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A SYSTEMATIC LITERATURE REVIEW OF ERM, CORPORATE GOVERNANCE, INTERNAL CONTROL, AND SUSTAINABILITY REPORTING ON ENTERPRISE VALUE

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ABSTRACT

This study aims to analyze the determinants of firm value through a systematic literature review focusing on corporate governance, risk management, internal control, and sustainability reporting. The data for this study are articles from indexed journals with firm value as the dependent variable. Based on 67 empirical articles published between 2015 and 2025, this review synthesizes recent findings to assess how financial and non-financial mechanisms contribute to firm valuation across institutional contexts. The data were analyzed using the systematic literature review (SLR) method. The results reveal that corporate governance—specifically board independence, ownership structure, and audit committee effectiveness—are the most widely studied determinants. Risk management and sustainability reporting are increasingly studied due to their strategic signaling and stakeholder engagement roles, while internal control is less explored despite its relevance for reporting reliability and investor confidence. This study contributes by offering a structured synthesis and proposing future research directions to strengthen theoretical and methodological approaches in firm value research.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis determinan dari nilai perusahaan melalui tinjauan literatur sistematis dengan fokus pada tata kelola perusahaan, manajemen risiko, pengendalian internal, dan pelaporan keberlanjutan. Data penelitian ini adalah artikel-artikel dari jurnal terindeks dengan nilai Perusahaan sebagai variabel terikatnya. Berdasarkan 67 artikel empiris yang diterbitkan antara tahun 2015 dan 2025, tinjauan ini mensintesiskan temuan terbaru untuk menilai bagaimana mekanisme keuangan dan non-keuangan berkontribusi pada penilaian perusahaan di berbagai konteks kelembagaan. Data dianalisis menggunakan metode systematic literature review (SLR). Hasil penelitian mengungkapkan bahwa tata kelola perusahaan—khususnya independensi dewan, struktur kepemilikan, dan efektivitas komite audit—menjadi determinan yang paling banyak diteliti. Manajemen risiko dan pelaporan keberlanjutan semakin banyak diteliti karena peran pensinyalan strategis dan keterlibatan pemangku kepentingan, sementara pengendalian internal kurang dieksplorasi meskipun relevansinya untuk keandalan pelaporan dan kepercayaan investor. Studi ini berkontribusi dengan menawarkan sintesis terstruktur dan mengusulkan arah penelitian masa depan untuk memperkuat pendekatan teoritis dan metodologis dalam penelitian nilai perusahaan.

INTRODUCTION

Business competition across various sectors compels companies to continuously grow and innovate in order to achieve their strategic objectives. Based on the theory of the firm, the primary normative goal for publicly listed companies is to enhance shareholder wealth by increasing the overall value of the enterprise (Salvatore, 2019). To effectively manage finances, it is essential to accurately assess a company's value. As the asset appraisal industry continues to expand, determining Enterprise Value has become increasingly important for investment decisions, evaluating a company's overall worth, and measuring managerial effectiveness (Dong, 2018). The concept of "value" varies across different social and economic contexts, but it is generally regarded as an indicator or measure of asset magnitude. Currently, there are two primary standards for evaluating value: (1) Fair market value—reflecting the price at which assets or liabilities would be exchanged in a competitive market, and (2) Book value—representing the net value of assets on a company's balance sheet (Brigham & Houston, 2019).

Enterprise Value is one of the fundamental metrics used in business valuation, financial modelling, accounting, and portfolio analysis. Enterprise Value (EV) is an economic indicator that represents the total market value of an entire business. It encompasses the combined claims of all security holders, including debt holders, preferred shareholders, minority interests, common equity holders, and other financial stakeholders (Damodaran, 2024). Enterprise Value comprises various metrics and components that together represent the total value of a company. It is typically calculated by adding the market capitalization (including all classes of shares) to the net debt, along with other obligations such as pension liabilities (Damodaran, 2024).

The determinants of enterprise value have been extensively examined in a wide range of empirical studies. These studies primarily centred on the question of whether an optimal capital structure exists for an enterprise and to what extent the utilization of debt can contribute to an increase in the enterprise's overall value (Fadhilah et al., 2022). Furthermore, previous researches have also identified a range of factors that impact a company's value, including asymmetric information, good corporate governance, enterprise risk management (ERM), efficiency of internal control, profitability, capital structure, risk of default, board restructuring, tax strategies, and recognition through sustainability reporting awards (Hakim & Dilasari, 2023; Worokinasih & Zaini, 2020; Ariani & Weli, 2022; Nugraha & Hwihanus, 2019).

Signalling theory explains how information made available in the capital market can influence a firm's stock price. In situations where the published information impacts share prices, it is considered to have meaningful information content. Conversely, if the information does not affect stock prices, it is deemed to have minimal or no information content. Signalling theory also contends that investors react swiftly to data released in the capital market. A central issue in signalling theory is information asymmetry (Indy et al., 2023). This arises when information is distributed unevenly—some parties are better informed, while others lack knowledge entirely. Due to this imbalance, those with more information may engage in fraudulent activities, ultimately benefiting financially. In contrast, individuals without sufficient access to information are at a disadvantage. According to agency theory, management and stakeholders often have conflicting interests, each aiming to satisfy their own goals (Bai et al., 2023; Younas, 2022; Mukhtaruddin et al., 2024). Stakeholders expect their interests to be adequately considered, yet management may prioritize their gains. To mitigate these conflicts, a framework is needed so that management can effectively represent stakeholder interests. Corporate governance can serve as a tool to reduce such interest conflicts (Younas, 2022).

