ABSTRACT

This study examines the effect of board of commissioners' characteristics on Environmental, Social, and Governance (ESG) performance and the moderating role of state ownership in these relationships. The board characteristics examined include board size, board independence, board gender diversity, board transparency, and board competency disclosure. The study focuses on companies in the energy, basic materials, infrastructure, consumer non-cyclicals, consumer cyclicals, healthcare, and properties and real estate sectors listed on the Indonesia Stock Exchange from 2020 to 2024. Drawing on agency theory, this study uses 22 companies selected through purposive sampling, resulting in 110 observations. The hypotheses are tested using Moderated Regression Analysis (MRA), with firm size and return on assets as control variables. ESG performance is measured using ESG scores obtained from the Bloomberg Terminal. The results show that board size has a positive and significant effect on ESG performance. Meanwhile, board independence, board gender diversity, and board transparency have no significant effect on ESG performance. The effect of board competency disclosure cannot be statistically tested because the variable has no variation across the observations. Furthermore, state ownership does not moderate the effects of board size, board independence, board gender diversity, and board transparency on ESG performance. These findings indicate that an adequate number of board members may enhance the board's capacity to oversee ESG policies, while the other board characteristics and state ownership do not demonstrate significant effects in the research model.

Keyword : board of commissioners' characteristics, State Ownership, ESG Performance, Agency Theory.