

THE INFLUENCE OF INTELLECTUAL CAPITAL, FINANCIAL PERFORMANCE AND INSTITUTIONAL OWNERSHIP ON CORPORATE VALUE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MODERATION

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ABSTRACT

The research is aimed at analyzing the influence of intellectual capital, financial performance, and institutional ownership on the value of companies with Environmental, Social, and Governance (ESG) as a moderation variable. In this study, data was collected from 140 annual reports of companies listed on the Indonesian Stock Exchange and holding ESG values for the period 2020-2023. Regression analysis and moderation analysis are used to test research hypotheses. The results of this research hope to provide a deeper insight into how intellectual capital, financial performance, and institutional ownership contribute to the value of a company. These findings can be important contributions in the context of intellectual capital management, improved financial performance, institutional ownership, corporate value, and ESG practices, as well as providing strategic insights for companies in increasing their value through better management and the application of sustainability principles.

Keywords: *Intellectual Capital; Financial Performance; Institutional Ownership; Corporate Value; Environmental, Social and Governance (ESG).*

I. INTRODUCTION

Firm value is a crucial indicator reflecting a company's success and sustainability in the market, drawing the attention of investors, management, employees, and the public. In a competitive global context, firm value not only represents shareholders' wealth but also the company's ability to survive, grow, and innovate. High firm value indicates positive expectations for future performance, thereby attracting investor interest.

On the Indonesia Stock Exchange (IDX), the primary goal of companies is to increase profits and shareholder confidence, which is reflected in stock prices. High stock prices indicate positive expectations for the company's ability to generate sustainable profits, manage risks, and capitalize on market opportunities. The process of going public provides companies with access to capital for expansion and innovation, which attracts investors due to the

potential for capital gains and dividends.

Investors often use information from the IDX, such as sector weights and index points, in making investment decisions. Sectors with significant weight in the index have a substantial impact on market movements, so index fluctuations influence firm value and investment decisions.

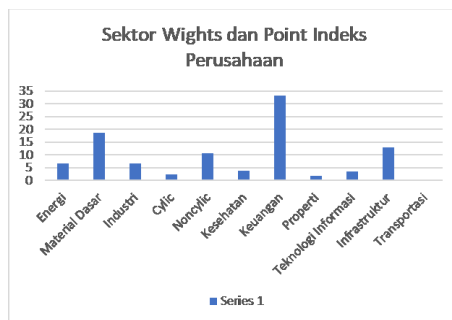


Figure 1. 1 Sector Weights and Point Index

Source: Bursa Efek Indonesia

Intense competition forces companies to implement effective strategies to enhance their value in the eyes of investors. When conducting an IPO, the main goal of a company is to create high value through stock price optimization (Slamet et al., 2019). One way to survive in a competitive environment is by optimizing the use of resources, both tangible and intangible, including intellectual capital (Ikram & Ali, 2019).

Intellectual capital, which includes human capital, structural capital, and relational capital,

plays a crucial role in creating competitive advantage and increasing company value (Soewarno & Ramadhan, 2020). A company's financial performance, such as revenue, net profit, and cash flow, reflects operational efficiency and the company's ability to provide added value to shareholders (Linda & Nyoman, 2019). Institutional ownership, including shares held by large financial institutions, also influences market perceptions of the company's long-term prospects.

ESG (Environmental, Social, and Governance) factors are significant in influencing company value. Companies that implement strong ESG practices tend to be favored by institutional investors, as these practices help manage environmental and social risks, protect company value, and create new market opportunities (Angela et al., 2023). However, there are inconsistencies and issues related to these variables, raising questions among stakeholders in assessing a company's value.

The objective of this study is to analyze the impact of intellectual capital, financial performance, and institutional ownership on firm value, with a particular focus on the moderating role of Environmental, Social, and Governance (ESG) factors. This

research aims to provide a comprehensive understanding of how these variables interact to influence firm value in companies listed on the Indonesia Stock Exchange, offering insights into the integration of intellectual and financial resources with sustainability practices.

This study contributes to the growing body of literature on firm value by exploring the combined effects of intellectual capital, financial performance, and institutional ownership, with ESG factors as a moderating variable. The research highlights the importance of intellectual capital and sustainable practices in enhancing firm value, particularly in the context of emerging markets like Indonesia. By integrating ESG considerations, this study provides valuable insights for investors, corporate managers, and policymakers on how to optimize firm value through a balanced approach to financial and intellectual resource management, while also emphasizing the significance of sustainability.

