

# Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

Research Horizon

Volume: 04

Issue: 06

Year: 2024

Page: 25-34

## ESG Disclosure's Positive Impact on Financial Performance in Indonesia's Growth

Dany Nurahman<sup>1</sup>, Muhammad Abdul Majid<sup>\*</sup>, Hersugondo Hersugondo<sup>1</sup>

<sup>1</sup> Universitas Diponegoro, Semarang, Indonesia

<sup>\*</sup> Corresponding author: Muhammad Abdul Majid ([majidmac23@gmail.com](mailto:majidmac23@gmail.com))

### Abstract

This study evaluates the influence of Environmental, Social, and Governance (ESG) disclosure scores on financial performance, with a particular emphasis on Return on Equity (ROE), across 89 companies listed on the Indonesia Stock Exchange (IDX). Amid growing global attention to sustainable business practices, this research seeks to address the role of ESG in driving economic empowerment and sustainable prosperity within Indonesia's corporate sector. Utilizing a quantitative approach, this study evaluates firm-level data to uncover the relationship between ESG practices and financial outcomes. The analysis reveals that companies with greater ESG disclosure scores consistently exhibit better ROE performance, signifying that sustainable business practices are not only socially responsible but also financially beneficial. The discussion explores how ESG practices help align corporate strategies with stakeholder expectations, fostering greater transparency, improving operational efficiency, and boosting investor confidence. These findings emphasize the significant role of ESG integration in promoting sustainable development and achieving long-term economic growth in Indonesia. Moreover, the study highlights the importance of regulatory frameworks in fostering robust ESG adoption and encouraging responsible investment practices. This research facilitates the literature by offering empirical evidence of ESG's financial and societal value in Indonesia, advocating for strengthened ESG initiatives as a pathway to sustainable prosperity.

### Keywords

ESG Disclosures, Financial Performance, Sustainable Prosperity, Indonesia's Growth.

## 1. Introduction

Environmental, Social, and Governance (ESG) has developed into a strategic framework shaping corporate sustainability and responsibility worldwide. ESG comprises three essential dimensions (Huang, 2021). Environmental, which assesses a company's force on the natural environment; Social, which evaluates relationships with employees, communities, and other stakeholders. Governance, which examines corporate governance practices and transparency (Khasanah & Sasana, 2022; Amirudin et al., 2024). Over recent decades, ESG considerations have evolved from optional practices to critical indicators of a company's reputation, endless sustainability, and financial success. Robust ESG practices are increasingly associated with enhanced investor trust and improved competitive advantage (Tsang & Cao, 2023).

Although the adoption of ESG principles has progressed considerably in developed markets, Indonesia encounters distinct challenges in embedding these principles into its business practices. Many Indonesian companies, particularly those listed on the Indonesia Stock Exchange (IDX), remain in the early stages of ESG disclosure and implementation. Barriers such as limited awareness, insufficient regulatory support, and the absence of adequate incentives for companies pose significant obstacles (Chouaibi et al., 2021). Furthermore, industries like energy and manufacturing often struggle to balance sustainability goals with profitability imperatives. The lack of consistent data and limited studies examining the relationship among ESG practices and financial performance in Indonesia underscores a pressing need for comprehensive exploration (Ray & Goel, 2023).

Previous research has mainly focused on uncovering the relationship between ESG disclosures and the financial performance of companies. The results consistently show that strong ESG disclosures enhance financial performance, while insufficient disclosures typically result in a negative impact (Aydogmus et al., 2022; Bizoumi et al., 2019). Despite that, the concentration of ownership has surfaced as a pivotal element capable of adversely impacting this connection. Having a significant concentration of ownership allows majority shareholders to focus on ESG initiatives that benefit their own interests, sometimes to the prejudice of minority shareholders and the general performance of the company. On the other hand, businesses with widespread ownership tend to offer voluntary disclosures, aiding in mitigating information gaps and agency expenses, consequently resulting in enhanced financial outcomes (Ananzeh et al., 2023). Conversely, some research suggests that the level of ownership concentration does not significantly impact the interaction amid ESG performance and company performance (Wu et al., 2022).

