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The Effect of Ownership Structure and ESG Disclosure on Firm Value of State-Owned Banks During The 2021Q1–2025Q4 Period

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ABSTRACT

This study aims to examine and analyze the effect of institutional ownership, public ownership, and Environmental, Social, and Governance (ESG) disclosure on firm value in Indonesian state-owned banks (BUMN) listed on the Indonesia Stock Exchange, with firm size used as a control variable. A quantitative causal (explanatory) approach was applied to quarterly panel data covering 2021Q1–2025Q4 for five state-owned banks (BBRI, BMRI, BBNI, BBTN, and BRIS), yielding 100 observations. Firm value is proxied by Price to Book Value (PBV); institutional and public ownership are measured by the percentage of outstanding shares; and ESG is measured through content analysis based on 30 Global Reporting Initiative (GRI) indicators. Data were analyzed using panel data regression, with the Fixed Effect Model (FEM) selected as the best model and estimated through Panel EGLS with cross-section weighting to address heteroscedasticity. The results show that institutional ownership has a positive and significant effect on firm value, public ownership has a negative and significant effect, while ESG has a negative but insignificant effect. Simultaneously, institutional ownership, public ownership, and ESG significantly affect firm value, with an Adjusted R^2 of 89.60%. These findings indicate that institutional monitoring mechanisms remain the primary determinant of state-owned bank value, while ESG disclosure has not yet become a major consideration for investors in the Indonesian capital market.

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1. INTRODUCTION

The global financial industry has experienced a significant transformation in recent years as investors increasingly emphasize sustainable business practices alongside

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financial performance. Environmental, Social, and Governance (ESG) principles have become one of the primary indicators used to evaluate corporate sustainability and long-term competitiveness. Rather than focusing solely on profit maximization, companies are now expected to create value for a broader range of stakeholders by integrating environmental responsibility, social commitment, and good corporate governance into their business strategies. This paradigm shift reflects the transition from shareholder-oriented management toward stakeholder-oriented corporate governance, where long-term sustainability is considered an essential determinant of corporate success.

The banking sector plays a strategic role in supporting sustainable economic development because financial institutions influence the allocation of capital across various industries. In Indonesia, state-owned banks including Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Negara Indonesia (BNI), Bank Tabungan Negara (BTN), and Bank Syariah Indonesia (BSI) serve not only as financial intermediaries but also as government development agents responsible for financing infrastructure projects, small and medium enterprises (SMEs), and national economic programs. Consequently, these banks face unique challenges in balancing commercial objectives with government policy priorities while maintaining investor confidence and maximizing firm value.

Firm value is widely recognized as an important indicator of corporate performance because it reflects investors' perceptions of a company's future prospects. In banking studies, Price-to-Book Value (PBV) is commonly used to measure firm value because bank assets primarily consist of financial assets recorded at book value, making PBV a more appropriate indicator than alternative market-based measures such as Tobin's Q. During the 2021–2025 period, Indonesian state-owned banks exhibited considerable fluctuations in PBV, indicating changing market perceptions and varying investor confidence across banks. These fluctuations suggest that factors beyond financial performance, including ownership structure and ESG disclosure, may influence firm value.

Ownership structure represents one of the most important corporate governance mechanisms for reducing agency conflicts between shareholders and managers. According to Agency Theory, institutional investors possess stronger monitoring capabilities than individual investors because they have greater financial resources, expertise, and incentives to supervise management decisions (Jensen & Meckling, 1976). Effective monitoring is expected to reduce information asymmetry, improve managerial accountability, and ultimately increase firm value. Conversely, public ownership generally consists of dispersed shareholders with limited ability to influence managerial decisions, potentially reducing monitoring effectiveness.

