.

Tabel 3. Results of Descriptive Statistics

	MIN	MAX	MEAN	STD. DEVIASI
ESG Disclosure	0,00	76,26	35,28	22,61
GI	0,00	0,18	0,0021	0,01

	MIN	MAX	MEAN	STD. DEVIASI
BGD	0,00	0,60	0,08	0,14
RP	0,00	1,00	0,56	0,50
ROA	-0,53	0,61	0,07	0,09
Tobin's Q	0,00	17,68	1,69	1,87
Size	-1,78	19,97	14,38	4,05
Sales Growth	-0,53	3,39	0,11	0,32

(Source: Compiled by the author, 2026)

Regression Analysis

The regression equation evaluates how ESG disclosure, green investment, and board gender diversity influence corporate reputation, using company size and sales growth as control variables. Since the corporate reputation (CR) variable is binary (0 = low reputation, 1 = high reputation), binary logistic regression (binary logit model) is the suitable analytical approach.

In contrast to ordinary linear regression, which employs the ordinary least squares (OLS) method, logistic regression utilizes the maximum likelihood (ML) method for estimating model parameters. The ML method identifies parameter values that maximize the likelihood function, meaning the probability of observing the given sample data.

The benefits of using binary logistic regression over linear regression for categorical dependent variables include: (1) it does not require a linear relationship between independent and dependent variables; (2) it generates probability predictions that are always between 0 and 1; (3) it does not assume normality of residuals; (4) it is more resistant to heteroscedasticity; and (5) it enables interpretation of how independent variables affect the probability of an event.

The table below presents the results of the binary logistic regression estimation using the Maximum Likelihood method, incorporating the Newton-Raphson and Marquardt algorithms:

Tabel 4. Binary Logit Regression Results

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-2.435873	0.497284	-4.898359	0.0000
ESG	0.067475	0.007108	9.492987	0.0000
GREEN	2.564218	23.74770	0.107978	0.9140
BGENDER	6.436423	1.241179	5.185735	0.0000
SIZE	-0.013514	0.030624	-0.441283	0.6590
GROWTH	0.099620	0.385010	0.258747	0.7958
McFadden R-squared	0.359234	Mean dependent var		0.556723
LR statistic	234.8444	Avg. log likelihood		-0.440013
Prob(LR statistic)	0.000000			

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Dep=0	211	Total obs		476
Dep=1	265			

Sumber: Eviews output, compiled by the author 2026

$$RP_{it} = -2,435873 + 0,067475 ESG_{it} - 2,564218 GI_{it} + 6,436423 BGD_{it} - 0,013514 SIZE_{it} + 0,099620 GROWTH_{it} + e_{it} \dots$$

Hypothesis Testing

a. Overall Model Test (Likelihood Ratio Test)

The significance of the overall model in logistic regression was assessed using the likelihood ratio (LR) test, which serves a similar purpose to the F-test in linear regression. The null hypothesis posits that all regression coefficients, except for the constant, are zero. According to the table, the LR statistic is 234.8444 with a probability of 0.0000 (< 0.05), leading to the rejection of the null hypothesis. This implies that the independent variables, ESG disclosure, green investment, board gender diversity, size, and sales growth, collectively have a significant impact on the likelihood of a company having a high reputation. Thus, this logistic regression model is effective for predicting a company's reputation.

b. Model Goodness of Fit (McFadden R-squared)

McFadden R-squared is used to evaluate the goodness of fit for logistic regression models, akin to R-squared in linear regression, though its interpretation is distinct. It ranges from 0 to 1, with higher values indicating a better model fit. A McFadden R-squared between 0.2 and 0.4 is deemed very good for a logistic model. As shown in Table 4, a McFadden R-squared of 0.359234, or 35.92%, suggests that the model has strong predictive capabilities. This value signifies that the model with independent variables accounts for a 35.92% improvement in explaining the variation in the probability of a company's reputation compared to a model that includes only the constant.

c. Partial Test (Wald Test / z-Test)

In logistic regression, the significance of each independent variable is tested using the z-statistic (Wald test). Unlike the t-test in linear regression, the z-test is employed because parameter estimates follow a standard normal distribution in large samples. In the probit model, coefficients do not directly reflect changes in probability but rather indicate changes in the z-score, which influences probability through the normal cumulative distribution function.

