Impact of Good Corporate Governance, ESG, and Capital Structure on Firm Value: An Empirical Study of Food and Beverage Companies Listed on the IDX (2021–2024)

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Article Info:	Abstract
	This study aims to analyze the effect of Good Corporate Governance (GCG), Environmental Social Governance (ESG), and capital structure on firm value. The background of this research is the importance of implementing corporate governance and sustainability practices to improve competitiveness in Indonesia's food and beverage sector. This study uses a quantitative approach with secondary data obtained from annual and sustainability reports of companies listed on the Indonesia Stock Exchange during 2021–2024. Samples were selected using purposive sampling and analyzed with panel data regression using EViews. The results show that GCG and capital structure have no significant effect on firm value, while ESG has a positive and significant effect. This indicates that sustainability practices play an important role in shaping investor perception of firm value. The study implies the importance of integrating ESG principles into business strategy and corporate governance policies.

INTRODUCTION

In an increasingly complex economic world, corporate competitiveness and sustainability are no longer solely based on profitability, but also on the extent to which a company implements good governance principles, cares for the environment and society, and optimally structures its capital. Changing investment preferences among global investors, which increasingly focus on Good Corporate Governance (GCG) and Environmental Social Governance (ESG), suggest that company value is no longer based solely on financial performance, but also on the extent to which a company is accountable to stakeholders and the environment. This underpins the need for an in-depth analysis of the drivers of overall company value (Zulfallah & Hidayatuloh, 2022).

Company value is a key reflection of investor confidence and business sustainability, particularly in the food and beverage sector, which is beset by various post-pandemic challenges such as changing demand and environmental concerns (Burhanudin & Cipta, 2021). This sector is a driving force of the Indonesian economy, with average economic growth of 4.8% per year since 2021, but faces challenges related to governance complexity and capital structure dynamics that determine long-term stability (Dwiyanti, 2025).

The food and beverage (F&B) sector was chosen for this study due to its strategic and crisis-resistant position. The F&B sector remained relatively stable during the COVID-19 pandemic compared to other sectors due to its direct correlation with primary community needs. Furthermore, this sector is undergoing profound transformations related to sustainability, clean energy use, and the creation of green products. Therefore, the F&B sector is highly relevant for research into the influence of Good Corporate Governance (GCG), Environmental Social Governance (ESG), and capital structure on company value.

In Indonesia, the food and beverage sector is a strategic sector that contributes significantly to the Indonesian economy (Konomi et al., 2023). This sector has a unique characteristic, with consumers increasingly interested in sustainability and ethics in food production. The existence of Good Corporate Governance (GCG) in F&B companies demonstrates that not all companies adhere strictly to governance principles. Several studies have shown inconsistent effects of Good Corporate Governance (GCG) indicators on company value, particularly regarding institutional ownership and the frequency of board of commissioner meetings (Haliza et al., 2024). Investors tend to be more interested in purchasing shares in these companies because they perceive the potential for greater returns or lower risk (Uli et al., 2024).

Meanwhile, Environmental Social Governance (ESG) practices in F&B companies have not been integrated into the company's core business strategy. However, research conducted by Wulandari & Istiqomah (2024) explains that Environmental Social Governance (ESG) disclosure has a significant impact on company value, but is not evenly distributed across all F&B companies.

Against this background, this study aims to empirically examine the influence of Good Corporate Governance (GCG), Environmental Social Governance (ESG), and capital structure on company value in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) for the 2021–2024 period. This research is expected to provide input to company managers, investors, and policymakers to pay attention to the implementation of governance and sustainability practices in an effort to increase company value.

Based on these inconsistencies, this study can provide new insights for Indonesian food and beverage companies regarding the influence of Good Corporate Governance (GCG), Environmental Social Governance (ESG), and capital structure on their company value. With a better understanding, companies can formulate business strategies that focus not only on short-term profitability but also on long-term sustainability. Furthermore, this research can serve as a reference for policymakers and regulators in formulating policies that support more responsible business practices in Indonesia.

THEORETICAL FOUNDATION

Agency theory explains that conflicts between shareholders and managers can be mitigated through the implementation of good corporate governance (Jensen & Meckling, 1976). GCG mechanisms, such as independent commissioners and audit committees, play a role in enhancing oversight and accountability (Mahanani & Kartika, 2022). In agency theory, firm value is viewed as a reflection of the extent to which managers (agents) are able to manage the company in accordance with the interests of the owners (principals). Shareholders, as

principals, fundamentally seek to maximize their welfare, which is reflected in increased share prices and the company's financial performance.