The primary aim of this study is to evaluate the impact of ESG disclosures on the financial performance of companies listed on the Indonesia Stock Exchange (IDX) during the period from 2018 to 2022. Unlike previous studies that focus mostly on global or developed markets, this research uniquely explores the Indonesian context, which is an emerging market that has not been extensively studied. Return on Equity (ROE) is utilized as a metric for evaluating financial performance, taking into account ESG disclosures as separate variables. The research outcomes are anticipated to offer valuable insights into how ESG practices can improve corporate performance, presenting practical implications for decision-makers and interested parties in the Indonesian capital market.

## 2. Literature Review

Many studies have explored the association connecting ESG elements and corporate financial performance, often examining each ESG dimension individually (Quyen, 2020; Ramadhan et al., 2024). These studies aim to determine how

information disclosed in each ESG dimension, environmental, social and governance, affects the financial results of companies. The results of this body of research often highlight a positive correlation between ESG performance and financial success. Take the case of Shakil et al. (2019) assert that effective ESG management significantly improves a company's financial performance by promoting sustainable practices and the efficient use of resources. Similarly, Fatemi et al. (2018) found that companies with strong ESG performance have a stronger tendency to achieve better financial results, also demonstrating that strategic alignment with ESG principles can translate into tangible financial benefits. These studies highlight the growing importance of ESG as a framework for driving profitability and driving long-term business success (Aydoğmuş et al., 2022; Davlyatbekovna, 2024).

In specific regional contexts, such as Europe, Sassen et al. (2016) demonstrated that firms with strong ESG performance, particularly in the social dimension, could effectively mitigate organizational risks, thereby enhancing overall corporate value. Their findings emphasize the importance of addressing social concerns as in employee welfare, diversity, and community engagement to build resilience and safeguard the company's reputation. A broader perspective is offered by Xie et al. (2019), whose study analyzed a large sample of companies from diverse countries and industries, concluding that most ESG activities positively impact financial performance, regardless of geographic or sectoral variations. This conclusion is further supported by Friede et al. (2015), whose comprehensive review of 2,200 studies found consistent evidence that ESG activities are positively linked to financial performance across different contexts. These findings collectively underscore the important role of ESG practices in refining corporate profitability, strengthening stakeholder relationships, and ensuring sustainable growth in an increasingly ESG-conscious global market (Hamu et al., 2021).

**H1:** ESG practices has a significant effect on financial performance.

The positive interaction linking ESG practices and financial performance is possibly analyzed through Institutional Theory, which underlines the function of stakeholder expectations in forming corporate behavior (Nurhayatin et al., 2023). Environmental practices, such as green energy adoption and resource efficiency, enhance reputation, attract eco-conscious stakeholders, and boost financial outcomes (Agliardi et al., 2023). Social practices, including community support and employee well-being, build legitimacy and foster loyalty, translating to financial gains. Governance practices, focused on accountability, leadership effectiveness, and diversity, reduce inefficiencies and increase investor confidence, improving financial performance. Each ESG pillar thus independently drives financial performance through enhanced trust, efficiency, and stakeholder alignment (Belli et al., 2023).

**H2a:** Environmental practices has a significant effect on financial performance.

**H2b:** Social practices has a significant effect on financial performance.

**H2c:** Governance practices has a significant effect on financial performance.

### **3. Methods**

The population of this research comprises all companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022, spanning multiple sectors. The data executed in this study consists of companies that reported information related to their ESG practices as well as relevant financial performance during the period. The sample selection was conducted based on two main criteria: firstly, data completeness, where companies had to publish complete ESG and financial performance information; secondly, reporting consistency, where data was available

on an ongoing basis over the period 2018 to 2022. From this selection process, 445 companies fulfilled these criteria.

To assess the bearing of ESG practices on financial performance, it is essential to first accurately define and measure the relevant variables. Proper measurement ensures a reliable basis for analyzing the relationship between ESG practices and financial outcomes. Therefore, this section offers a comprehensive explanation of the measurement approach for each variable in this study, covering both the independent and dependent variables.

