

ABSTRACT

Investors are attracted to companies with a history of strong financial performance, as this is an important measure of the stability and health of an organization. One way to evaluate the financial health of a business is to look at Return on Assets (ROA). Businesses in the food and beverage industry listed on the Indonesia Stock Exchange experienced worse financial results in 2023 compared to the previous year. The fundamental objective of this study is to determine the effect of environmental, social, and governance (ESG) disclosure on company profitability. This study aims to cover food and beverage sub-sector companies listed on the Indonesia Stock Exchange from 2021 to 2023. We were able to collect observational data from 43 different companies using a purposive sampling technique. To analyze panel data regression, the Eviews statistical program was used.

This study found that variables that affect company profits include ESG disclosure and good corporate governance. The audit committee, independent board of commissioners, and directors all have a positive effect on financial performance, but the board of commissioners has a negative effect. There is no correlation between ESG disclosure parameters and the financial success of the organization. Expanding the time studied and re-evaluating the independent variables to account for additional aspects not covered here are recommendations for future research.

Keywords: Financial Performance, Board of Directors, Board of Commissioners, Independent Board of Commissioners, and ESG