Moreover, corporate governance (CG) fosters stakeholder trust through a strong framework for accountability, transparency, and ethical decision-making (Christian et al., 2020). This trust supports organisational stability, enabling long-term growth, maximizing enterprise value, and signaling the investor about the enterprise performance with clear, reliable information (Christian et al., 2020). Internal control is very important for enhancing Enterprise Value because strong oversight will lower the cost of equity and foster capital market effectiveness. When companies disclose their internal control weaknesses, their cost of equity often increases; however, once those weaknesses are addressed, the cost of equity may decline below initial levels. This emphasises the importance of an effective internal control system in increasing and enhancing overall Enterprise Value and financial performance (Zhang & Su, 2023).

Enterprise Risk Management (ERM) is an integrated concept that identifies and manages risks at all levels of the organisation, ensuring that the company's strategic objectives are aligned with its risk appetite. By allocating resources to address current and future risks, ERM improve operational efficiency and increasing investor confidence, and ultimately leads to a stable and long-term Enterprise Value. Factors such as environmental uncertainty, competitive pressures, enterprise size, and board oversight further shape the effect of ERM on the performance of the organization. Consequently, a high-quality ERM framework not only mitigates potential threats but also takes advantage of opportunities, promotes sustainable growth, and strengthens stakeholder trust (Faisal et al., 2021).

Sustainability reporting, in recent times, has been referred to as one of the determinants of Enterprise Value as companies that are actively involved in preparing and communicating sustainability reports tend to show more stable financial performance and higher Enterprise Value. This suggests that sustainability is not only a social imperative, but also a strategic approach that offers long-term financial gains. Thus, sustainability reports serve as a key factor in how investors assess firm value in the market (Dewi & Rustiarini, 2024). By publishing sustainability reports, companies commit to sharing not only their financial performance but also environmental and social impacts. This higher level of disclosure may shape the way stakeholders perceive and respond to tax avoidance strategies, ultimately affecting overall enterprise value. One of the factors associated with enterprise value is a high level of transparency and accountability that can improve enterprise value (Pramesti & Harsono, 2024). Companies can increase their transparency to investors and other stakeholders by issuing sustainability reports, which helps reduce the negative perceptions and encourages capital investment. A sustainability initiative can act as a strong incentive to increase investor value. In this context, companies are advised to disclose their sustainability reports to foster loyalty, build stronger relationships with society, and ultimately foster positive enterprise value (Almansoori & Nobanee, 2019). In addition to that, sustainability reporting has become a fundamental component of corporate governance, driven by the increasing awareness of environmental and social issues among investors and the general public. Investors, in particular, are increasingly interested in companies that demonstrate a commitment to sustainable and responsible business practices (Pramesti & Harsono, 2024).

Although several research investigated at the determinants of Enterprise Value, inconsistencies in the findings and the shifting nature of Enterprise value itself indicate that this topic is still evolving. Some researchers assert that financial metrics like profitability and leverage are most important, while others emphasise the growing relevance of non-financial aspects including governance quality, risk control, and sustainability disclosure. These divergent viewpoints, together with inadequate integration across theoretical frameworks, indicate the necessity for a complete synthesis of previous research. As a result, the purpose of this study is to answer the following question: “What are the key determinants of enterprise value as identified in recent empirical literature?”. This systematic study seeks to consolidate recent breakthroughs in research on Enterprise Value determinants, providing a thorough grasp of best practices and proposing avenues for future research.

LITERATURE REVIEW

Theoretical Foundations of Enterprise Value Determinants

Enterprise Value (EV) is a widely used financial measure that reflects a company’s total market worth, including equity and debt, adjusted for cash (Damodaran, 2024). Early theoretical models of Enterprise

Value primarily emphasized financial structure. The earliest and most influential explanation regarding Enterprise Value comes from capital-structure theory, most notably the irrelevance proposition by Modigliani and Miller (1958). The earliest and most influential explanation of enterprise value comes from capital structure theory, in particular the irrelevance theory of Modigliani and Miller (1958). The irrelevance theory states that, under ideal conditions, the way in which a firm is financed — whether through debt or equity — has no influence on its overall value. This theory then formed the basis of modern financial management. However, later work introduced more nuanced perspectives by incorporating real-world frictions such as taxes, bankruptcy costs and information asymmetries.
Modigliani and Miller (1963) later revised their earlier assumptions by including tax benefits for firms, arguing that debt creates value by reducing the tax burden. This change gave rise to the trade-off theory, which state that firms seek an optimal capital structure that balances tax benefits and bankruptcy costs. Similarly, the pecking order theory proposed by Myers and Majluf (1984) explained that companies favour internal over external financing in order to minimise information asymmetry, which indirectly influences market valuation.

As the limitations of traditional financial management is getting clearer, researchers turned to agency theory to better explain regarding the determinants of enterprise value. Agency theory, introduced by Jensen and Meckling (1976), describes how conflicts between shareholders and managers can lead to decisions that reduce shareholder value. This theory states that without an effective governance mechanism, managers prioritise their personal interests over shareholders' interests, thus creating a conflict of interests which will make them taking an inefficient investment or accumulate excess cash. Governance components such as independent boards, audit committees, concentrated ownership, and executive compensation are seen as tools to align managers' interests with firm value creation. Empirical studies have subsequently confirmed that governance components— board independence, nested committee structures, separation of CEO and chair, and concentrated or institutional ownership— are systematically associated with higher valuation multiples (Black et al., 2006; Kim et al., 2021). Thus, corporate governance has emerged as a key determinant of Enterprise Value.