This study examines various variables to analyze financial performance. The dependent variable, Financial Performance (FP), is measured through Return on Equity (ROE), calculated as net income divided by equity. The independent variable focuses on Environmental, Social, and Governance (ESG) factors, using the ESG Bloomberg index, which aggregates disclosures related to environmental, social responsibility, and corporate governance. ESG components include the Environmental Disclosure Score (ENV), which evaluates energy consumption, waste management, pollution, resource conservation, and animal welfare; the Social Disclosure Score (SOC), assessing business partnerships, charitable contributions, volunteerism, and employee health and safety; and the Governance Disclosure Score (GOV), which measures corporate governance practices. Several control variables are included to refine the analysis: the Cash Ratio (CASH), calculated as cash divided by current liabilities; Leverage (LEV), measured as total debt to total assets; Firm Size (SIZE), expressed as the natural logarithm of total assets; and Net Income (INC), derived from total revenue minus expenses, taxes, and costs. These variables collectively provide a comprehensive framework for understanding the impact of ESG factors and financial metrics on a firm's financial performance.

This study seeks to examine the reaction of ESG disclosures and their individual components (Environmental Disclosure, Social Disclosure, and Governance Disclosure) on financial performance, with a specific focus on Return on Equity (ROE) as the measure. To achieve this, four regression models were developed, corresponding to the four hypotheses of the study. Each model incorporates control variables to account for firm-specific characteristics and improve the robustness of the analysis. The general form of the regression model is specified as follows:

**Model 1.**

$$ROE_{i,t} = \alpha_i + \beta_1 ESG_{i,t} + \beta_2 Size_{i,t} + \beta_3 Leverage_{i,t} + \beta_4 Cash_{i,t} + \beta_5 NetIncome_{i,t} + \epsilon_{i,t}$$

**Model 2.**

$$ROE_{i,t} = \alpha_i + \beta_1 ENV_{i,t} + \beta_2 Size_{i,t} + \beta_3 Leverage_{i,t} + \beta_4 Cash_{i,t} + \beta_5 NetIncome_{i,t} + \epsilon_{i,t}$$

**Model 3.**

$$ROE_{i,t} = \alpha_i + \beta_1 SOC_{i,t} + \beta_2 Size_{i,t} + \beta_3 Leverage_{i,t} + \beta_4 Cash_{i,t} + \beta_5 NetIncome_{i,t} + \epsilon_{i,t}$$

**Model 4.**

$$ROE_{i,t} = \alpha_i + \beta_1 GOV_{i,t} + \beta_2 Size_{i,t} + \beta_3 Leverage_{i,t} + \beta_4 Cash_{i,t} + \beta_5 NetIncome_{i,t} + \epsilon_{i,t}$$

Where  $ROE_{i,t}$  is the Return on Equity,  $ESG_{i,t}$  is the ESG disclosure score,  $ENV_{i,t}$  is the Environmental Disclosure score,  $SOC_{i,t}$  is the Social Disclosure score,  $GOV_{i,t}$  is the Governance Disclosure score,  $Cash_{i,t}$  is the ratio of total cash to total assets,  $Leverage_{i,t}$  is the ratio of total debt to total assets,  $Size_{i,t}$  is the natural

logarithm of total assets,  $NetIncome_{i,t}$  is the net income normalized by total assets, and  $\epsilon_{i,t}$  is the error term capturing unobserved factors influencing ROE.

This study utilizes the Pooled Ordinary Least Squares (Pooled OLS) regression approach to explore the connection among ESG disclosures and financial performance, as indicated by Return on Equity (ROE). The analysis is executed on panel data including observations from various companies over the period from 2018 to 2022. The Pooled OLS method views the dataset as one large linear regression model, overlooking any firm-specific or time-specific influences. In this model, the Return on Equity (ROE) is the focus variable, influenced by various factors such as the ESG disclosure score and its distinct elements: Environmental Disclosure, Social Disclosure, and Governance Disclosure. Moreover, control variables like Cash, Leverage, Firm Size, and Net Income are added to constitute for company-specific elements that could influence financial results. The Pooled OLS method simplifies the estimation of the relationship among ESG efforts and financial results by assuming consistent regression coefficients for all firms and time periods in the dataset. This approach offers a straightforward yet powerful structure for assessing how ESG disclosures influence financial performance, specifically in the setting of Indonesia's corporate landscape.

