Mercatura Lumina Journal of Management, Entrepreneurship, and Tourism
Vol 1 No 3 August 2026, Hal 14-24
ISSN: 3125-1250 (Print) ISSN: 3125-0939 (Electronic)
Open Access: https://researchfrontiers.id/mercaturalumina

The Effect of ESG Disclosure on Investment Decisions by Companies in the Mining Sector on the Indonesia Stock Exchange

Muh. Rezky Ananda Putra[1*], Emilia Nurdin[2], Yuli Lestari Labangu[3]
[1-3] Universitas Halu Oleo, Indonesia
email: muhrezkyananda7@gmail.com[1]

Article Info :
Received:
20-07-2026
Revised:
28-07-2026
Accepted:
03-08-2026

Abstract

This study aims to examine the effect of Environmental, Social, and Governance (ESG) disclosure on corporate investment decisions among mining companies listed on the Indonesia Stock Exchange during the 2022–2024 period. A quantitative empirical approach was employed using panel data regression analysis. The population consisted of 51 listed mining companies, from which 39 firms were selected through purposive sampling, resulting in 117 firm-year observations. Secondary data were obtained from annual reports, sustainability reports, and financial statements published by the sampled companies. Corporate investment decisions were measured using the Capital Expenditure Ratio (CAPEX), while ESG disclosure served as the independent variable, with firm size (SIZE), profitability (ROA), and leverage (DER) included as control variables. The data were analyzed using EViews 12. The findings reveal that ESG disclosure has a positive but statistically insignificant effect on corporate investment decisions. Likewise, firm size, profitability, and leverage do not significantly influence investment decisions. These results indicate that investment decisions in Indonesian mining companies continue to be driven primarily by factors beyond ESG disclosure and the selected financial characteristics. The study contributes to the growing ESG literature by providing empirical evidence that sustainability disclosure alone has not yet become a decisive factor in corporate investment allocation within the Indonesian mining sector.

Keywords: *Capital Expenditure Ratio (CAPEX), Corporate Investment Decisions, Environmental, Social, and Governance (ESG), Indonesia Stock Exchange, Mining Companies.*

INTRODUCTION

Over the past two decades, global business practices have experienced a profound transformation as corporations increasingly shift their strategic orientation from short-term profit maximization toward long-term sustainable value creation. Environmental, Social, and Governance (ESG) has consequently evolved into a comprehensive non-financial framework for evaluating how organizations integrate environmental responsibility, social commitment, and sound corporate governance into their business strategies and operational activities (Kostic, 2023). This transformation has been driven not only by growing stakeholder expectations but also by the recognition that sustainability-related risks have become financially material and capable of influencing corporate competitiveness and long-term resilience (Jati, 2024). In emerging economies, regulatory institutions have also strengthened the implementation of sustainable finance policies to encourage greater transparency and accountability in corporate sustainability reporting (Otoritas Jasa Keuangan, 2017). Within Indonesia, the mining industry represents one of the sectors facing the greatest pressure to adopt ESG principles because its operational activities directly affect environmental quality, community welfare, and natural resource sustainability. As sustainability considerations become increasingly embedded in investment evaluation, ESG disclosure is no longer viewed merely as voluntary reporting but rather as strategic information that may shape corporate decision-making and capital allocation.

The increasing prominence of ESG disclosure has encouraged researchers to examine its implications for various aspects of corporate performance, particularly investment-related decisions that determine long-term business growth and competitiveness. From the perspective of Signalling Theory, companies voluntarily disclose sustainability information to reduce information asymmetry and communicate superior managerial quality, thereby strengthening investor confidence and improving market perceptions (Purba, 2023). Previous empirical evidence suggests that comprehensive ESG disclosure contributes to more effective corporate investment decisions because firms are better positioned to identify sustainability-related risks and allocate resources toward projects that generate long-term value (Damayanti et al., 2024). The relevance of ESG disclosure is particularly evident in the mining industry, where environmental degradation, social conflicts, and governance issues frequently become major determinants of corporate legitimacy and investment attractiveness. Studies on responsible investment further indicate that sustainability considerations have gradually become an essential component of investment evaluation within Indonesia's mineral mining sector, reflecting changing expectations among investors and regulators regarding corporate accountability (Kholis et al., 2020). These developments suggest that ESG disclosure has evolved beyond a compliance mechanism and has become an important strategic instrument capable of influencing corporate investment behavior under conditions of increasing sustainability pressure.

Despite the growing body of literature, empirical findings regarding the relationship between ESG disclosure and corporate investment decisions remain inconclusive and continue to generate considerable academic debate. Damayanti et al. (2024) reported that ESG disclosure positively and significantly influences corporate investment decisions because sustainability information enhances managerial confidence in undertaking long-term strategic investments. In contrast, Jessica and Arsjah (2025) found that ESG disclosure does not significantly affect corporate investment decisions, while liquidity exerts a stronger influence on firms' investment policies. Other empirical studies have primarily examined the relationship between ESG disclosure and corporate performance, financial performance, or firm value rather than directly investigating its influence on investment decision-making, leaving an important empirical gap in the existing literature (Fitria & Mariana, 2025). Research conducted within Indonesian mining companies has similarly emphasized financial outcomes of ESG implementation instead of exploring how sustainability disclosure affects internal investment allocation and strategic capital expenditure (Surianto et al., 2025). These inconsistencies indicate that the role of ESG disclosure in shaping corporate investment decisions remains insufficiently understood, particularly within industries characterized by high environmental exposure and intensive stakeholder scrutiny.

