

## ABSTRACT

*This study aims to analyze the effect of Debt to Equity Ratio (DER), Capital Expenditure Ratio (CAPEXRATIO), and firm size (SIZE) on financial performance proxied by Return on Assets (ROA), as well as to examine the role of Environmental, Social, and Governance (ESG) as a moderating variable in companies included in the sample during the period 2019–2024. The population consists of companies listed on the Indonesia Stock Exchange, with a sample of 25 companies selected using purposive sampling technique. The analysis method employed is panel data regression using the Fixed Effect Model (FEM) with Driscoll-Kraay standard errors.*

*The results indicate that DER and CAPEXRATIO have a negative effect on financial performance, while firm size (SIZE) and ESG have a positive effect on financial performance. Furthermore, ESG is proven to act as a significant moderating variable, where ESG weakens the negative effects of DER and CAPEXRATIO on financial performance, and also moderates the relationship between firm size and financial performance.*

*In conclusion, financial performance is not only influenced by capital structure and investment decisions, but also by ESG as a moderating mechanism that can strengthen or weaken the relationship between variables. These findings highlight the importance of ESG implementation as part of corporate strategy to improve financial decision-making quality and business sustainability.*

**Keywords:** *Debt to Equity Ratio, Capital Expenditure, Firm Size, ESG, Financial Performance, Panel Data.*

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