

## **ABSTRACT**

*This study is motivated by the persistent uncertainty regarding the impact of environmental performance on firm value, which reflects a gap between theoretical expectations and market response. The purpose of this study is to analyze the impact of environmental performance on firm value, considering the moderating role of ownership structure, which includes insider ownership and institutional ownership. A quantitative approach with a causal research design is employed to examine causal relationships among variables, grounded in signaling and agency theory. The dataset comprises 140 publicly listed companies in Indonesia from 2019 to 2023, resulting in 473 firm-year observations, which are analyzed using panel data regression. Environmental performance is measured using the Bloomberg Environmental Performance Score, firm value is proxied by Tobin's  $Q$ , and ownership structure is measured by the proportion of insider and institutional ownership. The results indicate that environmental performance does not provide convincing evidence of a positive impact on firm value. However, both insider and institutional ownership significantly moderate this effect in a positive direction. These findings confirm that insider ownership fosters an alignment of interests between management and shareholders, while institutional ownership functions as an effective external monitoring mechanism that reduces information asymmetry. This study contributes to the literature by providing empirical evidence that the effectiveness of environmental performance signals is contingent upon ownership structure, particularly in the context of emerging markets. Practical implications highlight the importance of a more active role for institutional investors in encouraging sustainable environmental practices.*

**Keywords:** *Environmental Performance, Firm Value, Insider Ownership, Institutional Ownership, Agency Theory, Signaling Theory.*