The unresolved empirical inconsistencies become particularly important in the Indonesian mining sector because companies operating in this industry are simultaneously confronted with substantial environmental risks, intensive capital requirements, and increasingly stringent sustainability regulations. Recent evidence indicates that ESG implementation contributes positively to the financial performance of mining companies, suggesting that sustainability practices may enhance firms' capacity to undertake long-term investment activities (Edres & Akbar, 2026). Other studies demonstrate that ESG disclosure strengthens corporate value in mining companies by improving transparency and reducing stakeholder uncertainty regarding future business prospects (Herawan et al., 2026). Research on the cost of capital further reveals that firms with stronger ESG disclosure tend to experience lower financing costs, thereby expanding opportunities to finance strategic investments more efficiently (Yulianty & Natita, 2026). Empirical findings also show that ESG influences stock returns through improved profitability, implying that sustainability performance has become an increasingly relevant consideration in capital market evaluation and corporate investment planning (Octaviani et al., 2026). These findings collectively suggest that the strategic role of ESG disclosure extends beyond financial reporting and deserves further investigation as a determinant of corporate investment decisions within the mining industry.

Existing studies on ESG in Indonesia have predominantly focused on examining its relationship with financial performance, firm value, stock prices, stock returns, or the cost of capital, while relatively limited attention has been devoted to understanding its direct influence on corporate investment decisions. Previous research reported that ESG disclosure improves the financial performance of coal mining and oil and gas companies, although the implications for firms' investment policies remain largely unexplored (Ramadika & Putikadea, 2025). Other studies have investigated the relationship between ESG and stock returns in mining companies, emphasizing market responses rather than internal corporate investment behavior (Karnaen & Maryani, 2025). Educational reviews concerning sustainability reporting have likewise concentrated on capital market reactions instead of explaining how sustainability disclosure affects managerial investment decisions (Maulidya et al., 2025). Additional evidence suggests that environmental disclosure and green investment contribute to stronger financial performance, yet the mechanism through which ESG disclosure influences investment allocation remains insufficiently addressed (Ukhudiah & Arifin, 2026).

This study is therefore positioned to address these conceptual and empirical gaps by directly examining the effect of ESG disclosure on corporate investment decisions among mining companies listed on the Indonesia Stock Exchange while integrating Signalling Theory and Stakeholder Theory as complementary theoretical perspectives. This study aims to examine the effect of Environmental, Social, and Governance (ESG) disclosure on corporate investment decisions among mining companies listed on the Indonesia Stock Exchange. The study is expected to provide a deeper understanding of how sustainability disclosure functions as strategic information in shaping long-term corporate investment behavior. It also seeks to enrich the theoretical discussion concerning the applicability of Signalling Theory and Stakeholder Theory in explaining investment decisions within sustainability-oriented business environments. From a methodological perspective, this research specifically investigates the direct relationship between ESG disclosure and corporate investment decisions in the mining sector, an area that has received relatively limited empirical attention. The findings are expected to broaden the existing literature on ESG by extending the discussion beyond financial performance and firm value toward strategic investment behavior. The practical implications of this study are anticipated to assist corporate managers, investors, and regulators in optimizing the utilization of ESG disclosure as an important consideration in corporate investment decision-making.

RESEARCH METHODS

This study employed an empirical quantitative research design to examine the effect of Environmental, Social, and Governance (ESG) disclosure on corporate investment decisions among mining companies listed on the Indonesia Stock Exchange (IDX). The research population consisted of 51 mining companies listed on the IDX during the 2022–2024 observation period, with company information obtained from the official Indonesia Stock Exchange database and publicly available corporate reports. The sample was determined using a purposive sampling technique based on predetermined selection criteria to ensure that only companies providing complete and consistent ESG-related information were included in the analysis (Sugiyono, 2023). Companies were required to consistently publish annual reports throughout the 2022–2024 period and disclose ESG information either through sustainability reports or annual reports during the same period. Based on these criteria, 39 companies met the sampling requirements, resulting in 117 firm-year observations over three years. The study utilized secondary quantitative data collected through the documentation method from annual reports, sustainability reports, and financial statements, with ESG disclosure serving as the independent variable and corporate investment decisions serving as the dependent variable measured using the Capital Expenditure Ratio (CAPEX) (Brigham & Houston, 2019).