Another important theory in the development of Enterprise Value is the signalling theory by Ross (1977). This theory is focused on how corporate decisions convey hidden information to investors. Actions such as announcing dividends, share buybacks, and capital structure adjustments are interpreted as signals of management expectations and the internal strength of a company. When companies regularly pay dividends or reduce debt, it means that they signal future earnings and stability, which often leads to positive investor reactions and a higher enterprise value. This theory is relevant within the contexts where asymmetric information is prevalent and disclosure mechanisms are insufficient (Alghazali et al., 2024; Lotfi, 2019).

Freeman (1984) developed the stakeholder theory, which expands enterprise value beyond shareholder priority to include the interests of workers, communities, regulators, and consumers. This aligns with ESG frameworks, which are now essential to the valuation of an enterprise. Meanwhile, institutional theory by DiMaggio & Powell (1983) states that companies adopt ESG standards in response to peer and regulatory pressure, and the Legitimacy theory by Suchman (1995) states that companies have to behave responsibly and report transparently to gain society acceptance or legitimacy from society. These theories emphasise that an enterprise's capacity to create value depends on how well it integrates with institutional and societal structures, and from a resource-based perspective, sustainability is seen as a unique, important, and difficult-to-copy skill that increases enterprise value through green innovation and solid stakeholder relationships (Barney, 1991). Moreover, dynamic capabilities increase a company's valuation by enabling it to take advantage of new possibilities and adjust to changing ESG demands (Teece, 2020). Research shows that reliable, guaranteed sustainability disclosures reduce crash risk and increase market valuations (Šneiderienė & Legenzova, 2025; Frost et al., 2022).

In recent years, researchers' attention have also turned to enterprise risk management (ERM) and internal control systems as theoretical and empirical pathways to Enterprise Value. Drawing on dynamic-capabilities theory (Teece et al., 1997), ERM research emphasises a firm's capacity to sense turbulence, seize opportunities, and reconfigure resources under environmental shifts. ERM adoption is directly linked to lower earnings volatility, superior credit ratings, and higher Tobin's Q (Hoyt & Liebenberg, 2011; Lacković & Kurnoga, 2022; Hutauruk, 2024). ERM practices—such as board-level risk committees, chief risk-officer appointments, and scenario analytics—signal strategic competence, prompting investors to re-rate the firm's risk profile and, consequently, its EV. Firms that proactively identify, assess, and manage risk are perceived as more resilient, trustworthy, and strategically competent. Studies have shown that companies with advanced ERM frameworks tend to command higher valuations due to reduced volatility and improved planning (Lacković & Kurnoga, 2022).

At the same time, scholars recognised that reliable information is essential to valuation. Internal control systems—defined as the policies and procedures that safeguard assets and assure financial-statement accuracy—became a focal point after several high-profile accounting scandals and the enactment of the U.S. Sarbanes-Oxley Act (SOX). Under contingency theory, control quality must fit organisational complexity and environmental volatility (Simons, 1994). Enterprises which disclose their material control weaknesses suffer higher cost of capital and lower EV, whereas remediation of weaknesses leads to significant valuation gains (Ashbaugh-Skaife et al., 2008; Lin & Wang, 2020). Thus, the quality of internal controls influences valuation by ensuring accurate financial reporting, compliance, and risk containment.

RESEARCH METHOD

A systematic literature review (SLR) methodology was employed to comprehensively identify and synthesize existing research on the determinants of Enterprise Value. Building on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 guidelines to ensure methodological rigor and transparency (Budiarto et al., 2024). In general, the PRISMA approach is separated into the following stages: (1) determine the source of information; (2) articles or study selection; (3) data collection process; (4) determine eligibility criteria; and (5) selection of data items.

Table 1. Searching Strategy Keywords

Searching Strategy Keywords	Total
"Enterprise Value or firm value"	66.765 articles, reports, book chapters, proceedings, and documents
"Enterprise Value or firm value", "articles"	45,598 articles
"Enterprise Value or firm value", "corporate governance", "articles"	4,682 articles
"Enterprise Value or firm value", "corporate governance", "internal control", "articles"	867 articles
"Enterprise Value or firm value", "corporate governance", "internal control", "enterprise risk management", "articles"	685 articles
"Enterprise Value or firm value", "corporate governance", "internal control", "enterprise risk management", "sustainability reporting", "articles"	366 articles

An exhaustive and systematic search was conducted across three academic databases: Scopus, Web of Science, and Google Scholar, to identify relevant peer-reviewed articles. The search uses predefined keyword combinations, which include terms such as “Enterprise Value,” “firm value,” “sustainability reporting,” “corporate governance,” “internal control,” and “enterprise risk management.” These keywords were systematically selected to identify research studies that explore all the variables influencing enterprise value, with a particular focus on sustainability practices, governance mechanisms, and risk management. The searching strategy is presented in Table 1. To ensure the relevance of the selected studies, a set of inclusion criteria was applied. These criteria were designed to guarantee the alignment of the studies with the research objective, which is to systematically identify and synthesize empirical evidence on the determinants that influence enterprise value.