H1: The Effect of ESG Disclosure on Corporate Reputation

The results reveal a regression coefficient for ESG Disclosure of 0.067475, with a z-statistic of 9.492987 and a p-value of 0.0000 (< 0.05). This indicates that ESG disclosure positively and significantly affects the probability of a company having a high reputation, thus supporting Hypothesis 1. The positive coefficient suggests that a one-unit increase in ESG disclosure raises the z-score by 0.067475, thereby enhancing the probability of a company achieving a high reputation. This finding underscores that more thorough ESG disclosure can bolster a company's reputation among stakeholders. Transparency in ESG practices conveys a positive message to stakeholders about the company's dedication to sustainability and social responsibility.

H2: The Impact of Green Investment on Corporate Reputation

The analysis reveals a regression coefficient of 2.564218 for Green Investment, accompanied by a z-statistic of 0.107978 and a probability value of 0.9140, which exceeds 0.05. This suggests that Green Investment does not have a significant impact on the likelihood of a company achieving a high reputation. Consequently, Hypothesis 2 is not supported. This outcome implies that the green investments undertaken by companies have not yet notably enhanced the probability of attaining a high reputation. Several reasons may account for this: (1) insufficient transparency in Green Investment reporting, leaving stakeholders unaware of the company's initiatives; (2) the time delay before green investments produce noticeable reputational effects; and (3) the substantial variability in Green Investment among companies, as evidenced by the high standard deviation, leading to inconsistent impacts.

H3: The Impact of Board Gender Diversity on Corporate Reputation

The analysis indicates a regression coefficient of 6.436423 for Board Gender Diversity, with a z-statistic of 5.185735 and a probability value of 0.0000, which is less than 0.05. This demonstrates that Board Gender Diversity positively and significantly influences the likelihood of a company achieving a high reputation. As a result, Hypothesis 3 is confirmed. The significant positive coefficient suggests that increasing the proportion of gender diversity on the board of directors significantly enhances the probability of a company achieving a favorable reputation. The relatively high coefficient value (6.436423) underscores the strong impact of Board Gender Diversity on corporate reputation. These findings align with stakeholder theory and the resource-based view, which propose that gender diversity on the board introduces varied perspectives, enhances decision-making quality, and conveys a positive message to stakeholders about a company's dedication to inclusivity and sound corporate governance.

d. Control Variables

SIZE (Company Size): A coefficient of -0.013514 with a probability of 0.6590, which is greater than 0.05, suggests that company size does not significantly influence the likelihood of a

company achieving a high reputation. Although company size appears to have a positive effect on reputation in the linear regression model, the logistic regression results, which consider the categorical nature of the reputation variable, indicate that this effect is not statistically significant.

SALES_GROWTH (Sales Growth): A coefficient of 0.099620 with a p-value of 0.7958, which is greater than 0.05, suggests that sales growth does not significantly influence the likelihood of a company achieving a high reputation. This implies that short-term sales growth performance does not necessarily improve a company's reputation, as reputation is more affected by long-term factors, such as governance practices and sustainability.

DISCUSSION

Based on the analysis results, the following is a complete summary of the research hypothesis test results.

Tabel 4. Summary of Research Hypothesis Test Results

Hypothesis	Statement	Method	P-value	Significance	Results
H1	ESG Disclosure → Corporate Reputation	Binary Probit	0.0000	Significant	Accepted
H2	Green Investment → Company Reputation	Binary Probit	0.9140	Not Significant	rejected
H3	Board Gender Diversity → Corporate Reputation	Binary Probit	0.0000	Significant	Accepted

H1: The Effect of ESG Disclosure on Corporate Reputation

The binary logistic regression analysis results for H1, which posits that ESG disclosure positively influences Corporate Reputation, reveal a statistically significant ACCEPTED coefficient ($p=0.0000$). This outcome aligns with existing literature suggesting that ESG disclosure improves stakeholders' views of a company's dedication to sustainability. As noted, high-quality ESG disclosure can act as a credibility signal, boosting a company's reputation among investors and consumers.