Table 1. Sample Selection Procedure

No.	Sample Selection Criteria	Number of Companies
	Mining companies listed on the Indonesia Stock Exchange	51
1	Companies that did not consistently publish annual reports during 2022–2024	(0)
2	Companies that did not consistently publish sustainability reports or disclose ESG information in their annual reports during 2022–2024	(12)
	Final Sample	**39**
	Firm-year observations (39 × 3 years)	**117**

The collected data were analyzed using panel data regression because the dataset combines cross-sectional observations across companies and time-series observations over multiple years, allowing a more comprehensive evaluation of the relationship between ESG disclosure and corporate investment decisions. The analysis was performed using EViews 12 by estimating the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), after which the most appropriate panel regression model was selected through the Chow test, Hausman test, and Lagrange Multiplier test (Sugiyono, 2023). Descriptive statistical analysis was first conducted to summarize the characteristics of each research variable before estimating the regression model. Hypothesis testing was subsequently carried out using the t-test to examine the partial effect of ESG disclosure on corporate investment decisions while controlling for firm size (SIZE), profitability (ROA), and leverage (DER). The coefficient of determination (R^2) was employed to evaluate the explanatory power of the estimated regression model in explaining variations in corporate investment decisions (Damayanti et al., 2024). The application of panel data regression is considered appropriate because it captures both cross-sectional and time-series variations, thereby providing more efficient and reliable estimates of the relationship between ESG disclosure and investment decisions in mining companies.

Hypothesis Development

Environmental, Social, and Governance (ESG) disclosure represents a strategic communication mechanism through which companies signal their commitment to sustainable business practices, effective risk management, and sound corporate governance, thereby reducing information asymmetry and strengthening investor confidence in accordance with Signalling Theory (Purba, 2023). From the perspective of Stakeholder Theory, transparent ESG disclosure also enhances corporate legitimacy by demonstrating accountability to various stakeholders, which may facilitate access to financial resources and support long-term strategic investments. Companies that consistently disclose comprehensive ESG information are therefore expected to allocate investment resources more efficiently because sustainability-oriented management emphasizes long-term value creation rather than short-term financial performance. Empirical evidence, however, remains inconclusive, as Damayanti et al. (2024) found that ESG disclosure positively and significantly influences corporate investment decisions, whereas Jessica and Arsjah (2025) reported that ESG disclosure has no significant effect on investment decisions, indicating the need for further investigation, particularly in Indonesia's mining sector where sustainability-related risks are considerably higher. Based on the theoretical arguments and the inconsistent empirical findings, the following hypothesis is proposed:

H1: Environmental, Social, and Governance (ESG) Disclosure has a significant effect on Corporate Investment Decisions.

RESULTS AND DISCUSSION

Descriptive Statistics of Research Variables

Descriptive statistical analysis was conducted to provide an initial overview of the characteristics and distribution of the research variables before estimating the panel regression model. The descriptive measures include the mean, median, maximum, minimum, and standard deviation, which collectively describe the central tendency and dispersion of each variable in the dataset. These statistics facilitate the identification of variations in corporate investment decisions, ESG disclosure practices, and firm-specific characteristics across mining companies listed on the Indonesia Stock Exchange. Understanding these preliminary characteristics is important because substantial variability among observations may influence the interpretation of subsequent regression results. The descriptive analysis was performed using EViews 12 based on 117 firm-year observations collected from 39 mining companies during the 2022–2024 period. The analysis provides an empirical foundation for evaluating the statistical relationships examined in the subsequent panel regression model.

The descriptive statistics summarize the distribution of the dependent variable, the independent variable, and the control variables included in the research model. Measures of central tendency and dispersion enable a comprehensive understanding of the characteristics of the observed data while identifying the degree of heterogeneity among firms within the mining sector. Such information is essential because panel regression assumes sufficient variability across observations to estimate the relationship among variables reliably. The descriptive statistics of all research variables are presented in Table 2, providing an overview of their central tendency and dispersion before the panel regression estimation. The reported values also serve as a preliminary indication of differences in investment intensity, sustainability disclosure, firm size, profitability, and capital structure among the sampled companies. The interpretation of these descriptive statistics forms the basis for understanding the empirical results discussed in the following sections.

Table 2. Descriptive Statistics of Research Variables

Variable	CAPEX	ESG	SIZE	ROA	DER
Mean	0.046453	0.641368	29.98205	0.164359	1.228718
Median	0.024000	0.670000	30.30000	0.120000	0.900000
Maximum	0.266000	0.950000	32.80000	0.780000	9.030000
Minimum	0.001000	0.140000	26.40000	0.000000	0.130000
Std. Dev.	0.058402	0.168799	16.62239	0.162366	1.378849

Source: Processed secondary data using EViews 12 (2026)

Table 2 indicates that the dependent variable, corporate investment decisions measured by the Capital Expenditure Ratio (CAPEX), has a mean value of 0.046453, suggesting that mining companies allocated approximately 4.65% of their total assets to capital expenditure during the observation period. The minimum CAPEX value of 0.001000 and the maximum value of 0.266000 reveal considerable differences in investment intensity across firms. The standard deviation of 0.058402 exceeds the mean value, indicating relatively high variability in capital expenditure among the sampled companies. This variation reflects the heterogeneous investment strategies adopted by mining firms in response to differences in operational scale, financial capacity, and business expansion opportunities. Investment decisions are naturally influenced by firms' expectations regarding future economic benefits, making capital expenditure an appropriate proxy for long-term corporate investment decisions (Brigham & Houston, 2019). The observed dispersion also suggests that investment policies are unlikely to be uniform across mining companies operating under different business environments.

