THE EFFECT OF BUSINESS STRATEGY AND ENVIRONMENTAL DISCLOSURE ON FIRM VALUE

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ABSTRACT

KEYWORDS

cost leadership strategy; differentiation strategy; environmental disclosure; firm value

This study aims to examine the effect of business strategy and environmental disclosure on firm value. Phenomena related to fluctuations in the Composite Stock Price Index are related to calculating company value, researchers have the aim of testing what factors can affect firm value. The business strategy consists of a cost leadership strategy and a differentiation strategy. The secondary data used in this research is the company's Annual Report and data from Bloomberg. The sample used is the sector Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, and Healthcare, and Energy during 2018-2021, with 164 firm years of data analyzed. Data analysis using multiple linear regression method. This research method uses classical assumption testing consisting of normality, multicollinearity test, heteroscedasticity test and autocorrelation test. This study also tested the coefficient of determination test (R2), F test, T test. The results of the study show that the variable cost leadership strategy and differentiation strategy have a positive effect on firm value. Likewise, the environmental variable disclosure has a positive effect on company value. This research is expected that both companies and investors can consider factors that can increase company value, so that in making decisions can consider these factors.

INTRODUCTION

Firm value needs to be considered and needed in increasing the benefits received by stakeholders including shareholders. Firm value is used by investors to be the main focus in making decisions to invest the funds they have into the company (Budiharjo, 2019). The method in calculating market value can be done by comparing the value of outstanding shares in the market compared to the book value recorded in the company called Tobin's Q method (Arlita, 2019). Regarding the company's market value, the capital market in Indonesia throughout 2021 has experienced a recovery. This can be seen from the trend at the end of 2021, the Composite Stock Price Index has reached the 5th position or increased by 10.1% on an annual basis, but in 2020 JCI had weakened by 0.95% so it can be said that during 2018 to 2021 it experienced fluctuations This JCI phenomenon certainly has a relationship with firm value because the value that can be used in calculating firm value is in the form of company market value.

One factor that is predicted to affect the value of the company is the business strategy applied by a company The business strategy applied by the company can maintain the performance of a company (Izzudin & Dahtiah, 2020). The business strategy applied can be in the form of cost leadership strategy and differentiation strategy. Cost leadership strategy is a competitive strategy carried out by companies by outperforming their competitors in producing a product or providing services that have the lowest cost, the company gains an advantage at competitive product prices, so that it can limit the growth of competitors. Companies that implement this strategy usually have a wide market share and attract that market share with a

price advantage (Blocher et al., 2019). Companies can also use differentiation strategy which is a strategy carried out by the company through the production of a unique product and service, which is usually related to higher product quality, better customer service, or some type of innovation carried out by the company, related to the business strategy applied by the company related to the company's competitiveness. Companies that implement certain business strategies have the opportunity to obtain higher profits compared to competitors will have an impact on increasing investor perception in the capital market, increasing capital market investors' perception of the company can be seen by the increase in the price of shares owned by the company, so that the company's value increases (Muchammad, 2018). Research conducted by Nguyen et al. (2020) shows that business strategies affect the performance of companies measured using Tobin's Q. Other research conducted Wibowo et al. (2021) shows that the strategies used by the company in business competition with its competitors have a significant influence on the company's business value. This study has differences from previous research conducted by Nguyen et al. (2020), the difference lies in the measurement method used in measuring the variables of cost leadership strategy and differentiation strategy. This study also has differences with research conducted by Wibowo et al. (2021) which only took samples from the diving industry from companies registered in the Board of the Indonesian Diving Tourism Business Association (PUWSI), while this study took from the Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, and Healthcare, and Energy sectors adjusted to the phenomena contained in this study.