Alongside ownership structure, ESG disclosure has emerged as an increasingly important non-financial indicator in investment decision-making. ESG reporting enables companies to communicate their commitment to environmental sustainability, social responsibility, and sound corporate governance practices. Stakeholder Theory argues that transparent ESG disclosure strengthens relationships with stakeholders and enhances corporate legitimacy (Freeman, 1984, as cited in Li et al., 2021), while Signaling Theory suggests that sustainability disclosure serves as a positive signal that reduces information asymmetry between managers and investors (Spence, 1973, as cited in Syahrudin et al., 2025). However, despite mandatory sustainability reporting under Indonesian Financial Services Authority Regulation (POJK No. 51/POJK.03/2017), the quality and

consistency of ESG disclosure among Indonesian state-owned banks remain heterogeneous.

Previous empirical studies have reported inconsistent findings regarding the relationship between ownership structure, ESG disclosure, and firm value. Some studies have found that institutional ownership positively affects firm value, whereas others reported negative or insignificant relationships (Wu et al., 2022; Saputri, 2025; Aulia et al., 2026). Similarly, previous research on ESG disclosure has produced conflicting evidence, with some studies identifying positive effects on firm value (Novianti & Marsudi, 2025) while others found negative or insignificant impacts (Fadhali & Purwanto, 2024). Furthermore, most previous studies have relied on annual observations and examined the banking sector as a whole rather than focusing specifically on Indonesian state-owned banks.

Therefore, this study aims to examine the effects of institutional ownership, public ownership, and ESG disclosure on firm value in Indonesian state-owned banks using quarterly panel data from 2021Q1 to 2025Q4. By incorporating firm size as a control variable and applying panel regression techniques, this study provides updated empirical evidence regarding corporate governance, sustainable finance, and firm value within Indonesia's state-owned banking sector.

2. LITERATURE REVIEW

2.1. Agency Theory

Agency Theory, introduced by Jensen and Meckling (1976), explains the contractual relationship between shareholders (principals) and managers (agents). Agency conflicts arise because managers may pursue personal interests rather than maximizing shareholders' wealth. Such conflicts create agency costs and information asymmetry, reducing corporate efficiency and firm value. Effective corporate governance mechanisms are therefore necessary to align managerial decisions with shareholders' interests.

Ownership structure is one of the most important governance mechanisms in mitigating agency problems. Institutional investors generally possess greater financial resources, expertise, and incentives to monitor managerial performance compared with individual investors (Fitri & Siarwi, 2024). Consequently, higher institutional ownership is expected to strengthen monitoring effectiveness, improve managerial accountability, and enhance firm value. Meanwhile, dispersed public ownership may weaken monitoring because individual shareholders often lack sufficient voting power and access to corporate information (Munthe et al., 2023). Therefore, Agency Theory provides the theoretical foundation for explaining how ownership structure influences firm value.

2.2 Stakeholder Theory

Stakeholder Theory, proposed by Freeman (1984), argues that companies should create value not only for shareholders but also for employees, customers, suppliers, governments, communities, and the environment. Corporate sustainability depends on maintaining positive relationships with these stakeholders by balancing economic, environmental, and social objectives.

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Environmental, Social, and Governance (ESG) disclosure represents one practical implementation of Stakeholder Theory. Through transparent sustainability reporting, companies demonstrate accountability for their environmental and social impacts while communicating sound governance practices. Effective ESG disclosure can strengthen stakeholder trust, improve corporate reputation, and increase long-term competitiveness. Consequently, companies with better ESG performance are expected to receive stronger stakeholder support, which may ultimately contribute to higher firm value (Wu et al., 2022).

2.3 Signaling Theory

Signaling Theory, introduced by Spence (1973), explains how companies reduce information asymmetry by providing credible information to external stakeholders. Investors generally possess less information than managers regarding a firm's actual condition and future prospects. Therefore, management communicates positive signals through financial and non-financial disclosures to reduce uncertainty.

