

ABSTRACT

Good Corporate Governance increases firm value and stock performance, as does ESG. Previous studies with inconsistent findings have motivated this research, which aims to examine the relationship between Corporate Governance, ESG, and firm value. Additionally, this study investigates how firm value, ESG, and corporate governance in Indonesia have experienced a decline and are interconnected during the period 2018–2023. This decline is likely due to a decrease in ESG scores and institutional ownership.

The data used in this research were obtained from the annual reports of companies listed on the Indonesia Stock Exchange (IDX) for the period 2018–2023, totaling 118 observations. The analytical method used is multiple linear regression. The dependent variable in this study is firm value, measured by Tobin's Q, while the independent variables include board size, institutional ownership, managerial ownership, and ESG performance.

The results show that ESG, institutional ownership, and managerial ownership have a positive and significant effect on firm value, whereas board size has no significant effect. Other variables such as board size and financial performance were also found to have no significant impact on firm value. These findings indicate that higher institutional involvement, better ESG performance, and greater managerial ownership are associated with increased firm value.

Board size does not directly affect market valuation and is therefore not a key determinant in increasing firm value in the manufacturing sector. These findings emphasize that a strong focus on sustainability (ESG) and ownership structure are critical factors that companies must optimize to enhance investor confidence and market value.

Keywords: Firm Value, Corporate Governance, Tobin's Q, ESG, Institutional Ownership, Managerial Ownership.