A factor that is also predicted to affect the value of the company is environmental disclosure. The form of awareness from stakeholders is related to environmental disclosure reports, so this is an encouragement for companies to disclose environment-related activities both voluntarily and compulsorily (Janah & Handayani, 2020). Research by Kamilla (2020) Stating that corporate environmental disclosure has a positive influence on firm value. Other research related to environmental disclosure was conducted by Fan et al. (2020) provide a statement that the quality of the company's environmental disclosure has a positive relationship with the company's assessment. Good environmental disclosure will have an impact on investor interest in the company, this will affect investor perception in the capital market, so that the company can follow the recovery in stock prices which are ultimately related to firm value. This research has differences with research conducted by Kamilla (2020) and Fan et al. (2020). Both Kamilla (2020) and Fan et al. (2020) research use environmental disclosure measurement methods through analysis content based on GRI, While the environmental disclosure measurement method in this study follows research conducted by Li et al. (2018) which uses the environmental disclosure score provided by the Bloomberg Database. Companies that disclose such information can increase the trust of stakeholders including managers and internal parties, customers, suppliers, competitors, the public, regulators and company investors (Utami, 2019). The environmental disclosure measurement used in this study uses an environmental disclosure score provided by Bloomberg Database following research conducted by Li et al. (2018).

This study used three control variables, namely company size, leverage, and company growth. The method of measuring the size of the company follows research conducted by Tandanu and Suryadi (2020) is Ln Total Asset. Leverage in this study was measured using the debt to equity ratio as per the study Putra and Gantino (2021). The company's growth in the study followed Fajriah et al. (2022) which is calculated by subtracting the Total Assets in the year then subtracting the Total Assets in the previous year, then dividing by the Total Assets in the previous year, the ratio used to calculate the growth of this company follows the research conducted, as well as the method also used in the study Zahir (2021). This study aims to determine how the influence of business strategy consisting of cost leadership strategy and

differentiation strategy on firm value. This study also aims to determine the effect of environmental disclosure on firm value.

Hypothesis Development
The Effect of Business Strategy on Firm value

The company implements special strategies to increase the value of the company. Companies that implement a cost leadership strategy will be able to reduce production costs. Companies that implement a cost leadership strategy have efficient business operations and can make good use of their resources (Wu et al., 2015). This can reduce costs, this has an impact on increasing profits obtained by the company. Lower costs can also make a company have a product with a competitive price so that it will benefit. The company's opportunity to increase company profits will get a positive response from capital market investors, it will affect the company's stock market price. An increased stock price in the capital market will make the company's value increase. Wibowo et al. (2021) stating that competitive strategy has an influence on firm value. Bria (2022) stated that cost leadership strategy has a positive influence on firm value. Likewise, research conducted by Purwianti (2019) stated that cost leadership strategy affects company performance.

Companies that succeed in implementing a differentiation strategy gain considerable advantages because companies can determine higher selling prices by offering products that are diverse and have the features needed by buyers and maintain buyer loyalty. The profits obtained by the company are profitable for investors and attractive to potential investors in the capital market, thus the company's market price will be influenced by the attractiveness and request for stock purchases from investors, so that in the end it will have an impact on the value of the company. The opportunity to increase company profits will be appreciated positively by investors in the capital market. Positive appreciation from investors will affect the value of the company seen through investor perceptions in the capital market (Muchammad, 2018). Research conducted Al-Surmi et al. (2020) shows that triadic strategic aligment, one of which is business strategic orientation, has a strong influence on company performance. Research by Nguyen et al. (2020) stated that the effect of differentiation strategy on the dependent variable measured using Tobins Q shows a significant influence. Other studies that have been conducted Wibowo et al. (2021), it also stated that differentiation strategy has a stronger influence on company business value. Based on the explanation that has been described, the hypothesis in this study can be developed following the hypothesis developed by the study Nguyen et al. (2020) and also follow the hypothesis there is research Bria (2022) which are as follows:

H1a: Business strategy in the form of cost leadership strategy has a positive effect on firm value.

H1b: Business strategies in the form of differentiation strategies have a positive effect on firm value.

The Effect of Environmental Disclosure on Firm value

In accordance with signalling theory, environmental disclosure carried out by the company provides positive signals to investors on the performance and environmental activities carried out by the company. When a company pays attention to environmental performance, then disclosing environmental activities will have an impact on the increase in the company's stock price in the capital market. Environmental disclosure can trigger investors to put their funds into the company, so the better the value of environmental disclosures (environmental disclosures scores), the higher the value of the company Anggreni et al., (2022). The company strives to be able to meet the expectations of stakeholders by presenting environmental disclosure, this will improve the company's good image and affect the

company's position in the capital market, this can certainly increase the company's value (Mumtazah & Purwanto, 2020). This is in line with the results of research conducted by Anggreni et al., (2022) Environmental accounting disclosures have a significant positive influence on the value of the company. According to Fitri et al. (2019) the more information related to the environment revealed by the company, the confidence investors have in the company. Research conducted by Sundari and Setiany (2021) stated that environmental disclosure has a positive influence on the value of the company. Based on what has been explained, hypotheses related to the relationship of environmental disclosure to firm value are as follows:

H2: Environmental Disclosure has a positive effect on firm value.