In this study, ownership structure and ESG disclosure are considered important corporate signals. Strong institutional ownership reflects effective corporate monitoring, while comprehensive ESG disclosure demonstrates management's commitment to sustainable business practices and transparency. Positive signals are expected to increase investor confidence, encourage investment decisions, raise stock prices, and ultimately improve firm value (Wu et al., 2022).

2.4 Ownership Structure

Ownership structure refers to the distribution of corporate share ownership among different groups of shareholders. In this study, ownership structure consists of institutional ownership and public ownership.

Institutional ownership represents the proportion of company shares held by institutional investors such as investment companies, banks, insurance companies, pension funds, and other financial institutions (Anggreni & Robiyanto, 2021). Institutional investors generally possess stronger monitoring capabilities because of their professional expertise and substantial investment resources. As a result, higher institutional ownership is expected to reduce agency conflicts and improve corporate performance.

Public ownership represents shares held by individual investors or the general public. Although public shareholders collectively represent an important source of capital, their ownership is typically dispersed, limiting their ability to influence corporate decision-making. Nevertheless, greater public ownership may increase demands for corporate transparency and accountability because companies must provide sufficient information to protect minority shareholders (Munthe et al., 2023).

2.5 Environmental, Social, and Governance (ESG)

Environmental, Social, and Governance (ESG) has become an essential framework for evaluating corporate sustainability beyond conventional financial performance. The environmental dimension assesses a company's management of natural resources, carbon

emissions, energy efficiency, and environmental protection (Fuadah et al., 2022). The social dimension evaluates relationships with employees, customers, suppliers, and surrounding communities, including labor practices, diversity, occupational safety, and community engagement (de Souza Barbosa et al., 2023). The governance dimension emphasizes corporate transparency, board independence, shareholder protection, ethical business conduct, and anti-corruption policies (Fuadah et al., 2022).

Companies that effectively implement ESG practices are generally perceived as more sustainable and responsible, thereby strengthening investor confidence and reducing long-term business risks (Wu et al., 2022). Accordingly, ESG disclosure has increasingly become an important factor in investment decision-making and corporate valuation.

2.6 Firm Value

Firm value reflects investors' overall assessment of a company's financial performance, growth prospects, and future sustainability (Setyabudi, 2021; Yuwono & Aurelia, 2021). In capital market research, firm value is commonly measured using market-based indicators because they directly represent investors' expectations.

This study employs Price-to-Book Value (PBV) as the proxy for firm value. PBV measures the ratio between market price and book value per share, indicating the extent to which investors value the company's net assets. PBV is considered particularly appropriate for the banking industry because bank assets largely consist of regulated financial assets recorded at book value. Therefore, PBV provides a reliable representation of market valuation relative to banks' underlying financial condition (Ginanjar et al., 2023). A higher PBV indicates greater investor confidence and stronger market appreciation of the firm's future prospects.

2.7 Hypothesis Development

Based on Agency Theory, institutional investors enhance corporate monitoring and reduce agency conflicts, leading to improved firm value. Therefore, the following hypothesis is proposed:

H1: Institutional ownership has a positive effect on firm value.

Public ownership increases corporate transparency by encouraging greater accountability to minority shareholders. Accordingly, public ownership is expected to influence firm value.

H2: Public ownership has a significant effect on firm value.

Stakeholder Theory and Signaling Theory suggest that comprehensive ESG disclosure improves corporate reputation, reduces information asymmetry, and strengthens investor confidence. Consequently, firms with higher ESG disclosure are expected to achieve higher firm value.

H3: ESG disclosure has a positive effect on firm value.

Institutional ownership, public ownership, and ESG disclosure collectively represent important corporate governance and sustainability mechanisms that influence investors' perceptions.

H4: Institutional ownership, public ownership, and ESG disclosure simultaneously affect firm value.

