Analyzing the Impact of IOS, Ownership, Sustainability Reporting, Firm Size, and Leverage on Firm Value: Evidence from Indonesian Manufacturing Firms

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Introduction: Firm value represents a company's economic worth and market perception, serving as a crucial indicator of long-term sustainability. This study empirically analyzes the manufacturing sector to determine how investment opportunities, ownership, sustainability reporting, firm size, and leverage influence this value. The objective is to provide recent evidence regarding the key determinants of this fundamental long-term business goal.

Methodology: The study utilized financial statement data from 64 manufacturing firms spanning chemical, food and beverage, and miscellaneous sectors. Companies were selected based on criteria of continuous listing and availability of complete financial and sustainability data during the observation period of 2021–2023. A purposive sampling technique was applied. Data were analyzed using multiple linear regression to determine causal relationships.

Results: The results indicate that the investment opportunity set and sustainability reporting have significant positive effects on firm value. In contrast, managerial ownership, firm size, and leverage showed no significant impact on firm value. These results suggest that investors prioritize firms' growth potential and environmental, social, and governance (ESG) transparency over traditional financial metrics.

Conclusion: This finding highlights the need for companies to enhance strategic investment initiatives and strengthen transparency in sustainability reporting to positively influence firm value. Future research may consider the role of mediating variables such as profitability or stock price, adopt a longer time frame, or extend analysis to other sectors and international contexts.

Practical Value: This study demonstrates that manufacturing companies should prioritize investment opportunities and sustainability reporting alongside financial profit, as these factors significantly influence firm value. By balancing growth potential with social and environmental responsibilities, firms can enhance their corporate reputation and overall valuation.

Direction for Future Research: Future research should further explore firm value by incorporating intervening variables, such as stock price or profitability, particularly since ownership, firm size, and leverage proved insignificant in this study. Scholars could yield new insights by employing longer, more recent time series and examining alternative sectors like banking, technology, or real estate. Finally, expanding the scope beyond Indonesian manufacturing to other countries would account for diverse regulatory and geographic contexts, allowing for broader generalization.

Keywords: financial accounting, firm value, causal study, Indonesia

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