RESEARCH METHOD

Research Design

This research is a causal, a problem is cause and effect between one another. Research is also quantitative research. Quantitative research uses valid, reliable, and statistical analysis so that the results of the study describe the real condition. The dependent variable that the researchers used in this study was the value of the company, while the independent variable that the researchers used was a business strategy in the form of a cost leadership strategy and differentiation strategy, and an independent variable in the form of environmental disclosure. Control variables contained in this study include company size, leverage, and company growth.

Operational Definition and Measurement of Research Variables

A variable must be defined operationally with the aim of making it easier to find relationships that exist among variables that have a conceptual nature (Nasrudin, 2019). Research variables are objects that are used as research which can be in the form of objects, transactions or events that reflect a condition or value of each research subject (Ulfa, 2021).

Variabel Dependent

The dependent variable in a study is a variable or data that is influenced by an independent variable or independent variable (Sembiring, 2019). Firm value reflects the level of success of the company that has a relationship with the stock price. The measurement of firm value in this study uses Tobin's Q. Tobin's Q is used in measuring firm value because Tobin's Q measures firm value both in the form of tangible and intangible assets (Dzahabiyya et al., 2020).

$$\text{Tobin's Q} = \frac{\text{MVE} + \text{Debt}}{\text{Total Asset}}$$

Independent Variables

Independent variable is a type of variable that influences the dependent variable, changes that occur in the independent variable can be the cause of changes in the dependent variable (Sembiring, 2019).

Business Strategy

This research uses two business strategies, namely cost leadership strategy and differentiation strategy. The Asset Turn Over equation used to measure cost leadership strategy is in accordance with the equation used in the research of Wu et al. (2015) which shows the higher the ratio between output and input, the better the company in using resources in achieving operational excellence so that it shows the cost leadership strategy used by the company. The measurement of cost leadership strategy in this study uses Asset Turn Over which follows research conducted by Agustia et al. (2020). The equation is:

$$\text{ATO} = \qquad \text{Operating sales}$$

$$\text{Average operating assets}$$

with:

Operating assets = Total Asset – Cash – Short Term Investment

Differentiation strategy is a strategy that emphasizes achieving competitive advantage by creating uniqueness and distinctiveness in the features of goods and services offered to customers. The Profit Margin equation based on research by Wu et al. (2015) using equations involving operating income and research and development expenditure (R&D Expenditure) divided by sales. Profit Margin is used to calculate differentiation strategies following previous research conducted Agustia et al (2020) which are as follows:

$$PM = \frac{\text{(Operating income + R\&D)}}{\text{Sales}}$$

A typical product manufacturing process, companies must strive to develop products constantly by incurring research and development (R&D) costs. Therefore, profit margin involving R&D cost elements is a proxy that can be used as a proxy differentiation strategy (Wu et al., 2015).

Environmental Disclosure

Environmental disclosure measurement using Environmental disclosure score provided by Bloomberg Database. Environmental disclosure score assessments are conducted by industry experts in the Bloomberg database. The final score given by Bloomberg on environmental disclosure in each company is between 0 to 100 (Citrajaya & Ghozali, 2020).

Control Variables

The control variables in this study are company size, leverage, and company growth. Measurements of each of these control variables include:

Company Size

$$\text{Size} = \text{Logaritma natural to Total Assets}$$

Leverage

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Company Growth

$$\text{Growth} = \frac{\text{(Total Asset (t) – Total Asset (t-1))}}{\text{Total Asset (t-1)}}$$