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3. METHODS

This study employed a quantitative research approach with an explanatory research design to examine the causal relationships between ownership structure, Environmental, Social, and Governance (ESG) disclosure, and firm value in Indonesian state-owned banks. The explanatory approach was selected because the study aimed to test the proposed hypotheses and explain the effects of institutional ownership, public ownership, and ESG disclosure on firm value while controlling for firm size (Sari et al., 2022).

3.1 Research Population and Sample

The population consisted of all state-owned commercial banks listed on the Indonesia Stock Exchange (IDX). The sample was selected using purposive sampling (Asrulla et al., 2023) based on the following criteria: (1) state-owned banks continuously listed on the IDX during the observation period; (2) banks that consistently published annual reports, sustainability reports, and financial statements; and (3) banks with complete data for all research variables. Based on these criteria, five state-owned banks were selected: Bank Rakyat Indonesia (BBRI), Bank Mandiri (BMRI), Bank Negara Indonesia (BBNI), Bank Tabungan Negara (BBTN), and Bank Syariah Indonesia (BRIS). The observation period covered 2021Q1 to 2025Q4, resulting in 100 panel observations (5 banks × 20 quarters). Quarterly observations were employed to provide more comprehensive information and improve estimation accuracy compared with annual data.

3.2 Data Collection

This study used secondary data obtained from publicly available sources. Financial data, ownership structure, and market information were collected from the annual reports, quarterly financial statements, and official publications of each bank listed on the Indonesia Stock Exchange. ESG disclosure data were collected through content analysis of sustainability reports published by each bank during the observation period.

3.3 Variable Measurement

3.3.1 Dependent Variable

The dependent variable is firm value, measured using the Price-to-Book Value (PBV) ratio. PBV reflects investors' valuation of a company's equity by comparing the market price per share with its book value per share. A higher PBV indicates greater market confidence in the firm's future prospects.

$$Institutional\ Ownership = \frac{\text{Institutional Shares}}{\text{Outstanding Shares}} \times 100\%$$

3.3.2 Independent Variables

The first independent variable is institutional ownership, measured as the percentage of shares owned by institutional investors relative to total outstanding shares.

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$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

The second independent variable is public ownership, measured as the percentage of shares owned by public investors relative to total outstanding shares.

$$Public\ Ownership = \frac{\text{Public Shares}}{\text{Outstanding Shares}} \times 100\%$$

The third independent variable is Environmental, Social, and Governance (ESG) disclosure. ESG disclosure was measured using a disclosure index developed through content analysis based on 30 Global Reporting Initiative (GRI) indicators. Each disclosed indicator received a score of 1, while undisclosed indicators received 0. The ESG disclosure score was calculated as follows:

$$ESG\ Score = \frac{\sum D\ isclosure\ Items}{30}$$

3.3.3 Control Variable

Firm size was included as a control variable because larger companies generally possess greater financial resources, stronger market positions, and higher investor confidence. Firm size was measured using the natural logarithm of total assets.

$$SIZE = \ln(Total\ Assets)$$

3.4.1 *Data Analysis*

Panel data regression analysis was performed using EViews 14 (Priyatno, 2022). Before estimating the regression model, descriptive statistics were generated to summarize the characteristics of each variable. Model selection was conducted using the Chow Test and the Hausman Test to determine the most appropriate panel regression model.

The selected model was the Fixed Effect Model (FEM), estimated using Panel Estimated Generalized Least Squares (EGLS) with cross-section weights to address heteroscedasticity. The regression equation is expressed as follows:

$$PBV_{it} = \alpha + \beta_1 INST_{it} + \beta_2 PUB_{it} + \beta_3 ESG_{it} + \beta_4 SIZE_{it} + \varepsilon_{it}$$

Note:
PBV = Firm Value
$INST$ = Institutional Ownership
PUB = Public Ownership
ESG = ESG Disclosure
$SIZE$ = Firm Size
α = Constant
β = Regression Coefficients
ε = Error Term

The hypotheses were tested using partial (t-test) and simultaneous (F-test) significance tests at a 5% significance level. In addition, the coefficient of determination (Adjusted R^2) was used to evaluate the explanatory power of the regression model.

