

ABSTRACT

This study aims to examine the effect of Environmental, Social, and Governance (ESG) scores on corporate financial performance, with Financial Slack as a moderating variable. The research focuses on mining companies operating in the ASEAN region during the 2019–2023 period. ESG scores are analyzed separately based on the three pillars: Environmental, Social, and Governance. Financial performance is measured using Return on assets (ROA), while Financial Slack is measured using the current ratio as an indicator of short-term financial flexibility.

The research sample consists of 41 companies observed over a five-year period, selected using purposive sampling based on specific criteria. ESG data were obtained from the Bloomberg Terminal. Hypothesis testing was conducted using multiple linear regression and moderated regression analysis to assess both the direct and interaction effects among variables.

The results show that only the Governance score has a negative and significant effect on ROA. Meanwhile, the Environmental and Social scores do not have a significant impact on financial performance. Additionally, Financial Slack does not show any significant moderating effect on the relationship between the ESG components and ROA. These findings suggest that stronger corporate governance does not necessarily align with improved financial efficiency and may reflect potential agency conflicts in ESG practices within the ASEAN mining sector.

Keywords: ESG Score, Financial Slack, ROA, ASEAN

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