In this study, the implementation of Good Corporate Governance (GCG) is crucial for mitigating agency conflicts. Good Corporate Governance (GCG) mechanisms, such as independent boards of commissioners, audit committees, and institutional ownership, can enhance oversight. This encourages managers to be more prudent in making strategic decisions. Therefore, the appropriate implementation of Good Corporate Governance (GCG) is expected to increase investor confidence and positively impact firm value. Research (Mahanani & Kartika, 2022) shows that Good Corporate Governance (GCG) significantly increases company value by strengthening investor confidence.

Furthermore, decisions about capital structure are related to agency theory. The use of debt in the capital structure can serve as a tool to discipline managers. The need to pay interest and principal motivates managers to use company resources more efficiently. An appropriate capital structure can reduce agency risk while increasing company value. Furthermore, the application of Environmental Social Governance (ESG) principles can also be viewed from an agency perspective. Managers are expected to consider not only short-term personal interests but also the company's long-term sustainability and reputation. In short, Environmental Social Governance (ESG) reflects management's responsibility to maintain the company's legitimacy and sustainability. This, in turn, can increase company value for shareholders and stakeholders.

Table 1. Population and Sample

Description	Total
Population: Food and Beverage Companies Listed on the Indonesia Stock Exchange	95
Sampling was based on the following criteria (purposive sampling):	
1. Companies not listed on the Indonesia Stock Exchange consecutively from 2021-2024	-34
2. Companies that did not publish financial reports	-2
3. Companies that were delisted or experienced losses	-14
Research Sample	45
Research Sample 45 Total Sampel (n x periode penelitian)	180

Source: Bursa Efek Indonesia (2025)

RESEARCH METHODOLOGY

This study uses an associative quantitative design with an explanatory research approach. The primary objective of this design is to examine the causality of variables, namely how Good Corporate Governance (GCG), Environmental Social Governance (ESG), and capital structure affect company value in the Indonesian food and beverage sector.The population of this study is all food and beverage companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2024. The data collection technique uses documentation. The researcher will collect secondary data, namely data obtained from official company and public institution documents that are already available and published. Secondary data is chosen because it is more efficient in reaching a wide population and is suitable for quantitative analysis that requires historical numerical data through a review of documents, reports, and publications relevant to the research topic.

The data analysis method used in this study is EViews, an analytical tool for Econometrics Views. EViews is chosen because it is statistical software designed to process time series data, cross-sectional data, and a combination of the two, known as panel data. Descriptive statistics is a data analysis technique used to describe or summarize the main

characteristics of a data set. Descriptive statistics are used in this study to provide an overview of each variable, namely Good Corporate Governance (GCG), Environmental Social Governance (ESG), capital structure, and firm value. The descriptive statistical indicators used are the maximum value, minimum value, mean, and standard deviation.

The classical assumption test is a form of analysis used to describe all variables by calculating data according to the researcher's needs. This study conducted four types of classical assumption tests:

The normality test was conducted to ensure whether the residuals of the regression model were normally distributed. This test was performed using the Kolmogorov-Smirnov method and/or a normal P-P plot diagram. If Asymp. Sig. > 0.05, the data were normally distributed. This technique was used in Desi Pradani & Sa'diyah (2024) to ensure the validity of the residual distribution before conducting inferential analysis.

The multicollinearity test was used to detect evidence of a linear relationship between the independent variables. This test uses the Variance Inflation Factor (VIF) and a tolerance measure, with the prerequisite that the VIF is <10 and the tolerance is >0.10 to indicate the absence of multicollinearity. This method is consistently used by Wulandari & Istiqomah (2024) in analyzing the influence of ESG and capital structure on firm value.

The heteroscedasticity test is used to ensure that the residual variance is homogeneous. The test is performed using the Glejser method or a scatterplot of the residuals against the predicted values. If there is no specific pattern in the scatterplot or the Glejser test significance value is >0.05, heteroscedasticity is not present. This test is also used in the study by Tirta Wangi & Aziz (2024) who examined ESG data on consumer companies.

The autocorrelation test is conducted to identify whether there is autocorrelation between residuals in a time-series data set. This test uses the Durbin-Watson test, and a DW close to 2 indicates the absence of autocorrelation. This approach is applied in the panel data regression model of Nasution et al. (2025) to analyze the relationship between ESG and firm value over a specific time period.

