ABSTRACT

The implementation of Environmental, Social, and Governance (ESG) has received increasing attention in the capital market because companies are expected not only to achieve financial performance but also to implement sustainability practices and sound corporate governance. However, empirical evidence regarding the effects of board characteristics, ESG scores, firm performance, and firm value remains inconclusive. These inconsistent findings indicate the need for further examination of companies included in ESG-based indices in Indonesia. This study aims to examine the effects of board independence, board size, and frequency of board meetings on firm performance and firm value through ESG score among companies listed in the Indonesia Stock Exchange ESG45 Index during the 2021–2025 period.

This study employs a quantitative approach using secondary data obtained from the Bloomberg Terminal. The population consists of companies listed in the Indonesia Stock Exchange ESG45 Index during 2021–2025. The sample was selected using purposive sampling and resulted in 11 companies with 55 firm-year observations. Firm performance is proxied by Return on Equity (ROE), firm value is proxied by Tobin's Q, and ESG is measured using Bloomberg ESG Score. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine direct and indirect relationships among the variables.

The results show that board independence, board size, and frequency of board meetings do not significantly affect ESG score. Board independence and board size do not significantly affect firm performance, whereas frequency of board meetings and ESG score have significant negative effects on firm performance. Regarding firm value, board independence has a significant positive effect, while frequency of board meetings has a significant negative effect. Meanwhile, board size and ESG score do not significantly affect firm value. These findings indicate that effective corporate governance is not determined solely by board size or meeting intensity, but also by the quality of oversight and the substance of corporate decision-making.

Keywords: ***Board Indpendence, Board Size, Frequency Board Meetings, ESG Score, Return on Equity, Tobin's Q*****, ESG 45**

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