ABSTRACT

Financial performance is a critical indicator that reflects managerial efficiency in managing company assets. In the context of family firms, unique governance characteristics make strategic decision-making such as sustainability policies, ownership structure, and dividend distribution key factors in ensuring business continuity and profitability. Therefore, it is important to evaluate the factors that influence the financial performance of family firms in Indonesia.

This study aims to analyze the effect of Environmental, Social, and Governance (ESG), institutional ownership, *and* dividend policy *on the financial performance of family firms listed on the* Indonesia Stock Exchange *during the 2020–2024 period. Financial performance is measured using* Return on Assets (ROA) *as a proxy for operational efficiency.*

This research employs a quantitative approach using panel data regression analysis. *The sample was selected through* purposive sampling *and consists of 20 non-financial family firms, with a total of 100 observations. Secondary data were obtained from annual reports, sustainability reports, and publicly available ownership structures.*

The results indicate that all three independent variables ESG, institutional ownership, *and* dividend policy *have a positive and significant effect on financial performance. These findings suggest that sustainability practices, external institutional monitoring, and optimal dividend distribution can enhance operational efficiency and profitability in family firms*.

This research provides practical contributions to family firm management in designing effective governance and sustainability strategies. Moreover, the findings are relevant to investors and regulators as a basis for making informed decisions. Future studies are recommended to include control variables and expand the sectoral scope to strengthen the generalizability of the results.

Keywords: *dividend policy*, ESG, *family firm, financial performance, institutional ownership*