II. RESEARCH METHOD

This study employs the legitimacy theory proposed by Dowling and Pfeffer (1975), emphasizing the importance for companies to ensure that all their

activities align with social values and norms to gain recognition and support from the community (Herni & Astiwi, 2021).

The research adopts a quantitative approach as described by Sugiyono (2020), aiming to identify and measure the relationships between the independent variables (Intellectual Capital, Financial Performance, and Institutional Ownership) and the dependent variable (Firm Value). Environmental, Social, and Governance (ESG) is also considered as a moderating variable that can influence these relationships.

The research object includes financial data from companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2023 period. The population consists of IDX-listed companies that issued financial reports during that period, as noted by Sahir (2022). The sample was selected using a purposive sampling technique (Sugiyono, 2020), based on criteria such as being listed on the IDX, having an ESG score, having a high ESG score, and publishing annual reports consecutively from 2020 to 2023.

Based on the data determined by the author, a total of 140 observations were applied in this study. These data come

from companies listed on the Indonesia Stock Exchange (IDX) with high ESG scores during the effective constituent period of 2020 to 2023.

The selection of samples used in this study was based on the following criteria:

Table 3.2 Samples Criteria

No	Criteria	Amount
1	Companies listed on the IDX that have ESG values	79
2	Reduced: Companies that have low ESG scores	(43)
3	Reduced: Companies with ESG values that did not submit financial statements and annual reports consecutively during the 2020-2023 period	(1)
Number of companies used (sample)		35
Observation year		4
Number of observation data		140

Data collection is essential in research, utilizing secondary data as a source for processing information. Sugiyono (2020) argues that secondary data refers to data obtained indirectly by the researcher. In this study, secondary data is gathered from the annual financial reports of companies, which are downloaded from the Indonesia Stock Exchange's website (www.idx.co.id) and the company's website which was selected as one of the samples used to collect the company's annual report data, such as the BCA company website (<https://www.bca.co.id/id/tentang-bca/Hubungan-Investor/laporan-presentasi/Laporan-Tahunan>).

2.1 Intellectual Capital

The measurement of Intellectual Capital is a crucial process in identifying, evaluating, and managing the intangible assets owned by a company, such as knowledge, expertise, business processes, customer relationships, and innovation. These assets contribute to the company's long-term value.

The methods for measuring Intellectual Capital may vary depending on the organization's goals, but they generally involve a multidimensional approach that combines qualitative and quantitative factors. Given the abstract nature of these assets, measuring them can be challenging. However, with the appropriate framework and relevant data, organizations can gain a better understanding of their value and impact.

This measurement is important for aiding strategic decision-making, effective resource allocation, and long-term value creation. Additionally, Intellectual Capital reflected in annual reports and other business media can have a positive impact on the company's market value (Nguyen & Doan, 2020).

This research aims to analyze Intellectual Capital as an independent variable affecting firm value as the dependent

variable. The measurement of Intellectual Capital is carried out using the VAICTM model developed by Pulic (1998). This model measures performance based on the value added from three types of company inputs: physical capital (VACE), human capital (VAHU), and structural capital (STVA).

$$\text{❖ Value Added (VA)} = \text{OP} + \text{EC} + \text{D} + \text{A}$$

Information:

OP: Operating Profit

EC: Employee Costs

D: Depreciation

A: Amortization

$$\text{❖ Value Added Capital Coefficient (VACA)}$$

$$\text{VACA} = \frac{\text{VA}}{\text{CE}}$$

Information:

VA (Value Added) :
Income – Expenses other than salaries and depreciation

CE (Capital Employed):
Total assets – total liabilities

$$\text{❖ Value Added Human Capital (VAHC)}$$

$$\text{VAHC} = \frac{\text{VA}}{\text{HC}}$$

Information:

VA (Value Added) :
Income – Expenses other than salaries and depreciation

HC (Human Capital) : Total employee expenses including training

$$\text{❖ Structural Capital Value Added (STVA)}$$

$$\text{STVA} = \frac{\text{SC}}{\text{VA}}$$

Information:

SC (Structural Capital) =
VA – HC

$$\text{❖ Value Added Intellectual Coefficient (VAICTM)}$$

$$\text{VAICTM} = \text{VACA} + \text{STVA} + \text{VAHC}$$

2.2 Financial Performance

The financial performance of a company is measured through various financial ratios that reflect its financial health, profitability, operational efficiency, as well as its ability to pay debts and provide returns to shareholders. Profitability ratios, such as the net profit margin, return on equity, and return on assets, are important indicators. These financial ratios help assess the effectiveness of management in utilizing the company's resources (assets) efficiently (Linda & Nyoman, 2021). This study uses the following formulas:

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100$$

2.3 Institutional Ownership

If the proportion of managerial ownership in a company is large, management tends to be more proactive in increasing the company's value for the benefit of shareholders, who are also themselves. Institutional ownership involves determining the percentage of shares held by large financial institutions, such as pension funds, investment funds, and insurance companies. The calculation process includes identifying institutional entities, collecting data, and calculating the total shares outstanding and institutional ownership. This study uses the following formula:

$$KI = \frac{\text{Number of Shares Owned by the Institution}}{\text{Total shares outstanding}} \times 100\%$$

2.4 Environmental, Social, And Governace (ESG)

And corporate governance (ESG). These criteria include a commitment to carbon neutrality (Environmental), inclusive payment policies (Social), and transparency in operations and corporate policies (Governance). By meeting these criteria, companies can not only enhance their reputation and trust in the eyes of the public and stakeholders but also attract investor interest and secure greater financial support. The

calculations are based on the data from the Indonesia Stock Exchange website, taking into account environmental, social, and governance factors.

2.5 Company Value

This study uses Price to Book Value (PBV) as a method to measure firm value. PBV is an indicator that reflects how much the market values the book value of a company's shares. PBV is calculated by comparing the market price per share with the book value per share. A high PBV ratio indicates a high stock price, which in turn reflects a higher company value. According to Rutin, et al. (2019), PBV can be mathematically formulated as follows:

$$PBV = \frac{\text{Harga Pasar per Lembar Saham}}{\text{Nilai Buku Saham}}$$

III. RESULTS AND DISCUSSION

3.1 Description of Research Data

In this study, the data tabulation process involves gathering information from various sources, including company websites and the Indonesia Stock Exchange website, to obtain the necessary data. The Purposive Sampling method is used to determine a sample of 35 companies, multiplied by 4 observation periods, resulting in 140 data observations.

The study focuses on companies in the sector with high ESG values that are listed on the Indonesia Stock Exchange during the 2020-2023 period. Out of the total companies in this sector, only 35 companies meet the research criteria established by the researcher. These criteria include companies with ESG values listed on the Indonesia Stock Exchange and companies that provide complete annual financial reports for the 2020-2023 period. The final result of this data collection is 140 data observations.

3.2 Descriptive Statistical Analysis

This study produces several value components, including the mean, median, highest value, and lowest value. The results of these components are presented as follows:

Table 3.1 Descriptive Test Table

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Capital	140	-2177.69	734.75	10.0499	477.75641
Financial Performance	140	-.14	1.03	.1045	.18112
Institutional Ownership	140	.07	72.01	2.6071	10.96330
ESG	140	11.31	33.36	22.6127	4.89525
Company Value	140	-636.66	4990.43	549.0601	971.45186
Valid N (listwise)	140				

This study identifies variables that influence the value of companies with ESG scores listed on

the IDX from 2020 to 2023. The Intellectual Capital variable (X1) shows that Bank Mandiri (Persero) Tbk achieved the highest score in 2021, while Perusahaan Gas Negara Tbk had the lowest score in 2020. High intellectual capital is likely to enhance competitiveness and innovation, while low levels may reduce efficiency and competitiveness.

The Financial Performance variable (X2) indicates that Ciputra Development Tbk had the highest performance in 2021, while Adi Sarana Tbk had the lowest in 2022. Strong financial performance increases company value and attracts more investors, whereas poor performance can negatively impact company value.

The Institutional Ownership variable (X3) shows that Barito Pacific Tbk had the highest level of ownership in 2023, while XL Axiata Tbk had the lowest. High institutional ownership provides stability in strategic decision-making for the company.

The Company Value (Y) was highest for Bank Central Asia Tbk in 2022, while the lowest value was recorded by Erajaya Swasembada Tbk in 2023. A high company value reflects successful profit optimization, while a low value indicates difficulties in delivering adequate returns to shareholders.