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3.5 AI Tools

ChatGPT (OpenAI) and Gemini AI were used solely to assist in refining academic language and improving manuscript structure. These AI tools were not used for research design, data collection, data analysis, interpretation of results, or the formulation of scientific conclusions. All scientific content, research findings, and the final version of the manuscript were independently reviewed, verified, and approved by the authors, who bear full responsibility for the accuracy and integrity of the published work.

4. RESULTS

4.1 Descriptive Statistics

This study analyzed 100 panel observations obtained from five Indonesian state-owned banks during the period of 2021Q1–2025Q4. Descriptive statistics were employed to provide an overview of the characteristics and distribution of the research variables before conducting the regression analysis. The results of the descriptive analysis can be seen in Table 1.

Table 1. Descriptive statistics of research variables

	PBV	KI	KP	ESG	SIZE
Mean	1.686900	49.17480	35.02240	0.783200	34.38799
Median	1.700000	40.44000	40.00000	0.760000	34.56000
Maximum	4.180000	98.03000	48.00000	0.960000	35.57903
Minimum	0.370000	24.39000	1.970000	0.460000	31.20870
Std. Dev.	0.844835	24.92936	16.52268	0.125906	0.825888
Observations	100	100	100	100	100

The descriptive statistics show that firm value, measured by Price-to-Book Value (PBV), has a mean value of 1.6869 and a median of 1.7000, indicating that the market valuation of the sampled banks was relatively stable during the observation period. The standard deviation of 0.8448, which is lower than the mean, suggests that the variation in PBV among the sampled banks was relatively low.

Institutional ownership exhibits the highest average value among the explanatory variables, with a mean of 49.1748% and a standard deviation of 24.9293, indicating substantial variation in institutional ownership across the banks. Public ownership has an average of 32.0224%, accompanied by a standard deviation of 16.5226, reflecting moderate differences in public shareholdings among the sample firms.

Meanwhile, ESG disclosure records an average score of 0.7832, suggesting that the sampled banks disclosed approximately 78% of the ESG indicators included in the disclosure index. The relatively small standard deviation (0.1259) indicates that ESG disclosure practices were fairly consistent across the observed banks.

The control variable, firm size (SIZE), has a mean value of 34.3880 with a standard deviation of 0.8259, implying that the sample banks were relatively homogeneous in terms of total assets. Overall, the descriptive statistics indicate that the dataset provides

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sufficient variability for panel data regression analysis while maintaining relatively stable distributions across the observed variables.

4.2 Panel Data Model Selection

As shown in Table 2, the Chow test produced a cross-section probability of 0.0000, which is lower than the significance level of 0.05. Therefore, the null hypothesis was rejected, indicating that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model.

Subsequently, the Hausman test also generated a probability value of 0.0000, confirming that the Fixed Effect Model is preferable to the Random Effect Model. Based on these results, the Fixed Effect Model was selected as the final estimation model.

Table 2. Panel data model selection

Test	Probability	Decision
Chow Test	0.0000	Fixed Effect Model
Hausman Test	0.0000	Fixed Effect Model

To improve estimation efficiency and address heteroscedasticity across cross-sectional units, the regression model was estimated using Panel Estimated Generalized Least Squares (EGLS) with cross-section weights.

4.3 Regression Results

The panel regression results obtained using the Fixed Effect Model are presented in Table 3. The estimated regression equation is expressed as follows:

$$PBV = 12.70809 + 0.042826INST - 0.039500PUB - 0.207734ESG - 0.336776SIZE + \varepsilon$$

The regression results indicate that institutional ownership has a positive coefficient of 0.042826, implying that an increase in institutional ownership is associated with an increase in firm value. Conversely, public ownership has a negative coefficient of −0.039500, indicating that greater public ownership tends to reduce firm value. Likewise, ESG disclosure exhibits a negative coefficient of −0.207734, suggesting a negative relationship with firm value, although the effect is statistically insignificant. The control variable, firm size, also shows a negative coefficient (−0.336776).