To improve the reliability of the results, the study orchestrated a rigorous test by analyzing the data of 89 companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2022. To reduce the influence of outliers in the regression analysis, the explanatory variables were adjusted to the 1st and 99th percentile. The models were estimated using ordinary least squares (OLS), with the return of equity (ROE) as the objective variable. The independent variables include ESG disclosure scores and their specific elements: environmental, social and governance scores. Variables such as cash flow, leverage, company size and net income were included to account for individual company characteristics. The results were consistent across all models, highlighting the strong relationship between ESG disclosures and the financial performance of the Indonesian corporate sector.

#### 4. Results

Descriptive statistics for the independent variable ESG, its environmental, social, and governance components, the dependent variable ROE, and the control variables Cash, Leverage, Size, and Net Income are provided and summarized in Table 2. The minimum value for ESG represents firms with minimal engagement in ESG activities, while the maximum value reflects those with exemplary ESG practices. The mean ESG score indicates the average level of performance across the sample, providing an overview of ESG adoption among the 89 firms listed on the Indonesia Stock Exchange from 2018 to 2022. Variations in the ESG scores highlight differences in firm-level practices across these dimensions, reflecting diverse approaches to sustainability and governance within the sample.

**Table 1.** Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ENV	445	25.885	19.030	0.000	80.400
ESG	445	43.121	11.497	17.950	75.760
GOV	445	72.955	10.601	38.620	98.620
LEV	445	0.237	0.200	0.000	1.780
ROE	445	0.118	0.222	-0.880	1.744
SOC	445	30.413	11.540	5.350	62.520
SIZE	445	13.560	0.501	12.685	14.438
CASH	445	12.468	0.674	11.101	13.696

The regression results demonstrated in Table 2 are consistent with prior studies highlighting the encouraging connection amid ESG disclosures and corporate financial performance (Aydogmus et al., 2022; Bizoumi et al., 2019). In Model 1, the total ESG disclosure score shows a positive and statistically significant impact on financial performance, as indicated by Return on Equity (ROE) ( $\beta=0.0028$ ,  $p=0.002$ ). This reinforces the notion that increased ESG transparency can improve a firm's financial performance, consistent with prior findings that robust ESG practices build investor trust and provide a competitive advantage. Additionally, the significant positive effect of Net Income as a control variable underscores the argument that firms with stronger financial positions are better equipped to benefit from ESG initiatives. Although the marginally negative effect of Size on ROE ( $p=0.072$ ) is not statistically significant, the adjusted R-squared value of 0.162 demonstrates that ESG disclosures contribute substantially to explaining variations in financial performance, echoing earlier research trends.

**Table 2.** Summary results for models

ROE	Coefficient	Std. Err	t	P>t
<b>Model 1</b>				
ESG	0.0028	0.001	3.163	0.002
CASH	0.0131	0.025	0.524	0.600
LEV	-0.0181	0.054	-0.337	0.736
SIZE	-0.0595	0.033	-1.801	0.072
NET_INC	0.0297	0.004	8.040	0.000
Adj R-square = 0.162				
<b>Model 2</b>				
ENV	0.0019	0.001	3.741	0.000
CASH	0.0019	0.025	0.667	0.505
LEV	-0.0333	0.054	-0.622	0.534
SIZE	-0.0530	0.033	-1.609	0.108
NET_INC	0.0291	0.004	7.899	0.000
Adj R-square = 0.170				
<b>Model 3</b>				
SOC	0.0022	0.001	2.357	0.019
CASH	0.0144	0.025	0.570	0.569
LEV	-0.0049	0.054	-0.090	0.928
SIZE	-0.0605	0.033	-1.823	0.069
NET_INC	0.0301	0.004	8.087	0.000
Adj R-square = 0.154				
<b>Model 4</b>				
GOV	0.0009	0.001	0.876	0.381
CASH	0.0241	0.025	0.961	0.337
LEV	-0.0182	0.054	-0.335	0.738
SIZE	-0.0612	0.033	-1.827	0.068
NET_INC	0.0297	0.004	7.955	0.000
Adj R-square = 0.145				