Population, Sampling Techniques, and Data Collection Procedure

This study uses secondary data which includes annual financial statements made by companies available on the Indonesia Stock Exchange to look for dependent variables in the form of firm value and independent variables in the form of business strategies. Independent variables in the form of environmental disclosure using data obtained through the Bloomberg Database. The population in this study is companies listed on the Indonesia Stock Exchange engaged in the Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, Healthcare, and Energy sectors. The sampling technique used in this study used purposive sampling. Some considerations in determining the population of the study sample are as (a). Companies listed on the Indonesia Stock Exchange engaged in the Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, and Healthcare, and Energy sectors. (b). Companies such as the above sectors that publish Annual Financial Statements in the period 2018-2021 and have data that will be used in this study. (c). Companies such as the above sectors, whose data on the company's environmental disclosure score is available in the Bloomberg Database. The data used in this study used secondary data in the form of the company's annual report and environmental disclosure score from the selected companies as research samples. The company's annual report is obtained from the official website of the Indonesia Stock Exchange,

namely www.idx.co.id. Environmental disclosure score is obtained from data provided by Bloomberg Database.

Data Analysis Methods
Classical Assumption Testing

Classical assumption test is a statistical method used in multiple linear regression analysis to ascertain whether there is a classical assumption problem or not in the Ordinary Least Square (OLS) linear regression model. The purpose of this test is to provide certainty about the regression equation obtained precisely in its estimates, unbiased and consistent. Normality test is a test that has the purpose of testing whether the distribution of data in a group of data or variables is normally distributed or abnormal. The normality-related test used in this study was the Kolmogorov-Smirnov statistical test (K-S Test) (Gunawan, 2020). This Multicollinearity Test was conducted to check whether the regression model in this study had a relationship or correlation between independent variables or independent variables. A regression model is considered a good model if there is no multicollinearity (Ningsih & Dukalang, 2019). The multicollinearity test in this study uses the value of Variance Inflation Factor (VIF) and tolerance value. If the value of VIF<10 and the tolerance value > 0.1 then there is no multicollinearity, while if the value of VIF > 10 and the tolerance value of 0.1 then there is multicollinearity. The heteroscedasticity test is a test that has the aim of knowing whether the variance in the model is constant or not (Gunawan, 2020). If the sig value $>$ alpha (0.05) there is no heteroscedasticity. Likewise, if the sig value $<$ alpha (0.05) then there is heteroscedasticity. This autocorrelation test is to determine whether the regression model has a correlation between confounding errors in period t and period t-1. Autocorrelation Test in this study using Run-Test. The decision making used is that if the value of Asymp (2-tailed) > 0.05, the conclusion is that there is no autocorrelation. If the value of Asymp Sig (2-tailed) <0.05 then there is an autocorrelation.

Multiple Regression Analysis

Multiple regression analysis uses the independent variable to explain variance in the dependent variable. The dependent variable is predictably influenced by two or more independent variables.

$$Y = \beta0 + \beta1\ ATOit + \beta2\ PMit + \beta3\ ENVit + \beta4\ Ln\ Assetit + \beta5\ Leverageit + \beta6\ Growthit + \varepsilon$$

Coefficient of Determination Test (R₂), Uji F, Uji T

The coefficient of determination shows how much the independent variable contributes to the dependent variable. This analysis is to determine the percentage of effect contribution from the independent variable simultaneously with the dependent variable (Mardiatmoko, 2020). Test F aims to determine whether the independent variable simultaneously influences the independent variable (Mardiatmoko, 2020). The criterion of the F test is that if the significant value of F < 0.05 means that the independent variable in the regression model of the independent variable has a simultaneous influence on the dependent variable. T test is a test performed to determine how the influence of each independent variable on the dependent variable, partially whether the effect is significant or not (Mardiatmoko, 2020). If the significance value of the T test > 0.05 then there is no effect of the independent variable on the dependent variable. However, if the significance value of the T test < 0.05 then there is an influence of the independent variable on the dependent variable.

RESULTS AND DISCUSSION
Data Description

The population used in this study is companies in the Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, Healthcare, and Energy sectors during the period 2018 to 2021. Sampling is done through purposive sampling method. This research data was processed using Statistical Product and Service Solution (SPSS). The criteria for sample selection in this study are (a). Companies in the Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, Healthcare, and Energy sectors listed on the IDX from 2018 to 2021, (b). Companies in the above sectors listed on the IDX from 2018 to 2021 that are not the main board, (c) Companies in the above sectors that are the main board but do not have the data needed in research for 2018 to 2021 (both environmental disclosure score and other data). The total research sample was obtained there were 180 data, then there were 16 outliers and the total sample studied was 164 data.