The practical implication of H1's acceptance, indicating that ESG disclosure positively impacts corporate reputation, is that company managers should focus on enhancing the quality and transparency of ESG disclosures.

H2: The Effect of Green Investment on Corporate Reputation

The binary logistic regression analysis results for H2, stating "Green Investment positively affects Corporate Reputation," indicate a statistically significant rejection of the null hypothesis ($p=0.9140$). This result is consistent with literature asserting that ESG disclosure enhances stakeholders' perceptions of a company's sustainability commitment. As observed, high-quality ESG disclosure can serve as a credibility signal, improving a company's reputation in the eyes of investors and consumers.

The practical implication of accepting H2, that Green Investment positively influences Corporate Reputation, is that company managers must emphasize the quality and transparency of ESG disclosures.

H3: The Effect of Board Gender Diversity on Corporate Reputation

The binary logistic regression analysis results for H3, which suggests "Board gender diversity positively affects corporate reputation," show a statistically significant coefficient ($p=0.0000$). This finding is in line with literature indicating that ESG disclosures improve stakeholders' perceptions of a company's sustainability commitment. As identified, high-quality ESG disclosures can act as a credibility signal, enhancing a company's reputation among investors and consumers.

The practical implication of accepting H3, that board gender diversity positively impacts corporate reputation, is that company managers should prioritize the quality and transparency of ESG disclosures.

CONCLUSION

The results reveal that ESG disclosure and gender diversity on boards are crucial factors influencing corporate reputation. Firms that consistently disclose their ESG activities tend to enjoy a better reputation, as this openness builds trust with stakeholders. Likewise, having gender diversity at the board level enhances a company's reputation by indicating more inclusive and effective governance.

In contrast, green investments have not yet significantly affected corporate reputation. This implies that companies' environmentally focused investments have not been adequately acknowledged or effectively communicated to the public in a way that impacts their reputation. In summary, this study's findings affirm that ESG transparency and the quality of corporate governance are more critical to corporate reputation than green investments, which still need improvements in both execution and reporting.

RECOMMENDATIONS

Companies should enhance the quality and transparency of their ESG disclosures in annual and sustainability reports. Detailed, measurable, and verified disclosures will boost a company's credibility with stakeholders and improve its reputation.

Businesses should incorporate ESG practices into their business strategies and corporate communications. ESG practices should be seen not just as compliance or philanthropy but as a core component of a strategy to generate long-term value.

Companies engaged in green investments should increase transparency and communication about these investments. Since research indicates that green investments have not yet significantly impacted reputation, likely due to their lack of visibility, The Financial Services Authority (OJK) and the Indonesia Stock Exchange, as regulators and policymakers, should enforce stricter regulations on ESG disclosure, making it mandatory for all public companies. Currently, ESG disclosure is voluntary, and there are no consistent standards, leading to significant differences in disclosure quality among companies. Tighter regulations will improve the transparency and comparability of ESG information, boosting investor and stakeholder confidence.

The government and regulators should offer incentives for companies that adopt good ESG practices, such as tax benefits, easier access to financing, and public recognition. These incentives will motivate more companies to embrace sustainable practices and enhance the quality of their implementation.

LIMITATIONS

This study relies on secondary data from companies' annual and sustainability reports; thus, data quality heavily depends on the accuracy and completeness of corporate reporting. The relatively short study period (2018–2024) may not be adequate to capture the long-term effects of ESG practices and green investments on corporate performance.

This study is limited to manufacturing companies listed on the Indonesia Stock Exchange, so the findings may not be generalizable to other industries and geographic contexts.

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