

ABSTRACT

One of the most important challenges facing businesses today is striking a balance between improving the financial success of the company and advancing societal wellbeing. Thus, Environmental Social Governance (ESG) performance, an indicator of sustainable and ethical standards for business operations, plays a crucial part towards company sustainability. Nonetheless, research gaps lingers between the effect of ESG score towards financial performance. This research explores the influence of ESG towards both fundamental and market performance, whilst investigating the moderating influence of company ownership type—local vs foreign—towards the other mentioned variables. Employing ESG Score data from LSEG Data & Analytics, a diverse range of 412 observations from 81 companies listed in the IDX Stock Exchange throughout 2016-2023 is evaluated using the STATA software. The successful execution of this research will contribute to both theoretical and practical knowledge on how firm ownership impacts the execution of ESG, and its effects on financial performance.

Keywords: ESG Score, fundamental performance, market performance, company performance, foreign ownership, local ownership, IDX Stock Exchange