Data Analysis
Descriptive Statistical Analysis
Descriptive statistical analysis is used to reflect the characteristics of the data to be used in drawing conclusions. This analysis uses tools in the form of mean values, standard deviations, maximum values, and minimum values.

Table 1. Descriptive Statistics

	Firm Value	CLS	DIFF	ENV	Size	LEV	Growth
N	164	164	164	164	164	164	164
Mean	1,7606	1,0807	0,1296	24,9737	30,6440	1,3481	0,0892
Std. Deviation	1,2856	0,7140	0,1017	19,9958	1,1420	2,3915	0,2024
Maximum	9,5013	3,6662	0,4192	69,8900	32,8204	24,8489	1,6761
Minimum	0,6115	0,1972	-0,1798	0,0000	27,2553	0,1437	-0,2870

Classical Assumption Test
The classical Assumption Test is used to determine whether the use of regression models in this study is feasible or not.

Normality Test
The Normality Test is performed to test whether the data contained in a group is normally distributed or abnormal. This study used non-parametric analysis in the form of One Sample Kolmogorov-Smirnov. The decision-making criterion in the Kolmogorov-Smirnov test is that if a significance value of > 0.05 means that the data is normally distributed. This research initially contained outliers that caused initially the data not to be distributed normally, so it was necessary to do outliers to meet the classical assumption test of normality. The following are the results of the normality test after the normality test was carried out again:

Table 2. Normality Test Results

	Unstandardized Residual
Test Statistic	0,062
Asymp.Sig.(2-tailed)	0,200

Based on the table above, it shows the results of the normality test using One Sample Kolmogorov-Smirnov with a significance value of 0.200, so it can be concluded that the data in this study has been distributed normally.

Multicollinearity Test
Multicollinearity testing in this study uses Variance Inflation Factor (VIF) values and tolerance values. The results of the multicollinearity test can be seen as follows:

Table 3. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
CLS	,897	1,114
Diff	,834	1,199
ENV	,778	1,286
Size	,742	1,347
Lev	,899	1,113
Growth	,898	1,114

Based on the test results in the table above, the VIF values of the independent variables in the regression model are all less than 10 (VIF<10) and the tolerance values of the independent variables in the regression model are all worth more than 0.1 (tolerance >0.1), so it can be concluded that the regression model in this study does not have multicollinearity.

Heterokedasticity Test

Heteroscedasticity test is a test that has the aim of knowing whether the variance in the model is constant or not (Gunawan, 2020).

Table 4. Heterokedasticity Test Results

Variable	Sig.	Conclusion
Cost Leadership Strategy	0,316	No heterokedasticity
Differentiation Strategy	0,235	No heterokedasticity
Environmental Disclosure	0,745	No heterokedasticity
Size	0,305	No heterokedasticity
Leverage	0,417	No heterokedasticity
Growth	0,291	No heterokedasticity

Based on the results of the heterokedasticity test shows that all independent variables in this study have a significance value greater than 0.05, so it can be concluded that the data in this study have the same variance in the regression model or there is no heterokedasticity.

Autocorrelation Test

This autocorrelation test aims to determine whether the regression model has a correlation between confounding errors in period t and period t-1.

Table 5. Autocorrelation Test

	Unstandardized Residual
Asymp.Sig.(2-tailed)	0,085

Asymp value. Sig (2-tailed) of 0.085 is greater than 0.05, thus it can be concluded that the data used in this study do not have autocorrelation.

Test the hypothesis

Multiple regression analysis uses the independent variable to explain variance in the dependent variable. The dependent variable is predictably influenced by two or more independent variables.

Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) test in this study was conducted to test the extent to which the model's ability to explain the dependent variable. The results of the coefficient of determination (R^2) test in this study are as follows:

Table 6. Test Results Coefficient of determination (R^2)

Model	R	R Square	Adjusted R Square
Multiple Regression Analysis	0,621	0,386	0,363

Based on the table above, the Adjusted R Square value of 36.3% means that the variables Cost leadership strategy, Differentiation Strategy, and Environmental Disclosure are able to affect the Firm value variable by 36.3% while the remaining 63.7% is influenced by other variables outside this study.