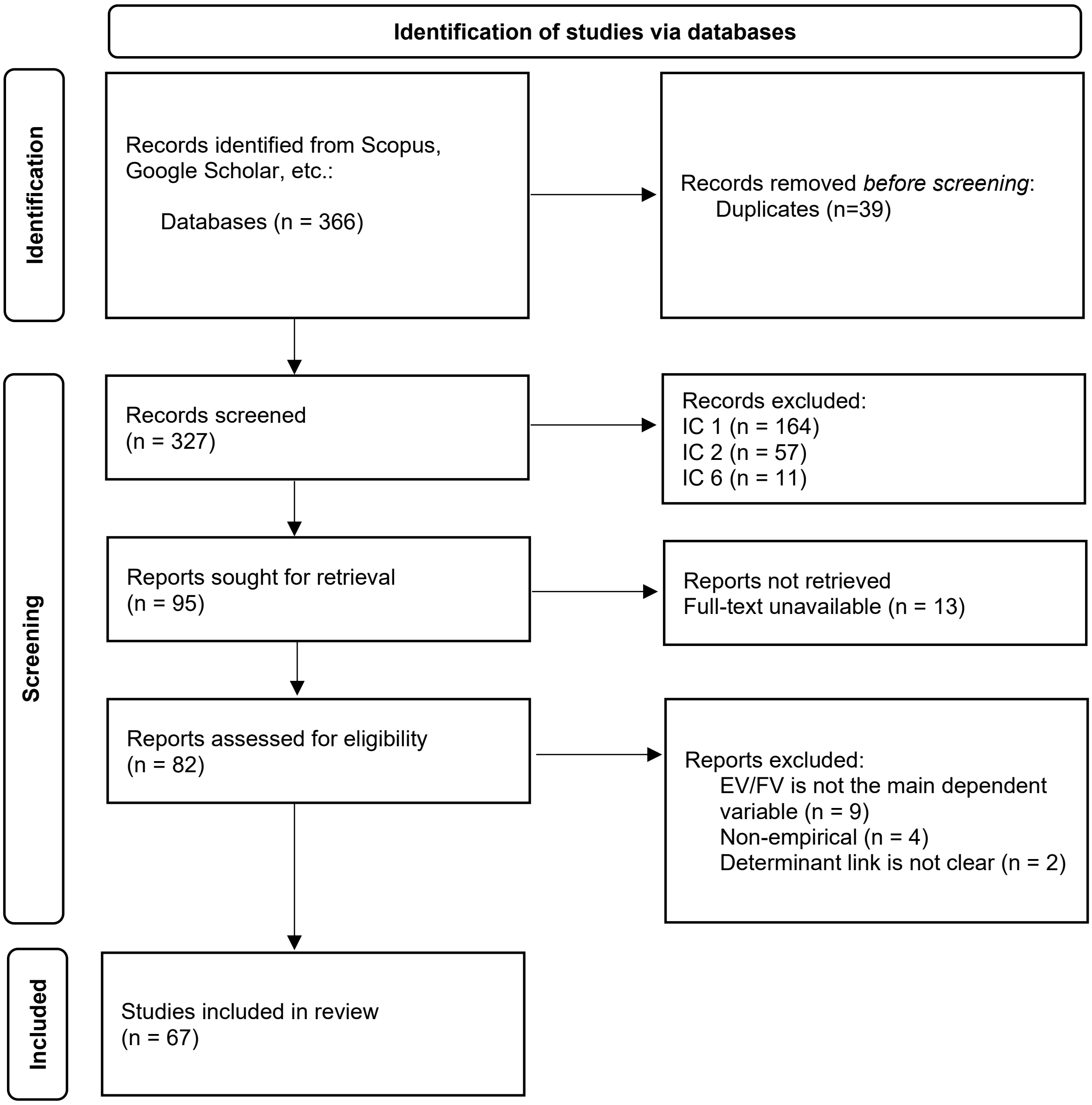

Figure 1. PRISMA Flowchart used in this study

The inclusion criteria used for this review are as follows: enterprise/firm value must be the article's primary dependent variable (IC 1); the article analyses at least one determinant—(a) corporate governance (board, ownership, audit committee, etc.), (b) internal controls, (c) ERM, or (d) sustainability reporting (IC 2); empirical (quantitative, qualitative, or mixed-method) articles published in peer-reviewed journals; reviews, conceptual pieces, conference papers, books or chapter of book, theses, and working papers are excluded (IC 3); articles should be published in English to ensure they are easily accessible to researchers of this study (IC 4); the time range 2015–2025 is selected to include both seminal works that laid the foundation of the field and recent research that incorporates contemporary developments of the determinants of enterprise value (IC 5); the title or abstract must clearly state a direct link between enterprise value and at least one of the above determinants as a central analytic focus, rather than only being mentioned peripherally (IC 6). Inclusion Criteria 4 and 5 (language and publication year) were enforced before screening through advanced database filtering settings. As a result, no additional exclusions occurred at these stages during the PRISMA flow.