Environmental Social and Governance (ESG) as a moderating

variable shows that H.M Sampoerna Tbk had the highest ESG score in 2023, while Erajaya Swasembada Tbk had the lowest score in 2022. High ESG scores enhance the company's image and attract investors, while low scores can lead to operational and reputational risks.

3.2 Classical Assumption Test Results

3.2.1.1 Normality Test Result

Tabel 3. 2 Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		140
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.29672748
Most Extreme Differences	Absolute	.089
	Positive	.089
	Negative	-.078
Test Statistic		.089
Asymp. Sig. (2-tailed)		.090 ^c

a. Test distribution is Normal.
 b. Calculated from data.
 c. Lilliefors Significance Correction.

Based on the results of the Kolmogorov-Smirnov normality test with a significance value of 0.090, it can be concluded that H0 is not rejected. The tested residual data shows that its distribution does not significantly differ from a normal distribution. There is not enough evidence to reject the null hypothesis that the residual data is normally distributed. In the Kolmogorov-Smirnov normality test, if the Sig (2-tailed) value is less than 0.05, then H0 is rejected; conversely, if the Sig (2-tailed)

value is greater than 0.05, then H0 is not rejected. Therefore, it can be concluded that the data is normally distributed because the significance value of 0.090 is greater than 0.05.

3.3.1.1 Multicollinearity Test Results

Tabel 3. 3 Multicollinearity Test Result

Model	Coefficients ^a	
	Tolerance	Collinearity Statistics VIF
1	Intellectual Capital	.890 1.123
	Financial Performance	.991 1.009
	Institutional Ownership	.992 1.008
	ESG	.887 1.127

a. Dependent Variable: Company Values

Multicollinearity analysis was conducted using two main indicators: Tolerance and Variance Inflation Factor (VIF). Based on the processed data, the independent variables—Intellectual Capital, Financial Performance, Institutional Ownership, and the moderating variable Environmental, Social, and Governance (ESG)—along with the dependent variable, Firm Value, yielded the following results:

- The Intellectual Capital variable has a Tolerance of 0.890 and a VIF of 1.123.
- The Financial Performance variable has a Tolerance of 0.991 and a VIF of 1.009.
- The Institutional Ownership variable has a Tolerance of 0.992 and a VIF of 1.008.
- The ESG variable has a Tolerance of 0.887 and a VIF of 1.127.

All Tolerance values are above 0.100, and all VIF values are below 10.00.

Therefore, there is no indication of multicollinearity among the independent and moderating variables in this model. Each independent and moderating variable can be considered as an independent factor without a strong linear relationship with one another, allowing for clearer and more accurate interpretation of the regression results.

3.4.1.1 Heteroscedasticity Test Result

Tabel 3. 4 Multicollinearity Test Result

Model		Coefficients ^a		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	1.511	.452		3.345	.001
	Intellectual Capital	.000	.000	-.136	-1.545	.125
	Financial Performance	-.977	.494	-.165	-1.978	.050
	Institutional Ownership	-.016	.008	-.162	-1.947	.054
	ESG	.002	.019	.007	.084	.933

a. Dependent Variable: ABS_RES

Based on the table above, the significance (Sig.) values for the variables are as follows: Intellectual Capital has a Sig. value of 0.125, Financial Performance has a Sig. value of 0.050, Institutional Ownership has a Sig. value of 0.054, and ESG has a Sig. value of 0.268. Since all the variables have a Sig. value greater than 0.05, this indicates that there is no evidence of heteroskedasticity. Therefore, the regression model used can be

considered to have constant variance errors, fulfilling the assumption of homoskedasticity.

3.5.1.1 Autocorrelation Test Result

Tabel 3. 5 Autocorrelation Test Result

Model	R	R Square	Model Summary ^b		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.987 ^a	.974	.973	134.47378	2.019

a. Predictors: (Constant), ESG, Financial Performance, Institutional Ownership, Intellectual Capital

b. Dependent Variable: Company Values

Referring to the data above, the Durbin-Watson value is 1.845. The next step to determine the result involves calculating using the formula $dL < DW < 4-dU$. The values of dL and dU are obtained from the Durbin-Watson table by referencing the number of data points. The dL value is 1.6656, and the dU value is 1.7830. Subtracting dU from 4 gives a result of 2.217. From the calculation, the relationship $1.6656 < DW < 4-dU$ is satisfied as follows: $1.6656 < 2.019 < 2.217$. Therefore, it can be concluded that the data used does not show any autocorrelation and has successfully passed all classical assumption tests.

