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**The Effect of ESG Performance on Firm Value with Institutional Quality as A Moderator: Evidence from
Asia-Pacific Energy Sector**
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ABSTRACT

Environmental, Social, and Governance (ESG) performance has become an increasingly important consideration in corporate sustainability and investment decisions, yet its relationship with firm value remains inconclusive. This study examines the effect of ESG performance on firm value and the moderating role of institutional quality among publicly listed energy companies in the Asia-Pacific (APAC) region during 2020–2024. Using a quantitative explanatory approach, this research analyzes 505 firm-year observations with panel data regression based on the Random Effects Model (REM) and cluster-robust standard errors. ESG and financial data were obtained from Refinitiv (LSEG), while institutional quality was measured using the World Bank's Worldwide Governance Indicators (WGI). The results indicate that ESG performance does not have a significant effect on firm value, measured by Tobin's Q, and institutional quality does not significantly moderate this relationship. These findings suggest that the financial relevance of ESG is highly context-dependent and may not immediately translate into higher market valuation within the heterogeneous institutional landscape of the APAC energy sector. This study contributes to the ESG literature by providing sector-specific evidence and emphasizing the importance of considering institutional context when evaluating the ESG–firm value relationship.

Keywords: ESG performance, firm value, Tobin's Q, institutional quality, APAC energy sector, panel data