ABSTRACT

This study aims to examine the dimensional effects of Environmental (ENV), Social (SOC), and Governance (GOV) performance or Environmental, Social, and Governance (ESG) on financial performance proxied by Return on Assets (ROA). CEO characteristics, which include CEO age (CEOA), CEO tenure (CEOT), and CEO ownership (CEOW), are used in this study as moderating variables to determine their role in strengthening or weakening the influence of ENV, SOC, and GOV performance on ROA.

The population used in this study consists of companies in the manufacturing sector listed on the Indonesia Stock Exchange (IDX) for the period of 2018 – 2022. The sample size is 20 companies with a total of 100 observation data, determined by purposive sampling method. The analytical method used is moderated regression analysis (MRA), and the Random Effect Model (REM) was selected as the best model for hypothesis testing.

The results of the study indicate that ENV and GOV have a significant negative effect on ROA, while SOC has a significant positive effect on ROA. The moderating variable CEOA has a significant negative effect in moderating SOC on ROA, but it is not significantly negative on ENV and not significantly positive on GOV for ROA. CEOT is not significantly negative in moderating the effect of ENV on ROA, while CEOT is not significantly positive in moderating the effects of SOC and GOV on ROA. Additionally, CEOW is not significantly negative in moderating ENV on ROA and not significantly positive on SOC. However, CEOW has a significant negative effect in moderating GOV on ROA.

Keywords: CEO age, CEO ownership, CEO tenure, environmental performance, Environmental, Social, and Governance (ESG), financial performance, governance performance, moderated regression analysis, ROA, and social performance.