RESULTS AND DISCUSSIONS

After conducting an academic literature search, we have obtained 67 articles related to the determinants of enterprise value based on the PRISMA flowchart in Figure 1. Furthermore, 67 relevant articles were obtained based on the selection results to discuss the relationship between corporate governance, internal control systems, enterprise risk management, and sustainability reporting with enterprise or firm value. The distribution of articles based on the determinants examined is presented as follows:

Table 2. Distribution of the Articles Based on the Determinant(s)

Determinant (Standalone / Combination)	Reference(s)	Number of Article(s)	Findings
Corporate Governance	(Abigail & Dharmastuti, 2022), (Akhtar, 2022), (Ararat et al., 2017), (Bermundo et al., 2019), (Biçer & Şit, 2023), (El-Deeb et al., 2022), (Esan et al., 2022), (Ferriswara et al., 2022), (Gerged & Agwili, 2020), (Gherghina, 2015), (Gil & Hwang, 2024), (Hasnan et al., 2019), (Huang & Kang, 2017), (Jaradat et al., 2021), (Li & Zaiats, 2018), (Negi & Jai, 2022), (Noor et al., 2024), (Nugroho, 2020), (Ogundajo et al., 2023), (Pamungkas et al., 2023), (Robiyanto et al., 2019), (Sarker & Hossain, 2024), (Setiany et al., 2023), (Shahzad et al., 2023), (Subanidja et al., 2016), (Tabash et al., 2023), (Uddin et al., 2021), (Van Khanh et al., 2020), (Vintilă, 2024), (Vintilă & Gherghina, 2015), (Zulpahmi et al., 2024)	**31**	Board structure, ownership structure, and audit-committee quality are the core governance mechanisms studied. Well-balanced boards and dispersed, engaged owners strengthen monitoring and disclosure quality, which reduces agency costs and improves overall Enterprise Value.

Determinant (Standalone / Combination)	Reference(s)	Number of Article(s)	Findings
Enterprise Risk Management	(Anton, 2018), (Faisal et al., 2021), (Indriastuti et al., 2023), (Iswajuni et al., 2018), (Oniovosa & Godsday, 2023), (Phan et al., 2020), (Silva et al., 2018), (Son et al., 2023)	**8**	Organisation-wide risk management signals disciplined risk oversight, lower cash-flow volatility, and reassures investors. The rise in Enterprise Value depends on ERM maturity and credible board or committee oversight.
Sustainability Reporting	(Aboud & Diab, 2018), (Alghamdi & Agag, 2023), (Friske et al., 2023), (Kuzey & Uyar, 2017), (Nguyen, 2020), (Rahman et al., 2024), (Van et al., 2025), (Yondrichs et al., 2021)	**8**	High-quality sustainability disclosure builds legitimacy and reduces information asymmetry, but the impact to Enterprise Value is strongest when reports are externally assured or complemented by strong governance and risk controls.
Internal Control	(Jacoby et al., 2018), (Wang et al., 2018), (Wu & Bao, 2019)	**3**	Effective internal-control systems curb opportunism, buffer firms against external shocks, and enhance reporting reliability, which investors reward with higher valuation multiples.
Corporate Governance and Sustainability Reporting	(Assidi, 2023), (Bukari et al., 2024), (Harun et al., 2020), (Kurnia et al., 2020), (Liu & Zhang, 2017), (Suhartini et al., 2024), (Wahyuni et al., 2019), (Wu et al., 2022), (Wu et al., 2023)	**9**	Strong board structure within the company converts sustainability disclosures into credible market signals; weak governance dilutes their impact. The combination aligns stakeholder expectations with effective oversight, enhancing enterprise value.
Corporate Governance and Enterprise Risk Management	(Maruhun et al., 2018), (Farooq et al., 2025), (Haj-Salem et al., 2020), (Ismail & El-Deeb, 2022), (Khandelwal et al., 2023)	**5**	Governance quality and ERM operate as complements: strong boards drive deeper ERM adoption, and investors price the jointly lower risk profile. Credibility falls when boards are dominated by management.

Determinant (Standalone / Combination)	Reference(s)	Number of Article(s)	Findings
Sustainability Reporting and Enterprise Risk Management	(Eriandani & Winarno, 2024)	**1**	Combining ERM with detailed sustainability disclosure mitigates ESG risk perceptions and restores valuation, highlighting the assurance role of risk management.
Internal Control and Sustainability Reporting	(Yoo et al., 2024)	**1**	Strong internal controls support accurate sustainability metrics and thus intensify the positive effect of sustainability reporting on Enterprise Value.
Internal Control and Enterprise Risk Management	(Ma et al., 2022)	**1**	High-quality internal controls amplify the valuation benefit of ERM for firms pursuing high-variance projects, assuring investors that downside risks are contained.
TOTAL		**67**	

As shown in Table 2, the distribution of the articles reveals that corporate governance constitutes the most extensively examined determinant of Enterprise Value, represented in 31 out of the 67 articles reviewed. This predominance shows the sustained scholarly interest in governance mechanisms—such as board structure, ownership structure, and audit committee quality—and their theoretical and empirical relevance in enhancing enterprise value. In contrast, both enterprise risk management (ERM) and sustainability reporting are addressed in 8 articles each. Although these figures are lower than those for corporate governance, they attest to a growing recognition of forward-looking, non-financial determinants that shape strategic oversight, foster stakeholder engagement, and promote long-term organizational resilience. Internal control systems are analysed in only three articles, making it the least explored determinant. Although conceptually tied to assurance, risk mitigation, and reporting quality, their direct impact on Enterprise Value remains under-examined. Some articles also analyse combinations of determinants. The combination of corporate governance and sustainability reporting is the most common, appearing in nine articles, while corporate governance and enterprise risk management are examined in five articles. Other combinations—sustainability reporting with risk management, internal controls with sustainability reporting, and internal controls with risk management—each appear in a single study. No article integrates all four determinants in one model, indicating that comprehensive, systems-oriented investigations are still lacking in the literature.