Model 2 investigates the effect of Environmental Disclosure on ROE, revealing a positive and highly significant relationship ( $\beta=0.0019$ ,  $p=0.000$ ). This finding suggests that environmental initiatives significantly improve financial performance. Net Income remains a significant positive control variable, while other controls do not show significant effects. The adjusted R-squared of this model, at 0.170 and slightly higher than that of Model 1, highlights the essential role of environmental practices in achieving financial success.

Model 3 evaluates the effect of Social Disclosure on ROE, revealing a positive and statistically significant coefficient ( $\beta=0.0022$ ,  $p=0.019$ ), pointing out that social

initiatives contribute positively to financial performance. Net Income remains positively significant, while Size shows a marginally negative but insignificant relationship. The adjusted R-squared of 0.154, though slightly lower than that of Model 2, reinforces the importance of social practices in driving financial outcomes.

Model 4 focuses on Governance Disclosure and its relationship with ROE. While Governance Disclosure has a positive coefficient ( $\beta=0.0009$ ,  $p=0.381$ ), It is not statistically significant, implying that governance practices may not have a direct impact on financial performance in this context. Net Income consistently exhibits a significant positive impact, whereas other control variables remain insignificant. The adjusted R-squared for this model stands at 0.145.

In conclusion, the findings indicate that Environmental and Social Disclosures have a significant positive association with financial performance, while Governance Disclosure shows no statistically significant effect. Across all models, Net Income consistently exhibits a strong positive influence on ROE, emphasizing its pivotal role in determining financial outcomes. The adjusted R-squared values suggest moderate explanatory power for the models, reinforcing the relevance of ESG practices in shaping financial performance.

Robustness tests were conducted to validate the interaction between ESG disclosures and financial performance, with ROE as the dependent variable. The outcomes validated the primary discoveries by demonstrating that Environmental and Social Disclosures consistently and significantly enhance ROE. Meanwhile, Governance Disclosure was positive but not statistically significant. Net Income consistently showed a robust positive correlation with ROE in all models, highlighting its crucial impact on financial performance. The control variables, such as Size, Cash, and Leverage, demonstrated patterns that aligned with the primary regression findings. The robustness checks confirm the findings of the study and further strengthen the evidence underscoring the significant impact of Environmental and Social Disclosures on enhancing financial performance.

## **5. Discussion**

The study analyzes in depth the impact of environmental, social and governance (ESG) disclosures on financial performance, with a focus on how it affects the return on equity (ROE) of publicly traded companies. The results highlight a significant and positive interaction among environmental and social information and financial performance, highlighting the crucial impact of sustainable strategies in improving profitability. Integrating environmental sustainability measures such as adopting renewable energy solutions, optimizing resource efficiency and minimizing the environmental footprint has the dual benefit of reducing operating expenses while strengthening reputation of a company among stakeholders. Adopting a robust environmental strategy showcases a commitment to sustainability that attracts environmentally conscious investors, customers, and regulatory bodies. A reinforced reputation forms a strong foundation of trust and confidence, offering businesses a competitive edge in the current sustainability-focused global market.

Social Disclosures also have a significant impression on financial performance as they focus on key areas like community involvement, employee well-being, and promoting an inclusive and fair work environment. These endeavors strengthen connections with stakeholders, resulting in heightened loyalty from employees and escalated satisfaction among customers. These practices also help lower employee turnover and enhance productivity, contributing to overall operational efficiency and resilience. The combined impact of these environmental and social efforts leads to improved financial results, highlighting the importance of consolidating ESG principles into key business strategies.

