

ABSTRACT

This study aims to analyze the influence of Environmental, Social, and Governance (ESG) aspects on the firm value of manufacturing companies listed on the Indonesia Stock Exchange (IDX), with financial performance as an intervening variable. Financial performance is measured using Return on Assets (ROA), while firm value is evaluated with Price to Book Value (PBV). This research seeks to understand how ESG factors contribute to company valuation and the mediating role of financial performance in this relationship.

The study population consists of all manufacturing companies listed on the IDX from 2018 to 2022. Using purposive sampling, 39 companies were selected as research samples. The analysis was conducted using panel data regression with a logarithmic transformation to reduce heteroscedasticity in the applied model.

The research findings indicate that the environmental aspect (ENV) has a positive and significant effect on PBV but a minimal negative impact on ROA. The social factor (SOC) also has a positive and significant influence on PBV, while its impact on ROA is relatively insignificant and negative. Meanwhile, corporate governance (GOV) does not affect either PBV or ROA. Additionally, ROA has a positive and significant effect on PBV but does not act as a mediator in the relationship between ENV, SOC, or GOV and PBV.

Keywords: ESG, ROA, PBV, Financial Performance, Firm Value.

