



Abstract

This paper analyzes whether a firm's sustainability practices is associated with higher financial performance (FP) in fast-moving consumers goods (FMCG) companies located in the developing country members of the G20. In this paper, return on assets (ROA) is utilized as a measurement of FP while environmental, social, and governance score (ESG score) is applied as a measurement of firm sustainability practices. The study takes into account 264 observations using a sample of 72 companies within the food and beverages, pharmaceutical, and personal goods industries. These companies are drawn from Thomson Reuters Eikon based on the developing countries of the G20 throughout 2015-2019. A hypothesis is developed and tested by applying panel data regression using random effects model. The result suggests that the effect of ESG score towards ROA for FMCG companies in developing countries is insignificant and non-impactful. This study provides a new insight into the relationship between sustainability practices of firms and FP for industries within the FMCG sector in developing countries.

Keywords: Sustainability practices, ESG score, Financial performance, Developing countries, Fast-moving consumer goods, G20.