ABSTRACT

This study aims to examine the effect of Environmental, Social, and Governance (ESG) on firm value with operational efficiency as a mediating variable. This research uses a quantitative approach with secondary data obtained from the Bloomberg database. The population consists of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period, using a purposive sampling technique. The research variables include ESG score as the independent variable, firm value as the dependent variable, operational efficiency as the mediating variable, and COVID-19 as a control variable. The data analysis technique used is Partial Least Squares-Structural Equation Modeling (PLS-SEM). The results show that ESG has a positive effect on firm value, while ESG has a negative effect on operational efficiency. Operational efficiency has a positive effect on firm value, and ESG is unable to mediate the relationship between ESG and firm value.

Keywords: *ESG, Environmental Social Governance, Firm Value, Operational Efficiency, Manufacturing Companies, Indonesia Stock Exchange (IDX)*