

ABSTRACT

Environmental, Social, and Governance (ESG) performance plays a crucial role in creating long-term value and maintaining corporate stability. Moreover, corporate reputation serves as an intangible asset that enhances positive perceptions of the company and acts as a factor that can amplify the effect of ESG performance on risk. This study aims to analyze the effect of ESG performance on firms' total risk with corporate reputation as a moderating variable.

This study employs secondary data obtained from annual reports, sustainability reports, Bloomberg ESG scores, and Corporate Image Index (CII). The population consists of all non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period, with 115 observations selected through purposive sampling. Data were analyzed using multiple linear regression and moderated regression analysis (MRA).

The results indicate that ESG performance has a significant negative effect on firm total risk. Furthermore, corporate reputation significantly strengthens this relationship. These findings emphasize that effective ESG implementation and a strong corporate reputation can serve as key strategies to reduce risk and enhance firm stability.

Keywords: ESG performance, total risk, corporate reputation, Corporate Image Index

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