ABSTRACT

This study aims to determine how financial performance, employee stock option plan (ESOP), and corporate governance influence a company's sustainable growth rate (SGR). Financial performance variables consist of: short-term profitability calculated by return on asset (ROA), long-term profitability calculated by return on invested capital (ROIC), short-term solvency calculated by current ratio (CR), and long-term solvency calculated by debt-to-asset ratio (DAR). ESOP calculated through a dummy variable, corporate governance calculated by the governance disclosure score (GDS), and SGR calculated by the Higgin's model.

The study population comprises non-financial companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2019. The study used purposive sampling method to select 108 samples for the study. The data analyzed using multiple linear regression.

This study succeeded in proving that short-term profitability has a significant positive effect on SGR. In addition, this study shows that long-term solvency has a significant positive effect on SGR, which contradicts the hypothesis. Meanwhile, the results showed that the other variables had no effect on SGR.

Keywords: Financial Performance, Employee Stock Option Plan (ESOP), Corporate Governance, Sustainable Growth Rate (SGR).