Table 3. Panel regression results

Variable	Coefficient	Std. Error	t-Statistic	Probability
Constant	12.70809	5.766551	2.203759	0.0301
Institutional Ownership (KI)	0.042826	0.014602	2.932995	0.0042
Public Ownership (KP)	-0.039500	0.014679	-2.690996	0.0085
ESG Disclosure	-0.207734	0.409718	-0.507017	0.6134
Firm Size (SIZE)	-0.336776	0.169587	-1.985857	0.0501

Statistic	Value
Adjusted R^2	0.8961
F-statistic	107.6729
Prob (F-statistic)	0.000000

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4.4 Hypothesis Testing

4.4.1 Partial Test (t-test)

The t-test results reveal that institutional ownership has a positive and statistically significant effect on firm value, with a t-statistic of 2.9330 and a probability value of 0.0042 (< 0.05). Therefore, H1 is supported.

Public ownership has a negative and statistically significant effect on firm value, as indicated by a t-statistic of −2.6910 and a probability value of 0.0085 (< 0.05). Consequently, H2 is rejected, as the hypothesized positive relationship is not supported.
ESG disclosure has a negative but statistically insignificant effect on firm value. The t-statistic is −0.5070 with a probability value of 0.6134, which exceeds the 5% significance level. Accordingly, H3 is rejected.

The control variable, firm size, records a probability value of 0.0501, indicating that its effect on firm value is statistically insignificant at the 5% level. The F-test produces an F-statistic of **107.6729** with a probability value of **0.000000**, indicating that institutional ownership, public ownership, ESG disclosure, and firm size jointly have a statistically significant effect on firm value. Therefore, the proposed regression model is considered statistically valid.

4.4.2 Coefficient of Determination

The model achieves an **Adjusted R^2 of 0.8961**, indicating that approximately **89.60%** of the variation in firm value is explained by institutional ownership, public ownership, ESG disclosure, and firm size. The remaining **10.40%** is attributable to other factors outside the regression model.

5. DISCUSSION

5.1 The Effect of Institutional Ownership on Firm Value

The empirical results indicate that institutional ownership has a positive and statistically significant effect on firm value. This finding supports Agency Theory, which argues that institutional investors play an important role in reducing agency conflicts through effective monitoring of management (Jensen & Meckling, 1976). Due to their professional expertise, financial resources, and substantial ownership stakes, institutional investors are better positioned to oversee managerial decisions and ensure that corporate policies are aligned with shareholders' interests.

The positive coefficient suggests that an increase in institutional ownership is associated with an improvement in firm value. This finding indicates that institutional investors contribute to enhancing corporate governance by reducing information asymmetry and encouraging management to improve company performance. As a result, investors perceive companies with higher institutional ownership as more reliable and well-managed, leading to higher market valuations.

This finding is consistent with previous studies that reported a positive relationship between institutional ownership and firm value (Wu et al., 2022; Saputri, 2025). These studies argue that institutional investors act as effective monitoring mechanisms that strengthen governance quality and increase investor confidence.

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5.2 The Effect of Public Ownership on Firm Value

The results reveal that public ownership has a negative and statistically significant effect on firm value. This finding indicates that an increase in public ownership is associated with a decline in firm value.

One possible explanation is that public ownership is generally dispersed among many individual investors who hold relatively small proportions of company shares. Such dispersed ownership limits shareholders' ability to actively monitor managerial decisions, thereby weakening corporate governance. Consequently, management may have greater discretion in decision-making, increasing agency problems and reducing investor confidence.

Although public ownership may improve stock liquidity and broaden capital market participation, the findings suggest that dispersed ownership alone is insufficient to enhance firm value. Effective monitoring remains essential to ensure that management acts in the best interests of shareholders.