The descriptive statistics further demonstrate that ESG disclosure has a mean score of 0.641368, indicating that, on average, the sampled companies disclosed approximately 64% of the ESG indicators included in the measurement index. ESG disclosure ranges from a minimum of 0.140000 to a maximum of 0.950000, illustrating substantial differences in sustainability reporting practices among mining companies. The standard deviation of 0.168799 remains considerably lower than the mean value, suggesting a moderate level of variation in ESG disclosure across the sample. This pattern implies that while many companies have adopted sustainability reporting, the comprehensiveness of ESG disclosure remains uneven because of differences in organizational commitment, reporting quality, and governance practices. Such variation is consistent with the continuing development of sustainable finance implementation and ESG reporting practices in Indonesia following the introduction of sustainability-related regulations (Otoritas Jasa Keuangan, 2017). The relatively high average ESG score also reflects the growing institutional emphasis on integrating environmental, social, and governance considerations into corporate reporting practices (Kostic, 2023).

The control variables exhibit distinct characteristics that reflect differences in corporate financial conditions and organizational capacity. Firm size (SIZE) records a mean value of 29.98205, with observations ranging from 26.40000 to 32.80000, indicating substantial variation in the scale of mining companies included in the sample. Profitability, measured by Return on Assets (ROA), has an average value of 0.164359, while its minimum and maximum values of 0.000000 and 0.780000 demonstrate notable disparities in firms' ability to generate earnings from their asset base. Meanwhile, the Debt-to-Equity Ratio (DER) presents an average value of 1.228718, suggesting that debt financing generally exceeds equity financing among the sampled firms, although leverage levels vary considerably across observations. These differences indicate that mining companies operate under diverse financial structures, profitability levels, and organizational capacities, all of which may influence managerial investment decisions. Previous studies have similarly reported that financial performance and capital structure vary substantially across mining firms because investment intensity is closely associated with operational risks and financing strategies (Fitria & Mariana, 2025).

Overall, the descriptive statistics demonstrate sufficient variability across all variables to support the application of panel data regression in examining the relationship between ESG disclosure and corporate investment decisions. The relatively wide distribution of CAPEX, ESG disclosure, and the control variables indicates that the sampled firms differ substantially in their sustainability practices, financial characteristics, and investment behavior. Such heterogeneity is advantageous for empirical analysis because it enhances the ability of panel regression to capture cross-sectional and intertemporal differences among firms. Although the descriptive statistics provide valuable insights into the characteristics of the dataset, they do not establish causal relationships between the variables. A more rigorous evaluation therefore requires inferential statistical analysis to determine whether ESG disclosure significantly affects corporate investment decisions after controlling for firm size, profitability, and leverage. The results of the panel regression analysis and hypothesis testing are presented and discussed in the following subsection.

Panel Regression Results and Hypothesis Testing

Panel data regression analysis was conducted to examine the effect of Environmental, Social, and Governance (ESG) disclosure on corporate investment decisions after controlling for firm size, profitability, and leverage. The estimation process was performed using EViews 12 by evaluating the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), with the most appropriate specification selected through the Chow, Hausman, and Lagrange Multiplier tests. The selected regression model was subsequently employed to estimate the direct effect of ESG disclosure on the Capital Expenditure Ratio (CAPEX) while controlling for firm-specific financial characteristics. The estimated regression equation is expressed as: $CAPEX = -0.013798 + 0.039919\ ESG + 0.001337\ SIZE - 0.044552\ ROA + 0.001523\ DER + \varepsilon$. The panel regression model provides empirical evidence regarding the direction and statistical significance of each explanatory variable in explaining variations in corporate investment decisions. These results serve as the basis for evaluating the proposed hypothesis and interpreting the role of ESG disclosure within the Indonesian mining industry.

The estimated coefficients, t-statistics, and probability values indicate that none of the explanatory variables achieve statistical significance at the 5% level. Although ESG disclosure, firm size, and leverage exhibit positive regression coefficients, their probability values remain above the established significance threshold, while profitability demonstrates a negative but statistically insignificant coefficient. These findings suggest that the investment decisions of mining companies cannot be sufficiently explained by ESG disclosure or the selected financial control variables alone. The regression output also provides evidence regarding the relative contribution of each variable to the estimated model before a more comprehensive interpretation is undertaken. The complete results of the panel regression estimation and hypothesis testing are presented in Table 3. The statistical output forms the primary basis for the analytical discussion presented in the following paragraphs.