3.3 Hypothesis Test Result

3.3.1 Determination

Coefficient Test (R2)

Tabel 3. 6 Determination Coefficient Test (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999 ^a	.998	.998	42.17903

a. Predictors: (Constant), ESG, Institutional Ownership, Financial Performance, Intellectual Capital

In the table above, it can be concluded that the independent variables intellectual capital, financial performance, institutional ownership, and the moderating variables—intellectual capital on ESG, financial performance on ESG, and institutional ownership on ESG, when tested together, can influence the dependent variable of firm value by 99.8%, as indicated by the R Square value of 0.998.

3.4.1 T Statistic Test

Tabel 3. 7 Autocorrelation Test Result

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	539.495	18.145		29.732	.000
	Intellectual Capital	-2.025	.008	-.996	-255.133	.000
	Financial Performance	-61.150	19.842	-.011	-3.082	.002
	Institutional Ownership	-1.688	.328	-.019	-5.151	.000
	ESG	1.800	.776	.009	2.320	.022

a. Dependent Variable: Company Value

Referring to the test results in the table above, the significance (Sig.) values can be interpreted as follows:

1. The Sig. value for the intellectual capital variable (X1) is 0.000, which is less than 0.05. Therefore, it can

be concluded that the intellectual capital variable (X1) has a significant influence on the firm value variable (Y).

2. The Sig. value for the financial performance variable (X2) is 0.002, which is less than 0.05. Therefore, it can be concluded that the financial performance variable (X2) has a significant influence on the firm value variable (Y).
3. The Sig. value for the institutional ownership variable (X3) is 0.000, which is less than 0.05. Therefore, it can be concluded that the institutional ownership variable (X3) has a significant influence on the firm value variable (Y).

3.5.1 F Statistic Test

Tabel 3. 8 Autocorrelation Test Result

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	130936727.340	4	32734181835	18399.598	.000
	Residual	240174.510	135	1779.070		
	Total	131176901.850	139			

a. Dependent Variable: Company Value

b. Predictors: (Constant), ESG, Institutional, Financial Performance, Intellectual Capital

Based on the test results, the obtained significance value is 0.000, which is less than the predetermined significance level of 0.05. Additionally, the calculated F-

value of 16.646 is greater than the F-table value of 2. Therefore, it can be concluded that the independent variables collectively have a significant influence on the dependent variable. These results strongly support the hypothesis that the independent variables have a significant impact on the dependent variable within the regression model used.

3.6.1 Interaction Test Result

Table 3. 8 Autocorrelation Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1	(Constant)	13925.128	499.416	27.883	.000
	Intellectual Capital	-17.648	6.595	-.327	-.2676
	Financial Performance	33690.442	10594.603	-.237	-.3180
	Institutional Ownership	-376.658	232.150	-.160	-.1622
	Intellectual Capital * ESG	-1.384	.259	-.649	-.5335
	Financial Performance * ESG	1398.607	464.319	.225	.3012
	Institutional Ownership * ESG	14.097	9.707	.143	1.452

a. Dependent Variable: Company Value

It can be observed from the table above that: a. The significance value of the interaction variable between the Independence of Intellectual Capital and ESG is $0.000 < 0.05$, which means that ESG (Z) can moderate the influence of Intellectual Capital (X1) on Firm Value (Y). b. The significance value of the interaction variable between Auditor Responsibility and Management Support is 0.001

< 0.03 , which means that Management Support (Z) can moderate the influence of Auditor Responsibility (X2) on Firm Value (Y). c. The significance value of the interaction variable between Auditor Experience and Management Support is $0.149 > 0.05$, which means that Management Support (Z) cannot moderate the influence of Auditor Experience (X3) on Firm Value (Y).