This result is consistent with previous empirical studies reporting that excessive ownership dispersion may reduce monitoring effectiveness and negatively affect corporate value (Nita Yuni et al., 2022). However, this finding contrasts with Purba (2021), who found that greater public ownership improves transparency and stock liquidity, thereby enhancing firm value

5.3 The Effect of ESG Disclosure on Firm Value

The findings show that ESG disclosure has a negative but statistically insignificant effect on firm value. This indicates that the level of ESG disclosure did not significantly influence investors' valuation of Indonesian state-owned banks during the observation period.

Although sustainability reporting has become increasingly important in promoting corporate transparency and accountability, investors in the Indonesian banking sector may continue to prioritize traditional financial indicators, such as profitability, capital adequacy, asset quality, and dividend performance, when making investment decisions. Consequently, ESG disclosure may not yet be regarded as a primary factor influencing market valuation.

Furthermore, while all sampled banks published sustainability reports, the quality, depth, and consistency of ESG disclosure varied across institutions. These differences may have reduced the ability of ESG disclosure to generate a measurable impact on firm value.

This finding is consistent with Margareta et al. (2025), who concluded that ESG practices have not yet become a determining factor in investors' stock valuation decisions. However, it contrasts with Novianti and Marsudi (2025), who found that ESG disclosure directly and positively contributes to corporate image and overall market value. The insignificant result does not imply that ESG implementation lacks importance. Instead, it suggests that the benefits of ESG practices may be realized over a longer period through improved corporate reputation, stronger stakeholder relationships, enhanced risk management, and greater long-term sustainability rather than immediate increases in market value.

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5.4 Simultaneous Effect of Ownership Structure and ESG Disclosure on Firm Value

The simultaneous test demonstrates that institutional ownership, public ownership, ESG disclosure, and firm size jointly have a significant effect on firm value. This finding indicates that investors assess firm value by considering a combination of governance mechanisms and sustainability practices rather than relying on a single determinant (Putri et al., 2025).

Institutional ownership contributes to stronger corporate governance through effective monitoring, while public ownership reflects the distribution of shareholdings among investors. ESG disclosure represents the company's commitment to sustainable business practices and transparency. Together, these factors influence investors' perceptions of corporate quality, risk, and long-term growth prospects.

The high coefficient of determination indicates that the variables included in the model explain a substantial proportion of the variation in firm value. This suggests that ownership structure and ESG disclosure are important determinants of market valuation in Indonesian state-owned banks, although other factors not included in the model may also contribute to changes in firm value.

6. CONCLUSION

This study examined the effect of ownership structure and ESG disclosure on firm value in Indonesian state-owned banks during the period of 2021Q1–2025Q4 using panel data regression analysis.

The findings demonstrate that institutional ownership has a positive and statistically significant effect on firm value, indicating that institutional investors strengthen corporate governance through effective monitoring of management. In contrast, public ownership has a negative and statistically significant effect, suggesting that dispersed ownership may weaken monitoring mechanisms and reduce firm value. ESG disclosure was found to have a negative but statistically insignificant effect on firm value, indicating that sustainability disclosure has not yet become a major determinant of investors' valuation decisions in the Indonesian banking sector.

Simultaneously, institutional ownership, public ownership, ESG disclosure, and firm size significantly affect firm value. These findings highlight the importance of corporate governance mechanisms and sustainability practices in influencing market valuation, particularly in state-owned banks.

This study contributes to the literature on corporate governance and sustainable finance by providing empirical evidence from Indonesian state-owned banks using quarterly panel data. Nevertheless, the study has several limitations. It focuses exclusively on state-owned banks and includes a limited number of explanatory variables. Future studies are encouraged to include other banking sectors, extend the observation period, and incorporate additional financial or macroeconomic variables to provide a more comprehensive understanding of the determinants of firm value.

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