Table 3. Panel Regression Results and Hypothesis Testing

Variable	Coefficient	t-statistic	t-table	Probability	α
ESG	0.039919	1.267942	1.98137	0.2074	0.05
SIZE	0.001337	0.262294	1.98137	0.7936	0.05
ROA	-0.044552	-1.515360	1.98137	0.1325	0.05
DER	0.001523	0.303878	1.98137	0.7618	0.05

Source: Processed secondary data using EViews 12 (2026)

The regression results presented in Table 3 indicate that ESG disclosure has a positive regression coefficient of 0.039919, suggesting that greater sustainability disclosure tends to be associated with higher corporate investment levels. Nevertheless, the probability value of 0.2074 exceeds the 5% significance threshold, while the calculated t-statistic of 1.267942 remains below the critical t-value of 1.98137, indicating that the relationship is statistically insignificant. These findings imply that the extent of ESG disclosure has not yet become a determining factor in corporate investment decisions among mining companies listed on the Indonesia Stock Exchange during the observation period. One possible explanation is that mining firms continue to prioritize operational requirements, project feasibility, commodity price expectations, and financial considerations when allocating capital expenditures rather than relying primarily on sustainability disclosure. The findings are consistent with Jessica and Arsjah (2025), who reported that ESG disclosure does not significantly influence corporate investment decisions because firms continue to emphasize conventional financial indicators when formulating investment policies. In contrast, the results differ from Damayanti et al. (2024), who found that ESG disclosure positively affects investment decisions, indicating that the influence of ESG may vary across industrial sectors and corporate characteristics.

Firm size, represented by the natural logarithm of total assets, produces a positive coefficient of 0.001337 but fails to achieve statistical significance, with a probability value of 0.7936 and a t-statistic substantially lower than the critical value. This finding indicates that differences in organizational scale do not necessarily translate into differences in capital expenditure decisions among mining companies during the study period. Although larger firms generally possess greater financial resources and investment capacity, capital allocation decisions in the mining sector remain highly dependent on project characteristics, resource availability, and external economic conditions rather than company size alone. The capital-intensive nature of mining operations may reduce the explanatory power of firm size because both large and relatively smaller firms are required to make strategic investments to sustain production activities. Similar observations have been reported by Karnaen and Maryani (2025), who found that company size alone does not consistently explain corporate market performance when ESG-related considerations are incorporated into empirical models. These findings suggest that organizational scale should not be interpreted as an independent determinant of investment behavior without considering broader strategic and operational factors.

Profitability, measured by Return on Assets (ROA), exhibits a negative regression coefficient of −0.044552 but does not significantly affect corporate investment decisions, as reflected by the probability value of 0.1325. The negative coefficient suggests that firms with relatively higher profitability do not necessarily increase capital expenditure during the observation period, although the relationship is statistically insignificant. This pattern may indicate that profitable mining companies prefer maintaining financial flexibility, distributing earnings to shareholders, or preserving internal liquidity rather than immediately expanding investment expenditures. The mining industry is characterized by substantial uncertainty associated with commodity price fluctuations and long project development cycles, making profitability an insufficient predictor of investment decisions in isolation. Previous studies have likewise shown that financial performance resulting from ESG implementation does not automatically translate into more aggressive investment behavior because management continues to consider multiple strategic and operational factors before committing capital expenditures (Surianto et al., 2025). Similar evidence was also reported by Edres and Akbar (2026), who emphasized that improved financial performance attributable to ESG implementation does not necessarily guarantee increased corporate investment in mining companies.

Leverage, represented by the Debt-to-Equity Ratio (DER), records a positive coefficient of 0.001523 but does not exert a statistically significant influence on investment decisions because the probability value of 0.7618 substantially exceeds the 5% significance level. This result indicates that differences in capital structure among mining companies are insufficient to explain variations in capital expenditure during the observation period. The regression model also demonstrates relatively limited explanatory power, as indicated by an R^2 value of 0.048286, implying that ESG disclosure together with firm size, profitability, and leverage explains only 4.83% of the variation in corporate investment decisions, while the remaining 95.17% is associated with other factors outside the proposed model. These findings suggest that investment decisions in the Indonesian mining industry are influenced by broader determinants, including commodity price fluctuations, macroeconomic conditions, cash flow availability, corporate governance quality, investment opportunities, and regulatory uncertainty. The rejection of the proposed hypothesis further indicates that ESG disclosure has not yet become a primary consideration in determining corporate investment decisions among mining companies during the 2022–2024 period. From the perspective of Signalling Theory, sustainability disclosure may currently function more as a mechanism for regulatory compliance and stakeholder communication than as a sufficiently strong signal to directly influence strategic investment allocation (Purba, 2023). Similar conclusions were reported by Imro'atus (2025) and Denisa and Sulfitri (2024), who found that the influence of ESG on corporate decision-making becomes more apparent when accompanied by other organizational and financial factors rather than through ESG disclosure alone.

