

Abstrack

This study aims to examine the mediating role of financial performance in the relationship between Environmental, Social, and Governance (ESG) disclosure and innovation performance on firm value. A quantitative approach was employed using secondary panel data collected from 23 publicly listed companies on the Indonesia Stock Exchange (IDX) over the period 2019 to 2023, resulting in a total of 115 observations. The analysis was conducted using panel data regression models processed with EViews software. ESG and innovation performance serve as independent variables, financial performance acts as the mediating variable, and firm value is the dependent variable. The findings reveal that both ESG and innovation have a positive impact on firm value, either directly or indirectly through financial performance. Financial performance partially mediates the relationship between ESG and firm value, as well as between innovation and firm value. These results reinforce the Resource-Based View (RBV) and stakeholder theories, and indicate that effective management of sustainability practices and innovation can significantly enhance firm value.

Keywords: ESG Disclosure, Innovation Performance, Firm Value