

ABSTRACT

This study aims to analyze the effect of ESG Disclosure, Working Capital Management, and Leverage on corporate financial performance proxied by Return on Assets (ROA). This study employs panel data from financial companies listed in a selected index during the period of 2020–2024. The analytical method used in this study is panel data regression with the FEM, which was selected based on the model selection tests.

The results indicate that Environmental, Social, and Governance (ESG) Disclosure has a negative and insignificant effect on corporate financial performance measured by Return on Assets (ROA). Meanwhile, Working Capital Management proxied by Loan to Deposit Ratio (LDR) has a positive and significant effect on ROA, indicating that the more effectively companies manage and channel funds into productive assets, the higher the corporate financial performance will be. On the other hand, leverage shows a negative but insignificant effect on corporate financial performance. In addition, Financial Slack is proven to strengthen the effect of ESG Disclosure on ROA, indicating that financial flexibility can support the implementation of ESG more optimally.

This study implies that companies need to improve the quality of ESG implementation more effectively and with a long-term orientation. In addition, companies also need to maintain efficient working capital management, manage leverage optimally, and maintain adequate financial slack in order to support sustainability activities and improve corporate financial performance sustainably.

Keywords: *ESG Disclosure, Working Capital Management, Leverage, Return on Assets, Financial Performance*

FEB UNDIP