

ABSTRACT

This study aims to examine the effect of Environmental, Social, and Governance (ESG) performance as well as financial performance on firm value. The main focus of this research includes three aspects: (1) the effect of ESG performance on firm value, (2) the effect of Return on Equity (ROE) on firm value, and (3) the effect of Return on Assets (ROA) on firm value. The sample consists of 82 non-financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023, with a total of 246 observations obtained through purposive sampling. Data analysis was conducted using multiple linear regression to test the relationships between variables.

The results indicate that ESG performance, measured using the combined ESG score, does not have a significant effect on firm value. Similarly, ROE also shows no significant effect on firm value. In contrast, ROA is found to have a significant effect on firm value. These findings highlight that the efficiency of asset utilization in generating profit plays a more dominant role in enhancing firm value compared to ESG aspects or equity returns.

Keywords: Environmental, Social, Governance (ESG), Return on Equity (ROE), Return on Assets (ROA), Firm Value, Tobin's Q.