Nevertheless, the results imply that Governance Disclosure is positively associated with ROE, yet it does not have a statistically significant impression on

financial performance in the present Indonesian scenario. This indicates that governance practices might still be viewed more as measures for compliance rather than as strategic tools for driving financial expansion. Good governance practices, such as transparency, ethical management, and accountability, play a core role in ensuring the long-term sustainability of corporations. However, there may be a need for additional enhancements to fully conform with international governance standards. Furthermore, the minimal statistical effect may indicate deficiencies in regulatory compliance or inadequate stakeholder knowledge regarding governance matters. This concept is in line with the core principles of Institutional Theory, which stress the importance of harmonizing corporate strategies with stakeholder expectations to boost legitimacy, operational efficiency, and competitiveness. These results highlight the significance of developing a more sophisticated governance structure to fully leverage ESG disclosures, guaranteeing that governance strategies play a more direct role in future financial performance. In general, the conversation highlights the significant importance of incorporating ESG principles, focusing especially on environmental and social aspects, to enhance financial prosperity while also backing Indonesia's wider goals for sustainable economic development and societal advancement.

## 6. Conclusion

The study findings validate the notable positive influence of ESG disclosures, especially in the environmental and social aspects, on financial performance assessed through ROE. This highlights the crucial significance of incorporating ESG principles proactively into the operational and strategic frameworks of businesses. Implementing environmental initiatives like energy conservation, waste reduction, and adopting renewable energy can contribute not only to boosting profits but also to aligning companies with societal and regulatory standards. These endeavors generate enduring value for stakeholders by showcasing a dedication to sustainability and ethical business practices. Likewise, engaging in social initiatives such as cultivating community connections, enhancing employee welfare, and upholding fair workplace policies enhances the company's reputation and fosters greater trust among stakeholders. These measures enhance employee productivity, foster customer loyalty, and drive overall financial growth.

Despite not exhibiting a statistically significant correlation with financial performance in this study, Governance Disclosure still act as a crucial role in guaranteeing responsible corporate conduct. Establishing governance practices, like fostering transparency, ethical leadership, and accountability, is crucial for enhancing stakeholder trust and enticing sustained investments. The results indicate that increased regulatory support and adherence to global governance standards might be essential to fully harness the power of governance practices in improving financial results.

The strong correlation among ESG practices and financial performance underscores the importance for companies to focus on creating and executing holistic ESG strategies. Businesses enhance their market competitiveness while also making valuable contributions to broader societal and environmental benefits. For example, environmental practices contribute to ecological sustainability through pollution reduction and the conservation of natural resources, while social initiatives promote community welfare and nurture societal equity. In the meantime, enhancements in governance foster trust and accountability among all stakeholders. The broad implementation of ESG principles in various sectors in Indonesia has the potential to generate a ripple effect, fostering sustainable development on a national scale and encouraging economic empowerment. This highlights the significance of implementing more robust regulatory structures and fostering firm dedication to sustainability endeavors. To sum up, this study emphasizes how embracing ESG

practices can help Indonesia move towards a more inclusive, empowered, and sustainable economy, benefiting both businesses and society as a whole.