The findings of this study indicate that ESG disclosure does not significantly influence corporate investment decisions among mining companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Although the regression coefficient is positive, the statistical evidence suggests that sustainability disclosure has not yet become a decisive factor in determining capital expenditure policies within the Indonesian mining industry. Investment decisions in this sector are characterized by substantial capital requirements, extended project life cycles, and considerable exposure to commodity price volatility, causing managers to place greater emphasis on operational feasibility and expected financial returns. These characteristics reduce the immediate relevance of ESG disclosure in strategic investment allocation despite the growing importance of sustainability reporting in corporate governance. The empirical evidence therefore suggests that ESG disclosure currently functions more as an instrument of transparency than as a direct determinant of investment policy. This interpretation indicates that the strategic value of ESG disclosure may emerge gradually as sustainability considerations become more deeply integrated into corporate decision-making processes.

The insignificant relationship between ESG disclosure and investment decisions can be explained through the perspective of Signalling Theory, which argues that corporate disclosure serves as a mechanism for reducing information asymmetry by transmitting credible signals regarding organizational quality and future prospects (Purba, 2023). The present findings imply that ESG information disclosed by mining companies has not yet generated a sufficiently strong signal to influence managerial investment behavior. One possible explanation is that investors and corporate managers continue to assign greater importance to conventional financial indicators because these measures provide more immediate information regarding investment feasibility and expected returns. ESG disclosure may therefore be perceived primarily as a compliance-oriented reporting practice rather than a strategic indicator capable of shaping capital allocation decisions. Similar observations have been reported by Jati (2024), who found that the economic implications of ESG disclosure frequently depend on accompanying financial conditions rather than disclosure quality alone. This interpretation reflects the continuing transition of ESG implementation from a reporting requirement toward a fully integrated strategic management practice.

Stakeholder Theory also provides an important framework for understanding the observed findings because sustainable corporate performance depends on balancing the expectations of diverse stakeholder groups rather than focusing exclusively on shareholder interests. ESG disclosure strengthens organizational legitimacy by demonstrating accountability toward environmental protection, social responsibility, and sound corporate governance, yet these benefits may not immediately influence internal investment decisions. Mining companies frequently implement sustainability initiatives to maintain regulatory compliance, strengthen stakeholder relationships, and preserve their social license to operate, while investment decisions remain dominated by project-specific financial evaluations. The development of ESG practices within Indonesia has accelerated following the implementation of sustainable finance regulations issued by the Financial Services Authority, encouraging firms to improve transparency and sustainability reporting (Otoritas Jasa Keuangan, 2017). Comprehensive ESG implementation has also been recognized as an important component of long-term corporate sustainability because it supports organizational resilience and stakeholder confidence (Kostic, 2023). These observations suggest that ESG disclosure contributes more directly to organizational legitimacy than to short-term capital investment decisions.

The findings are generally consistent with several previous empirical studies reporting that ESG disclosure does not necessarily produce immediate changes in corporate financial decision-making. Jessica and Arsjah (2025) concluded that ESG disclosure does not significantly affect investment decisions because firms continue to prioritize liquidity and other traditional financial indicators when allocating investment resources. Comparable evidence was presented by Imro'atus (2025), who argued that the relationship between ESG and investment outcomes is often mediated by broader organizational and financial conditions rather than operating through a direct mechanism. Research conducted by Denisa and Sulfitri (2024) also demonstrated that ESG contributes more effectively to corporate value when supported by complementary governance and financial factors, indicating that sustainability disclosure alone is insufficient to explain investment behavior. Conversely, the present findings differ from Damayanti et al. (2024), who identified a significant positive effect of ESG disclosure on corporate investment decisions, suggesting that sectoral characteristics and institutional environments may explain inconsistencies across empirical studies. Such differences reinforce the importance of considering industrial context when evaluating the strategic implications of ESG implementation.

Another noteworthy finding concerns the relatively low explanatory power of the regression model, indicating that ESG disclosure, firm size, profitability, and leverage account for only a limited proportion of the variation in corporate investment decisions. This result implies that investment behavior within the mining industry is influenced by additional determinants that were not incorporated into the present research model. Previous studies have shown that ESG disclosure contributes to financial performance, corporate value, stock returns, and financing costs, demonstrating that sustainability initiatives generate broader organizational consequences extending beyond investment decisions alone (Herawan et al., 2026; Yulianty & Natita, 2026). Other empirical evidence indicates that improvements in ESG performance enhance financial outcomes and market competitiveness, creating favorable conditions for sustainable corporate growth over the long term (Edres & Akbar, 2026; Surianto et al., 2025). Research focusing on mining companies has likewise shown that ESG implementation influences stock returns, firm value, and market performance through complex financial mechanisms rather than direct effects on capital expenditure (Karnaen & Maryani, 2025; Octaviani et al., 2026). These findings suggest that future empirical models should incorporate broader strategic, operational, and macroeconomic variables to better capture the complexity of investment decision-making in capital-intensive industries.

