ABSTRACT

The objective of this study is to explore the effect of ESG, dividend payout ratio (DPR), and institutional ownership (INST_OWN) on firm value (TOBINS_Q) in Indonesia from 2010 to 2010 with firm size as a moderating variable. This study utilizes annual data from Indonesia Stock Exchange with a total sample of 58 companies. Panel data processing is carried out with moderated regression analysis. Research findings indicate a negative significant effect between ESG and firm value. This suggests that ESG disclosure may increase the costs of companies, leading to reduction in firm value while DPR and INST_OWN have a significant positive effect which is explained by signalling theory. The introduction of firm size on the variables resulted a positive significant effect on ESG and INST_OWN. This implies that large company would be able to invest in long-term ESG projects benefits the company while institutional ownership on large company reduce information asymetry. The addition of firm size as moderation to DPR does not have a significant impact on firm value.

Keywords : Environmental, social, governance, dividend payout ratio, institutional ownership, firm value