Corporate Governance as the Determinant of Enterprise Value

Corporate governance is the most frequently examined determinant in the empirical literature, appearing in 31 as the sole determinant researched in 67 articles included in this review. Across both developed and emerging markets, researchers find that governance mechanisms exert measurable and economically significant effects on valuation proxies such as Tobin's Q and EV/EBITDA. The largest body of evidence concerns board structure. A higher proportion of independent directors is generally linked to superior firm value because independent members enhance monitoring and curb managerial discretion (Akhtar, 2022; Bermundo et al., 2019; Jaradat et al., 2021). Several studies report a non-linear relationship, where the benefits of independence decline beyond an optimal threshold owing to slower decision-making and reduced firm-specific knowledge (Vintilă, 2024). Board size exhibits a comparable pattern: moderate expansion adds expertise and networking capacity, whereas excessively large boards suffer coordination costs that diminish value (Setiany et al., 2023). Virtually all studies agree that CEO duality—when the chief executive also chairs the board—reduces Enterprise Value by concentrating decision rights and weakening oversight (Gerged & Agwili, 2020; Uddin et al., 2021; Negi & Jai, 2022).

Ownership structure constitutes the second major category of investigation. Institutional investors consistently enhance valuation through more effective external monitoring and the certification effect of reputable shareholding (Noor et al., 2024; Biçer & Şit, 2023). Managerial ownership improves value only up to an optimal point: modest stakes align incentives, whereas high concentrations foster entrenchment (Nugroho, 2020; Sarker & Hossain, 2024). Evidence on family and state ownership is mixed. In some contexts, these owners contribute long-term orientation or political access, which then positively impacts Enterprise Value (Hasnan et al., 2019); in others, they are associated with opacity and related-party transactions that decrease Enterprise Value (Setiany et al., 2023).

A smaller but consistent stream of research focuses on the audit committee. Audit committees that are independent, financially literate, and meet frequently improve reporting quality and risk oversight, thereby increasing market valuation (Abigail & Dharmastuti, 2022; Esan et al., 2022; Hasnan et al., 2019). Studies employing composite indexes—for example, the 46-item Turkish index developed by Ararat et al. (2017) or the Borsa Istanbul of Biçer and Şit (2023)—demonstrate that several high-quality governance practices have a stronger cumulative effect on Enterprise Value than any single mechanism.
Most authors interpret these findings through the lens of agency theory, which predicts that independent boards, dispersed ownership, and vigilant committees reduce information asymmetry and opportunism (Gil & Hwang, 2024). Additional perspectives enrich the analysis. Stakeholder and stewardship theories highlight how diverse boards build trust with broader constituencies (Ogundajo et al., 2023). Resource-dependence theory points to the external resources and legitimacy that well-connected directors can secure (Jaradat et al., 2021). Signalling and impression-management theories explain how visible governance attributes—such as voluntary disclosures, gender diversity, or anti-takeover provisions—convey firm quality to investors and lower perceived risk (Ferriswara et al., 2022; El-Deeb et al., 2021). Finally, institutional and political-connection frameworks show that legal regimes and informal ties mediate the effectiveness of formal structures (Esan et al., 2022; Hasnan et al., 2019).

Moreover, out of the 67 articles reviewed, five articles analyze corporate governance (CG) together with enterprise-risk management (ERM), and nine articles analyze CG with sustainability reporting (SR) concerning Enterprise Value. The CG–ERM articles show a clear agency-based pattern: boards that are larger, more independent, and financially skilled push firms to adopt wider ERM frameworks, and firm value rises when investors see those frameworks as credible signals of lower risk (Maruhun et al., 2018; Farooq et al., 2025). When risk disclosures are issued by boards that lack independence or meet infrequently, valuation falls, suggesting that information without effective oversight is discounted (Ismail & El-Deeb, 2022; Haj-Salem et al., 2020). CEO duality further weakens the positive link between ERM and value (Khandelwal et al., 2023).

The nine CG–SR articles rely more on stakeholder and legitimacy views. Independent, gender-diverse, and foreign directors lead to richer SR or ESG disclosure, but the direct effect on value is modest unless it is reinforced by strong profitability or risk control (Harun et al., 2020; Suhartini et al., 2024). ESG scores strengthen the positive impact of board diversity and independence, whereas CEO duality weakens it (Bukari et al., 2024). Ownership also matters: sustainability performance is rewarded more in non-state firms, and executive or institutional holdings strengthen the sustainability–value link (Wu et al., 2022; Liu

& Zhang, 2017). One article finds that firms with weak boards rely on dense voluntary sustainability disclosure to reassure investors, while firms with strong boards gain little from extra transparency (Assidi, 2023).

