ABSTRACT

"THE INFLUENCE OF ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) ON FINANCIAL PERFORMANCE WITH GREEN INNOVATION AS A MEDIATING VARIABLE"

BY

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Corporate performance refers to the accomplishments that a corporation obtains throughout a designated time frame, serving as an indicator of the company's overall well-being. One key measure of corporate performance is financial Performance. The objective of this study is to investigate the impact of ESG disclosure on financial performance, with green innovation serving as a mediating variable. This study employs a quantitative methodology with an associative research design. The study utilized purposive sampling to choose a sample of 14 businesses that were listed on the Indonesia Stock Exchange (IDX) and were included in the IDXESGL Index between the years 2020 and 2022. The research employs panel data regression analysis as the chosen method for data analysis. The findings of this study indicate that environmental, social, and governance (ESG) factors, specifically using SOCD as a proxy, have a statistically significant negative impact on financial performance, as measured by TOBIN's Q as a surrogate. Environmental, social, and governance (ESG) factors, represented by the Government Bond Index (GOVD), exhibit a noteworthy and favorable impact on financial performance, as measured by the proxy variable TOBIN'S Q. Environmental, social, and governance (ESG) factors, represented by the proxy variable GOVD, exert a notable adverse impact on the advancement of green innovation (GI). Nevertheless, it is worth noting that the governance index (GI) lacks the capability to effectively moderate the impact of environmental, social, and governance factors (ESG) on financial performance

Keywords: Financial Performance, ESG disclosure, Green Innovation

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