Test F

The F test is performed to determine whether the independent variable simultaneously influences the independent variable (Mardiatmoko, 2020).

Table 7. F Test Results

Model	F	Sig.	Conclusion
Regression	16,458	0,000	Simultaneously influential

Based on the table above, the significance value on the F test is 0.000 which means less than 0.05. The calculated F value of 16.458 has a greater value than the table F and the significance value in the F test is less than 0.05 in this study indicating that all independent variables included in the regression model have a simultaneous influence on the dependent variable in the regression model.

T Test

T test is a test performed to determine how the influence of each independent variable on the dependent variable, partially whether the effect is significant or not (Mardiatmoko, 2020).

Table 8. T Test Results

Model	Directional prediction	B	t	Sig.	Sig. (one tailed)	Conclusion
(Constant)		1,773	1,727	,086	,043	
CLS	Positive	,428	8,520	,000	,000	H1a accepted
Diff	Positive	2,005	5,478	,000	,000	H1b accepted
ENV	Positive	,069	2,493	,014	,007	H2 accepted
Size	Control variables	-,075	-2,157	,033	,0165	-
Leverage	Control variables	,001	,083	,934	,467	-
Growth	Control variables	-,007	-,039	,969	,4845	-

Based on the table above, the multiple regression model equation can be obtained as follows:

Firm value = 1,773 + 0,428 CLSit + 2,005 DIFFit + 0,069 *ENV*it – 0,075 *Size*it + 0,001 *Leverage*it + 0,007 *Growth*it

Based on the results of the T Test and the regression equation, it can be explained as follows:

1) The constant value is 1.773 and has a positive value, this means that if the variables cost leadership strategy, differentiation strategy, environmental disclosure, size, leverage, and growth are assumed to be constant or equal to zero, then the value of the company is 1.773.
2) The cost leadership strategy coefficient of 0.428, meaning that if the cost leadership strategy of a company increases by 1 unit while other independent variables in this study are considered constant, then the company's value variable will increase by 0.428. The significance value of the cost leadership strategy is 0.000 which means less than 0.05, so

it can be concluded that the cost leadership strategy affects the value of the company. A positive t value indicates that the cost leadership strategy variable has a unidirectional relationship with the firm value variable.

3) The differentiation strategy coefficient is 2.005, meaning that if the differentiation strategy of a company increases by 1 unit while other independent variables in this study are considered constant, then the firm value variable will increase by 2.005. The significance value of differentiation strategy is 0.000 which means less than 0.05, so it can be concluded that differentiation strategy affects the value of the company. A positive t value indicates that the differentiation strategy variable has a unidirectional relationship with the firm value variable.

4) The environmental disclosure coefficient is 0.069, meaning that if the environmental disclosure of a company increases by 1 unit while other independent variables in this study are considered constant, then the company's value variable will increase by 0.002. The significance value of environmental disclosure is 0.007 which means less than 0.05, so it can be concluded that environmental disclosure affects the value of the company. A positive t value indicates that the environmental disclosure variable has a direct relationship with the firm value variable.

Discussion

The Effect of Business Strategy on Firm value

The company's business strategy consists of cost leadership strategy and differentiation strategy. According to Blocher et al. (2019), companies will find it difficult to successfully win the competition if they only implement one strategy between cost leadership strategy and differentiation strategy, the company must compete in price (cost leadership strategy) and product functionality (differentiation strategy), so it can be concluded that the company can implement both strategies simultaneously. This study follows previous research conducted by Nguyen et al. (2020) and research by Bria (2022) by examining the effect of each of these strategies on firm value. This research obtained the results that cost leadership strategy and differentiation strategy both have a positive influence on firm value. In line with research Izzudin and Dahtiah (2020) stated financial performance can be influenced by business strategy, as well as research by Al-Surmi et al. (2020) which stated business strategy has an influence on company performance.