## References

- Agliardi, E., Alexopoulos, T., & Karvelas, K. (2023). The environmental pillar of ESG and financial performance: A portfolio analysis. *Energy Economics*, *120*, 106598.
- Amirudin, I., Mani, A. R., Pratama, G. S. Y., Raharja, S., & Harto, P. (2024). Efficiency Strategy to Maintain Sustainable Banking Profitability Growth Through Savings and Current Account Management. *Research Horizon*, *4*(4), 379-388.
- Ananzeh, H., Al Shbail, M. O., Al Amosh, H., Khatib, S. F., & Abualoush, S. H. (2023). Political connection, ownership concentration, and corporate social responsibility disclosure quality (CSRQ): empirical evidence from Jordan. *International Journal of Disclosure and Governance*, *20*(1), 83.
- Atif, M. (2021). The effects of energy consumption, economic growth, and financial development on CO<sub>2</sub> emissions in Greece. *Arthatama*, *5*(1), 13-26.
- Aydoğmuş, M., Gülay, G., & Ergun, K. (2022). Impact of ESG performance on firm value and profitability. *Borsa Istanbul Review*, *22*, S119-S127
- Belli, M. M., Marques, F. A. M., Picoli, L., & Santos, P. H. D. O. (2023). The relationship between ESG and financial performance: a review of research in Latin America and worldwide. *Latin American Journal of Management for Sustainable Development*, *6*(1), 84-107.
- Bizoumi, T., Lazaridis, S., & Stamou, N. (2019). Innovation in stock exchanges: Driving ESG disclosure and performance. *Journal of Applied Corporate Finance*, *31*(2), 72-79.
- Chouaibi, S., Rossi, M., Siggia, D., & Chouaibi, J. (2021). Exploring the moderating role of social and ethical practices in the relationship between environmental disclosure and financial performance: Evidence from ESG companies. *Sustainability*, *14*(1), 209.
- Davlyatbekovna, N. N. (2024). Adapting to Indonesian Culture: Success Stories and Implications for Sustainable Expat Relocation. *Research Horizon*, *4*(4), 155-160.
- Fatemi, A., Glaum, M., & Kaiser, S. (2018). ESG performance and firm value: The moderating role of disclosure. *Global finance journal*, *38*, 45-64.
- Fauzi, T. H., Adnani, L., & Jamaludin, M. (2022). The Effectiveness of Enterprise Resource Planning on the Performance Quality of Food Company Employees in West Java. *Research Horizon*, *2*(3), 417-426.
- Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: aggregated evidence from more than 2000 empirical studies. *Journal of sustainable finance & investment*, *5*(4), 210-233.
- Hamu, F. J., Sukestiyarno, S., Raharjo, T. J., & Prihatin, T. (2021). Synergistic Partnership Model to improve the Quality Management of Religiously Affiliated High Schools in Central Kalimantan, Indonesia. *Research Horizon*, *1*(5), 207-216.
- Huang, D. Z. (2021). Environmental, social and governance (ESG) activity and firm performance: A review and consolidation. *Accounting & finance*, *61*(1), 335-360.
- Khasanah, U., & Sasana, H. (2022). Empirical Relationship between Gender Equality and Socio-economic Developments: An Error Correction Model. *Arthatama*, *6*(1), 12-25.
- Nurhayatin, T., Fauziyyah, D., Hidayati, P., Budiarti, A., & Jamaludin, M. (2023). Enhancing Public Speaking Skills through a Collaborative Learning Approach with Performance Assessment. *Research Horizon*, *3*(5), 575-584.
- Quyen, T. H. (2020). The relationship between green procurement practices and organizational performance in the manufacturing industry of Vietnam. *Arthatama*, *4*(1), 1-16.
- Ramadhan, M. L., Nugraha, F., Prastowo, D. A., Kusumawardhani, A., & Raharjo, S. T. (2024). Development of Environmentally Friendly Technology for Key Industries in Achieving Golden Indonesia. *Research Horizon*, *4*(4), 205-220.
- Ray, S., & Goel, S. (2023). Impact of ESG score on financial performance of Indian firms: static and dynamic panel regression analyses. *Applied Economics*, *55*(15), 1742-1755.
- Shakil, M. H., Mahmood, N., Tasnia, M., & Munim, Z. H. (2019). Do environmental, social and governance performance affect the financial performance of banks? A cross-country study of emerging market banks. *Management of Environmental Quality: An International Journal*, *30*(6), 1331-1344.

- Tsang, A., Frost, T., & Cao, H. (2023). Environmental, social, and governance (ESG) disclosure: A literature review. *The British Accounting Review*, 55(1), 101149.
- Wu, S., Li, X., Du, X., & Li, Z. (2022). The impact of ESG performance on firm value: The moderating role of ownership structure. *Sustainability*, 14(21), 14507.
- Xie, J., Nozawa, W., Yagi, M., Fujii, H., & Managi, S. (2019). Do environmental, social, and governance activities improve corporate financial performance? *Business Strategy and the Environment*, 28(2), 286-300.



Copyright: © 2024 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution-ShareAlike 4.0 International License (<https://creativecommons.org/licenses/by-sa/4.0/>).