From a managerial perspective, the results indicate that mining companies should strengthen the integration of ESG principles into strategic planning rather than limiting sustainability disclosure to regulatory compliance and external reporting purposes. Higher-quality ESG implementation has been associated with stronger financial performance, enhanced corporate value, and improved investor confidence, indicating that sustainability initiatives may generate long-term strategic benefits even when their direct effect on investment decisions is not immediately observable (Fitria & Mariana, 2025; Hanafi & Utomo, 2025). The literature also demonstrates that sustainability reporting can positively influence market perceptions and stock valuation by increasing corporate transparency and reducing information asymmetry (Maulidya et al., 2025; Setyaningsih & Wibowo, 2024). Integrating environmental, social, and governance considerations into investment appraisal and corporate risk management may therefore strengthen organizational resilience while supporting sustainable value creation. Similar arguments have been advanced by Ramadika and Putikadea (2025), Fadillah and Az-Zahra (2025), and Ukhudiah and Arifin (2026), who emphasized that the strategic benefits of ESG become more apparent when sustainability practices are embedded within broader corporate governance and financial management systems. Future studies are encouraged to examine moderating and mediating variables, extend the observation period, and employ alternative ESG measurement approaches to provide a more comprehensive understanding of the mechanisms through which ESG disclosure influences corporate investment decisions.

CONCLUSION

The findings of this study demonstrate that Environmental, Social, and Governance (ESG) disclosure does not have a statistically significant effect on corporate investment decisions among mining companies listed on the Indonesia Stock Exchange during the 2022–2024 observation period. Although the estimated regression coefficient indicates a positive relationship, the empirical evidence suggests that ESG disclosure has not yet become a primary determinant in firms' capital expenditure decisions. The results further reveal that the control variables, namely firm size (SIZE), profitability (ROA), and leverage (DER), also fail to exert a significant influence on investment decisions. These findings indicate that corporate investment behavior within the Indonesian mining industry remains driven by factors beyond the variables incorporated in the present research model. The relatively low coefficient of determination confirms that a substantial proportion of variation in investment decisions is explained by other strategic, operational, and macroeconomic factors. Consequently, the proposed hypothesis regarding the significant influence of ESG disclosure on corporate investment decisions is not supported. The empirical evidence suggests that sustainability disclosure alone is insufficient to explain investment allocation decisions in the capital-intensive mining sector.

The results provide important theoretical implications by extending the discussion of Signalling Theory within the context of ESG disclosure and corporate investment decisions. ESG information appears to function primarily as a mechanism for sustainability reporting, regulatory compliance, and stakeholder communication rather than as a direct signal influencing managerial investment decisions. From a practical perspective, mining companies should not regard ESG disclosure merely as a reporting obligation but should integrate sustainability principles into long-term strategic planning so that ESG initiatives generate measurable economic value capable of supporting investment decisions. Investors and regulators may also encourage greater standardization and quality of ESG reporting to improve its usefulness as a strategic source of information in capital allocation decisions. Future studies are encouraged to incorporate additional explanatory variables, such as corporate governance quality, cash flow, investment opportunity sets, commodity price volatility, institutional ownership, or macroeconomic conditions, to improve the explanatory power of empirical models. Expanding the observation period and comparing multiple industrial sectors may also provide broader insights into the evolving role of ESG disclosure in shaping corporate investment behavior under different institutional and economic environments.

REFERENCES

Brigham, E. F., & Houston, J. F. (2019). *Fundamentals Of Financial Management* 15e. Cengage Learning.

Damayanti, V. A., Cahyono, S., & Ardianto, A. (2024). Empirical Evidence of ESG Disclosure's Impact on Corporate Investment Decision in Indonesia. *Jurnal Dinamika Akuntansi dan Bisnis, 11*(1), 135-154. https://doi.org/10.24815/jdab.v11i1.31466

Edres, B. M., & Akbar, R. F. (2026). Pengaruh ESG Terhadap Kinerja Keuangan Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia. *Jejak digital: Jurnal Ilmiah Multidisiplin, 2*(4), 6320-6327. https://doi.org/10.63822/0vzv1v33

Fitria, A. N., & Mariana, M. (2025). Pengaruh Pengungkapan Environmental, Social, dan Governance (ESG) Terhadap Kinerja Perusahaan Energi dan Pertambangan. *GEMILANG: Jurnal Manajemen dan Akuntansi, 5*(3), 190-205. https://doi.org/10.56910/gemilang.v5i3.2189

Denisa, S. E., & Sulfitri, V. (2024). Pengaruh ESG, CSR, dan Keputusan Investasi terhadap Nilai Perusahaan. *Ekonomi Digital, 3*(2), 117-126. https://doi.org/10.55837/ed.v3i2.125

Fadillah, A., & Az-Zahra, F. A. (2025, July). Pengaruh Pengungkapan ESG dan CSR terhadap Nilai Perusahaan pada Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia. *In Prosiding Seminar Nasional Ekonomi dan Akuntansi* (Vol. 5, pp. 358-371). http://prosiding.senakota.nusaputra.ac.id/index.php/prosiding/article/view/263