Cost Leadership Strategy

Based on hypothesis testing, cost leadership strategy has a significant positive influence on firm value. This result is in line with the statement from Bria (2022) which stated that the cost leadership strategy has a positive influence on firm value. This result is also in line with Purwianti (2019) which stated that cost leadership strategy affects company performance. This means that if a company increasingly implements a cost leadership strategy, it will further increase the value of the company. Companies that implement a cost leadership strategy are considered efficient in utilizing their operating assets to achieve certain sales. Companies that implement a cost leadership strategy have efficient business operations and can make good use of their resources (Wu et al., 2015), which can lower costs. Lower costs can also make a company have a product that can compete in price so that it will make a profit. The company will allocate lower production costs by implementing this strategy, so that the profits obtained by the company will be higher than competitors (Nguyen et al., 2020). The benefits obtained by the company by implementing a cost leadership strategy which can be seen from the net sales obtained by the company and the company's ability to reduce its operational costs will increase investor confidence, so that this can cause stock prices in the capital market to increase

(Rahmadhani, 2019). Companies can increase their corporate value through the implementation of cost leadership strategy.

Differentiation Strategy

Differentiation strategy related to unique customer products or customer services (Wibowo et al., 2021). Based on the results of this study, differentiation strategy has a significant positive influence on firm value. These results are in line with research conducted by Nguyen et al. (2020) and research conducted by Elisabet and Mulyani (2018). This means that if a company increasingly applies a differentiation strategy, the higher the value of the company. Companies that apply a differentiation strategy can apply higher prices with the advantages of the products or services offered, with higher prices the company will get a higher operating income. This will attract investor interest in the capital market, because investors are attracted to companies that have higher profits. The large number of investors interested in a particular company in the capital market will increase the stock price of that company, so it will increase the value of the company.

Environmental Disclosure

Based on the results of the hypothesis test, it was found that environmental disclosure has a significant positive influence on the value of the company. This is in line with research conducted by Kamilla (2020), Anggreni et al. (2022), Fitri et al. (2019), Sundari and Setiany (2021), Suretno et al. (2022) which stated that corporate environmental disclosure has a positive influence on firm value. Muslichah (2020) stated that environmental disclosure has a significant influence on company performance. Mumtazah and Purwanto (2020) conveyed that environmental disclosure is positively related to firm value but the effect is not significant. If the company has a higher environmental disclosure score, the company's value will also increase. Information disclosed by the company in the form of environmental disclosure gives a positive signal to stakeholders, this can have an influence on the decision-making process carried out by investors when investors will put down their funds. The decision taken by the investor relates to the request for the purchase of shares of the company. The higher the demand for the purchase of shares of a company, the stock price of the company will increase. The increase in stock price will increase the value of the company, The results of this study are in line with the research of Aboud and Ahmed (2018) stated that the better ESG disclosure, the better the company's value because environmental, social, and governance disclosures are related to corporate image.

CONCLUSION

This study was conducted to provide empirical evidence on the influence of business strategy through proxies of cost leadership strategy and differentiation strategy and environmental disclosure as measured by environmental disclosure score provided by Bloomberg Database. This research took samples from the Basic Materials, Consumer Non-cyclicals, Consumer Cyclicals, and Healthcare, and Energy sectors listed on the Indonesia Stock Exchange and also listed on the Bloomberg Database in the 2018-2021 period.

The company's business strategy consists of cost leadership strategy and differentiation strategy. According to Blocher et al. (2019), companies will find it difficult to successfully win the competition if they only implement one strategy between cost leadership strategy and differentiation strategy, the company must compete in price (cost leadership strategy) and product functionality (differentiation strategy), so it can be concluded that the company can implement both strategies simultaneously. Based on hypothesis testing, cost leadership strategy has a significant positive influence on firm value, this means that if a company increasingly implements a cost leadership strategy, it will further increase firm value. Based on the results of this study, differentiation strategy has a significant positive influence on firm value, this

means that if a company increasingly applies a differentiation strategy, the higher the value of the company. Based on the results of the hypothesis test, it was found that environmental disclosure has a significant positive influence on the value of the company, if the company has a higher environmental disclosure score, firm value will also increase.

A study is certainly inseparable from limitations as well as this study. The first limitation in this study is that not all companies in Indonesia are registered and have an environmental disclosure score in the Bloomberg Database, so that from the sectors sampled in this study, not all companies in each sector have an environmental disclosure score in the Bloomberg Database. The next limitation is that this study has outliers due to extreme data that cannot be avoided, so there are 16 data outliers that must be discarded to meet the test of the classical assumption of normality.

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