ABSTRACT

This research analyzes the effect of Environmental, Social, and Governance (ESG) disclosure on corporate financial performance, with political connections as a moderating variable. The study focuses on mining companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. The underlying theory of this research is legitimacy theory. The approach used is quantitative with purposive sampling, where data is collected from secondary sources such as annual reports, sustainability reports, and financial statements. This study's population consists of mining companies listed on the IDX between 2021-2023, with a sample size of 69 companies out of 189 as the population. Multiple regression analysis is used to test the hypotheses.

The results show that ESG disclosure does not have a significant effect on financial performance, measured by the Return on Assets (ROA) proxy. Furthermore, the presence of political connections moderates the effect of ESG disclosure on financial performance, suggesting that companies with political connections may manage ESG disclosure differently. This research contributes to the understanding of how ESG and political connections influence the financial outcomes of companies in the mining sector.

Keywords: ESG Disclosure, Financial Performance, Political Connections, Mining Sector.