Hanafi, W. B. P., & Utomo, L. P. (2025). Pengaruh Pengungkapan Enviromental Sosial Governance Terhadap Kinerja Keuangan Perusahaan pada Sektor Pertambangan Yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2019-2023. *Jurnal Ekuilnomi, 7*(1), 12-24. https://doi.org/10.36985/q9gyh751

Herawan, M. I., Cahyandito, M. F., & Raksanagara, A. S. (2026). The Effect of Disclosure of Environmental, Social, And Governance Aspects in the Sustainability Report on Indonesian Mining Companies Value. *In BIO Web of Conferences* (Vol. 225, p. 02002). EDP Sciences. https://doi.org/10.1051/bioconf/202622502002

Imro'atus, S. A. (2025). Environmental, Social dan Governance (ESG) dan Nilai Perusahaan sebagai Keputusan Investasi. *Jurnal Riset Mahasiswa Ekonomi (RITMIK), 7*(2), 168-179. https://journal.stieken.ac.id/index.php/ritmik/article/view/944

Jati, S. (2024). Pengaruh ESG Disclosure , Likuiditas, dan Profitabilitas Terhadap Nilai Perusahaan. *Jurnal Ekonomi Trisakti, 4*(2), 365–374. https://doi.org/10.25105/v4i2.20671

Jessica, D., & Arsjah, R. J. (2025). Pengaruh Pengungkapan ESG, Profitabilitas dan Likuiditas terhadap Pengambilan Keputusan Investasi Perusahaan. *El-Mujtama: Jurnal Pengabdian Masyarakat , 5*(5), 932–946. https://doi.org/10.47467/elmujtama.v5i5.9484

Karnaen, D. F. D., & Maryani, N. (2025). The Influence of Environmental, Social, Governance (ESG) and Company Size on Stock Returns (Case Study of Mining Sector Companies Listed on the IDX 2016-2023 Period). *Journal of International Accounting, Taxation and Information Systems, 2*(3), 337-349. https://doi.org/10.70865/jiatis.v2i3.125

Kholis, N., Aswidah, R., & Prihandono, I. (2020, March). Responsible Investment in Indonesia Mineral Mining Sector. *In 3rd International Conference on Law and Governance (ICLAVE 2019)* (pp. 300-310). Atlantis Press. https://doi.org/10.2991/aebmr.k.200321.039

Kostic, N. (2023). *Building a Sustainable Future ESG Business Handbook*. The AIRE Centre.

Maulidya, P., Azis, M. T., & Djajuli, M. (2025). The Effect of Sustainability Report Disclosure on Stock Prices: An Educational Review. *Journal Corner of Education, Linguistics, and Literature, 5*(001), 198-211. https://doi.org/10.54012/jcell.v5i001.561

Octaviani, A., Gursida, H., & Indrayono, Y. (2026). Empirical Study of Environmental, Social & Governance (ESG) on the Stock Returns of Mining Companies With Profitability as an Intervening Variable Listed on the Indonesia Stock Exchange for the Period 2018-2023?. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE), 9*(1), 514-527. https://doi.org/10.31538/iijse.v9i1.8295

Otoritas Jasa Keuangan. (2017). *Financial Services Authority Regulation*. In Otoritas Jasa Keuangan.

Purba, R. B. (2023). *Teori Akuntansi: Sebuah Pemahaman untuk Mendukung Penelitian di Bidang Akuntansi*. Merdeka Kreasi Group.

Ramadika, V. A., & Putikadea, I. (2025). Impact of ESG Disclosure on Financial Performance in Coal Mining and Oil And Gas Companies. *Finance: International Journal of Management Finance, 3*(2), 65-74. https://doi.org/10.62017/finance.v3i2.101

Setyaningsih, W., & Wibowo, R. S. (2024). Does Earning Per Share Contribute to the Effect of ESG Score on Share Price of Mining Sector Companies?. *Advances in Accounting Innovation, 1*(1), 39-51. https://doi.org/10.69725/aai.v1i1.90

Sugiyono. (2023). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D* (Edisi ke-2, M. Sutopo, Ed.). Alfabeta.

Surianto, N. M., Jauhari, Y., Muflikhah, I., Azisah, A. N., & Wahdana, N. P. (2025). Pengaruh Pengungkapan ESG Terhadap Kinerja Keuangan Perusahaan Pertambangan di Indonesia. *Tangible Journal, 10*(2), 340-353. https://doi.org/10.53654/tangible.v10i2.699

Ukhudiah, U., & Arifin, Z. (2026). The Influence of Green Investment, Environmental Disclosure, and Good Corporate Governance on the Financial Performance of Mining Companies in Indonesia. *Al-Kharaj: Journal of Islamic Economic and Business, 8*(2). https://doi.org/10.24256/kharaj.v8i2.9443

Yulianty, N., & Natita, R. K. (2026). The influence of Environmental, Social, Governance (ESG) and Leverage on the Cost Of Capital (Empirical Study On Mining Companies Listed on the Indonesia Stock Exchange for the 2022-2024 Period). *Journal of Economics and Business Letters, 6*(1), 40-51. https://doi.org/10.55942/jebl.v6i1.1592