This study uses multiple linear regression analysis to investigate the combined and partial effects of several independent variables on a single dependent variable. Multiple linear regression is well-suited for quantitative research with more than one predictor, such as in this study, which explores the impact of Good Corporate Governance (GCG), Environmental and Social Governance (ESG), and capital structure on firm value. The general regression model formula will be used:

$$Y = \alpha + \beta\_1 + X\_2 + \beta\_2 \, X\_1 + \beta\_3 \, X\_3 + \varepsilon \qquad (1)$$

Where:
Y = Firm Value (PBV)
α = Regression constant
$\beta1, \beta2, \beta3$ = Regression coefficients for each variable
X1 = GCG (Good Corporate Governance)
X2 = ESG (Environmental Social Governance)
X3 = Capital Structure (Debt to Equity Ratio / DER)
ε = Error term (residual)

The use of multiple linear regression has been widely applied in previous research. For example, Wulandari & Istiqomah (2024) tested the effect of ESG and capital structure on firm value using multiple regression and concluded that ESG has a significant partial positive effect. In this study, after developing a multiple linear regression model, a significance test was conducted to determine the influence of the independent variables.

RESULTS AND DISCUSSION

Research Result

Table 2. Result

Variabel	Coefisient	t	Significant
Constanta	-11,51340	-2,0294410	0,0652
GCG	4,19E-05	0,526786	0,6079
ESG	1,430470	1,889894	0,0332
Capital Structure	0,044069	1,889894	0,9707

Total	
R^2	: 0,302723
R^2 adj	: 0.128404
F	: 1.736602
Sign F	: 0.212668

* significant level 0,001, ** significant level 0,05
Source: Eviews (2025)

Table 3. Result

Variabel	Coefficient	Std. Error	t-Statistic	Prob
C	-11.51340	5.673273	-2.0294410	0.0652
X_1 (GCG)	4.19E-05	7.95E-05	0.526786	0.6079
X_2 (ESG)	1.430470	0.756905	1.889894	0.0332
X_3 (SM)	0.044069	1.175614	0.037486	0.9707
R-squared	0.302723	Mean dependent var		0.648688
Adjusted R-squared	0.128404	S.D. dependent var		1.229558
S.E. of regression	1.147907	Akaike info criterion		3.326075
Sum squared resid	15.81228	Schwarz criterion		3.519222
Log likelihood	-22.60860	Hannan-Quinn criter		3.335966
F-statistic	1.736602	Durbin-Watson stat		1.609163
Prob (F-statistic)	0.212668			

* significant level 0,001, ** significant level 0,05
Source: Eviews (2025)

Discussion

The Effect of Good Corporate Governance (GCG) on Company Value

Based on agency theory, the implementation of Good Corporate Governance (GCG) through mechanisms such as an independent board of commissioners and an audit committee should be able to reduce conflicts of interest between management and shareholders. However, the study results show that GCG does not have a significant effect on company value ($p = 0.06079 > 0.05$). This finding indicates that the implementation of GCG in the food and beverage sector remains a formality and is not yet effective as a monitoring tool to reduce

agency costs. GCG's function as a mitigator of information asymmetry is also not optimal, thus not making a real contribution to increasing company value.

The Effect of Environmental Social Governance (ESG) on Company Value

Agency theory explains that ESG can function as a positive signal demonstrating a company's responsibility and long-term orientation. The study results show that ESG has a significant positive effect on company value ($p = 0.0332 < 0.05$). This means that companies with good ESG performance are more valued by investors because they are perceived as capable of managing non-financial risks and maintaining their reputation. Thus, ESG implementation strengthens market confidence, reduces long-term risk, and increases firm value, in line with agency theory and signaling theory.

The Effect of Capital Structure on Firm Value

In agency theory, the use of debt can act as a disciplining mechanism for management to reduce inefficient use of discretionary funds.

However, the study results show that capital structure has no significant effect on firm value ($p = 0.9707 > 0.05$). This suggests that variations in the composition of debt and equity are not a primary factor in determining the value of firms in the food and beverage sector. This industry tends to be stable with low business risk, so investors pay more attention to operational performance and sustainability practices (ESG) than to funding structure. Therefore, the role of capital structure as a tool to manage agency conflicts does not appear strong in this context.

CONCLUSION

Based on the research results, it can be concluded that companies in the food and beverage sector are advised not only to implement GCG principles as a form of compliance but also to implement them more deeply, through increased transparency, accountability, and active stakeholder engagement. On the other hand, ESG implementation needs to be continuously strengthened and made part of the company's core strategy, considering that sustainability has proven to be a crucial factor in attracting investors and increasing business competitiveness. For investors, it is important to start making ESG one of the main indicators in the investment decision-making process, in addition to considering other factors such as profitability and company growth potential. Regulators also have a crucial role in creating a healthy and sustainable investment climate, by encouraging the comprehensive implementation of GCG and ESG through supportive policies and improving the quality of more transparent sustainability reporting. Finally, for future research, it is recommended to include additional variables such as profitability, company size, or macroeconomic factors, as well as expanding the research period to obtain more comprehensive results and reflect possible long-term dynamics.

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