3.4 Discussion of Research Result

3.4.1 Impact of Intellectual Capital on Firm Value (H1)

The significance value (Sig.) for Intellectual Capital is 0.000, which is less than 0.05, indicating that the hypothesis is accepted. This suggests that Intellectual Capital positively impacts Firm Value. The results align with previous studies (Nosilia et al., 2020; Taufik et al., 2021; Slamet et al., 2019; Linda & Nyoman, 2019; Ni Wayan et al., 2023). High Return on Assets (ROA), an indicator of financial performance, reflects efficiency in asset

utilization and contributes to firm value. Effective management of profitability, liquidity, and cash flow enhances firm value and competitive position.

3.4.2 Impact of Financial Performance on Firm Value (H2)

The significance value (Sig.) for Financial Performance is 0.002, which is less than 0.05, confirming that the hypothesis is accepted. This indicates that Financial Performance positively affects Firm Value. The results are consistent with previous research (Linda & Nyoman, 2019; Cristofel & Kurniawati, 2021; Neni & Syahril, 2019). High financial performance, such as consistent ROA, signals efficient management and increases firm value by building investor confidence and enhancing the company's market position.

3.4.3 Impact of Institutional Ownership on Firm Value (H3)

The significance value (Sig.) for Institutional Ownership is

0.000, which is less than 0.05, suggesting that the hypothesis is accepted. This indicates that Institutional Ownership positively impacts Firm Value. The results are consistent with studies by Linda & Nyoman (2019), Cristofel & Kurniawati (2021), and Neni & Syahril (2019). High institutional ownership enhances transparency and accountability, which strengthens investor trust and improves firm value.

3.4.4 ESG Moderates the Relationship Intellectual Capital and Firm Value (H4)

The significance value (Sig.) for the ESG moderation effect is 0.000, less than 0.05, confirming that the hypothesis is accepted. ESG acts as a moderator between Intellectual Capital and Firm Value. This is consistent with research by Andina et al. (2024), Widya et al. (2024), and Etikah & Muhamad (2022). Effective management of ESG factors can enhance the value created by Intellectual Capital, aligning with stakeholder

expectations and improving overall firm performance.

3.4.5 ESG Moderates the Relationship between Financial Performance and Firm Value (H5)

The significance value (Sig.) for ESG's moderation effect is 0.003, less than 0.05, indicating that the hypothesis is accepted. ESG moderates the relationship between Financial Performance and Firm Value, reinforcing the impact of financial performance on firm value. Studies by Angela et al. (2023), Gabriella (2023), Maulida & Dwi (2020), and Tao Fu & Jiangjun (2023) support these findings, highlighting that strong ESG performance can enhance financial results and firm value.

3.4.6 ESG Does Not Moderate the Relationship between Institutional Ownership and Firm Value (H6)

The significance value (Sig.) for ESG's moderation of Institutional Ownership is 0.149, greater than 0.05, meaning the hypothesis is not accepted. ESG does

not significantly moderate the relationship between Institutional Ownership and Firm Value. Despite the importance of ESG, financial and risk factors remain primary drivers of investment decisions.

3.4.7 Simultaneous Impact of Intellectual Capital, Financial Performance, and Institutional Ownership on Firm Value (H7)

The significance value (Sig.) for the simultaneous effect of Intellectual Capital, Financial Performance, and Institutional Ownership is 0.000, and the F-value is 16.646, which is greater than the F-table value of 2.44. This indicates that all three independent variables significantly impact Firm Value. Effective management of Intellectual Capital, strong Financial Performance, and high Institutional Ownership collectively enhance firm value, emphasizing their importance for strategic decision-making and market positioning.

IV. CONCLUSION

Based on this research, it can be concluded that Intellectual Capital, financial performance, and institutional ownership have a significant impact on firm value. Effective management of Intellectual Capital contributes to increased operational efficiency and innovation, thereby enhancing firm value. Good financial performance, measured by Return on Assets (ROA), positively affects firm value by demonstrating efficient asset utilization and boosting investor confidence. High institutional ownership enhances transparency and accountability, strengthening the company's position in maintaining investor and market trust. Additionally, Environmental, Social, and Governance (ESG) plays a moderating role in strengthening the relationship between Intellectual Capital and firm value, as well as between financial performance and firm value, indicating that companies that manage ESG well tend to have better financial performance and reputation. However, ESG does not significantly moderate the relationship between institutional ownership and firm value. Overall, this study underscores the importance of effective management in these three areas for enhancing a company's market value and

highlights the role of ESG in aligning the company with market demands that prioritize sustainability.

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