Sustainability Reporting as the Determinant of Enterprise Value

Sustainability reporting is the second-most common determinant of Enterprise Value in this study, investigated in nineteen articles. Eight studies model the report itself—usually a Global Reporting Initiative (GRI) score, an ESG-index listing, or a carbon-emission disclosure—as an independent variable. Drawing mainly on stakeholder, legitimacy, and signalling theories, these papers argue that credible, voluntary disclosure lowers information asymmetry and demonstrates social responsibility, which in turn attracts long-term investors. Evidence from Turkey and Egypt shows an immediate, positive association between GRI-based reporting or ESG-index membership and Tobin's Q (Aboud & Diab, 2018; Kuzey & Uyar, 2017). North-American and Saudi studies report an initial value discount—interpreted as a learning cost—but find that the market revises its view upward once the quality of the information is verified, especially when reports receive external assurance (Alghamdi & Agag, 2023; Friske et al., 2022). Results are not universally favourable: a German panel study documents a persistent negative link between high GRI compliance and valuation, suggesting scepticism when sustainability projects lack an evident business case (Nguyen, 2020).

The remaining eleven articles embed sustainability reporting in a broader control architecture that includes corporate governance, enterprise-risk management, or internal control. Agency and signalling perspectives dominate this strand. Indonesian manufacturing data show that reports raise firm value only indirectly, by improving return on assets, and only when independent commissioners and active audit committees are present (Suhartini et al., 2024). Cross-country evidence from Sub-Saharan Africa and China indicates that diverse, independent boards turn ESG metrics into credible signals, amplifying their valuation effect, whereas chief-executive duality has the opposite impact (Bukari et al., 2024; Wu et al., 2023; Wu et al., 2022). When sustainability disclosure is analysed alongside enterprise-risk management, its influence runs mainly through ERM quality or other intangible resources: Indonesian research finds three-way synergies among ERM, sustainability reporting, and intellectual capital (Indriastuti et al., 2025), while bank studies show that green-banking initiatives lift value only when the accompanying reports are thorough and reliable (Rahman et al., 2024). Internal-control strength also matters. Carbon disclosure has no direct effect in Indonesia unless it translates into higher profitability, a pathway facilitated by strong governance and controls (Kurnia et al., 2020).

Across these nineteen articles, three themes recur. First, disclosure quality—not mere presence—is decisive; measures such as external assurance, detailed materiality discussions, or ESG-index inclusion consistently garner higher valuations. Second, complementary monitoring mechanisms—independent boards, mature ERM frameworks, robust internal controls—convert reports from symbolic gestures into trusted signals, aligning with agency and signalling theory. Third, time horizons are important: several longitudinal studies show that markets need one to three years to recognise the economic pay-off of sustainability investments, a pattern consistent with stakeholder expectations and learning effects. Taken together, the literature portrays sustainability reporting as a valuable, but contingent, asset: it enhances Enterprise Value when it is credible, when it is aligned with sound governance or risk oversight, and when investors have had sufficient time to absorb the information.

Enterprise Risk Management as the Determinant of Enterprise Value

Enterprise-risk management (ERM) is examined in 15 of the 67 articles included in this review, making it the third-most frequently analysed determinant of Enterprise Value. In eight articles where ERM is assessed on its own, adoption of an organisation-wide risk framework or achievement of higher ERM-maturity scores is generally associated with significant premia in Tobin's Q or market-to-book ratios (Silva et al., 2018; Anton, 2018; Phan et al., 2020; Iswajuni et al., 2018). These findings are typically interpreted through agency and risk-management theories, which posit that systematic risk oversight mitigates information asymmetry and tail-risk exposure. The magnitude of the premium, however, is conditional. Anton (2018) shows that the valuation effect disappears during the global-financial-crisis years, while Oniovosa and Okoro (2023) demonstrate that, in banking, ERM improves value only when the ERM committee is independent, underscoring the importance of credible monitoring.

Five further articles situate ERM within a broader corporate-governance architecture, employing agency and signalling perspectives. They reveal a clear complementarity: larger, more independent, or financially skilled boards foster more comprehensive ERM practices and render risk disclosures credible to investors, thereby enhancing Enterprise Value (Maruhun et al., 2018; Haj-Salem et al., 2020; Ismail & El-Deeb, 2022; Khandelwal et al., 2023; Farooq et al., 2024). When oversight is weak—manifested in CEO duality or infrequent board meetings—the positive association between ERM and value is reduced or even reversed, suggesting that information unbacked by effective monitoring is discounted by the market.

A smaller cluster of three articles adopts stakeholder and legitimacy frameworks to explore the ERM–sustainability interface. In Pakistan, sustainability initiatives raise value only through the mediating effect of ERM, and strong boards further amplify this pathway (Farooq et al., 2024). An Indonesian study finds that ERM, sustainability reporting, and intellectual capital jointly generate synergistic gains, consistent with resource-based arguments about complementary capabilities (Indriastuti et al., 2025). Conversely, firms facing high ESG risk can preserve valuation if they combine robust ERM with detailed, materiality-focused sustainability disclosure (Eriandani & Winarno, 2024), illustrating how ERM enhances the credibility of sustainability information. Finally, one article links ERM to internal-control quality. Drawing on agency and risk-management theory, Ma, Ju, and Zhang (2022) show that strong internal controls—conceptually overlapping with ERM—magnify the valuation payoff from risky R&D investment, indicating that disciplined risk processes reassure shareholders when firms pursue high-variance projects.

Internal Control as the Determinant of Enterprise Value

Internal control is the least-studied determinant in this review, examined in five articles. Three articles in this review treat control quality—or its absence—as an independent driver of market value. Guided by agency and risk-management theory, they show that effective controls lower information asymmetry and curb wasteful investment. A U.S. study reports that firms disclosing SOX 404 weaknesses cut capital spending even before the announcement, and this pre-emptive retrenchment explains much of their subsequent stock underperformance (Jacoby et al., 2018). Using a nationwide Chinese panel, researchers find that a higher Internal Control Index is positively associated with Tobin's Q and return on equity; the link is weaker in state-owned enterprises, where formal procedures often mask political influence (Wu & Bao, 2019). Another Chinese article exploits the anti-corruption campaign and shows that firms lose around two per cent of market value when powerful political ties are severed, yet companies with strong internal controls suffer far smaller declines—evidence that robust systems buffer negative shocks (Wang et al., 2018).

Two additional studies embed internal control in broader capability bundles. Drawing on resource-based and agency perspectives, Ma et al. (2022) demonstrate that high-quality controls magnify the positive valuation impact of risky R&D spending, because investors trust that project risk is being managed. Yoo et al. (2024) extend this idea to a three-way interaction: corporate social responsibility lifts firm value, digital transformation strengthens the CSR effect, and strong controls reinforce the synergy, consistent with stakeholder expectations for reliable reporting. Across these five articles, three themes recur. First, the market rewards control effectiveness, not mere compliance; detailed indices of control design and operation explain value better than binary weakness flags. Second, strong controls moderate external shocks—whether the shock is reputational, as in lost political connections, or strategic, as in large innovation bets—confirming risk-management theory. Third, internal control acts as a complementary asset: by pairing with innovation initiatives or sustainability programmes, it converts ambitious projects into credible, value-enhancing signals. Together, the evidence portrays internal control as a foundational yet contingent asset; it enhances Enterprise Value when it is demonstrably effective and when it is integrated with wider strategic and governance frameworks.

This review synthesises empirical evidence on the determinants of Enterprise Value, with a particular emphasis on the multidimensional and interdependent roles of corporate governance, enterprise risk management, internal control, and sustainability reporting. These determinants influence enterprise value not only through financial performance metrics but also via broader organizational mechanisms, regulatory compliance, and stakeholder expectations. While agency theory remains a foundational framework in this field, recent literature increasingly incorporates alternative perspectives—such as signalling theory, stakeholder theory, the resource-based view, and dynamic capabilities—to capture the complex processes through which these determinants affect enterprise value. Corporate governance is the most comprehensively examined determinant, especially in regards to board independence, CEO duality, and ownership concentration and structure. Strong corporate governance has been consistently linked to reduced agency conflicts, thus ultimately increasing enterprise value. Conversely, weak corporate governance and entrenched managerial control continue to be associated with value erosion. ERM, although addressed in fewer articles, has gained prominence as a mechanism for improving strategic discipline and organisational resilience. Empirical findings suggest that enterprises that integrate ERM within their governance frameworks and ensure credible disclosure practices are more likely to have better investor confidence and reduced perceived risk.

Sustainability reporting further contributes to firm value by signalling a firm's commitment to long-term environmental, social, and governance (ESG) goals. However, the effectiveness of sustainability reporting depends significantly on the quality of disclosures and the strength of accompanying governance and risk management. Internal control, although comparatively underexplored, is recognised as important for ensuring reporting reliability, mitigating operational risks, and supporting strategic decision-making—all of which can positively influence valuation. Most importantly, the impact of these determinants is neither linear nor universally applicable. The influence of these determinants is contingent upon a range of contextual factors, which include industry characteristics, ownership structure, firm size, institutional environment, and the maturity of the financial markets. Accordingly, this review emphasises the need for a more holistic and context-sensitive approach to evaluate enterprise value— one that will account for the interactions between governance, risk management, internal control, and sustainability aspects.

CONCLUSION

The research gap identified after this review and for future research directions are as follows. First is a lack of integrated models across determinants, although the interconnection between corporate governance, ERM, sustainability reporting, and internal controls is acknowledged, most studies assess these factors separately. This limits the understanding of their joint effects on enterprise value. Future research should employ integrated models—such as structural equation modeling or fsQCA—to explore how these variables interact, particularly the moderating role of internal controls on the impact of sustainability and risk disclosures. Second, underexamined role of internal controls, internal controls are essential for ensuring financial integrity and mitigating risk, yet remain understudied in Enterprise Value literature. Existing research often focuses on compliance rather than effectiveness. Future studies should investigate how high-quality internal controls support value creation in firms pursuing innovation or operating in high-risk sectors, potentially enhancing investor confidence and reducing perceived risk.

Third, limited cross-country and institutional comparisons, most studies are concentrated in emerging markets, limiting generalizability across institutional settings. There is a need for comparative research that examines how legal origin, enforcement strength, and alignment with global reporting standards (e.g., IFRS, GRI, TCFD) moderate the relationship between governance practices and firm value. Fourth, limited longitudinal evidence on value formation, most studies rely on cross-sectional data, which restricts understanding of how governance, ERM, internal control, or sustainability reporting practices affect Enterprise Value over time. Future research should adopt longitudinal designs to examine how changes—such as board restructuring, ERM adoption, or regulatory shifts—impact firm value across different time horizons. In particular, delayed effects from sustainability investments and governance reforms deserve closer attention to identify long-term valuation trends and causal relationships.

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