ABSTRACT

The disclosure of Environmental, Social, and Governance (ESG) practices has increased in line with the growing global awareness of sustainability. One of the factors influencing ESG disclosure is the characteristics of the Chief Executive Officer (CEO), particularly their educational background. A CEO's educational background has the potential to affect their understanding and commitment to sustainability, which in turn can influence the company's ESG disclosure score.

This study aims to analyze the effect of CEO educational backgrounds specifically MBA, accounting, and engineering degrees on the level of ESG disclosure in non-financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023. In addition, this research considers control variables such as firm size, board size, and independent commissioners to examine both simultaneous and partial effects on ESG disclosure.

A quantitative approach was employed using multiple linear regression analysis based on panel data. The data used were secondary data collected from companies' annual reports. This research is grounded in Upper Echelon Theory, which posits that the characteristics of top executives, including educational background, can influence strategic decisions such as ESG disclosure. And using the legitimacy theory, which states that companies disclose ESG as an effort to gain acceptance and support from the community and stakeholders, ensuring the company's operations remain sustainable.

The results show that, simultaneously, the CEO's educational background and control variables significantly influence ESG disclosure. Partially, CEOs with MBA degree tend to have a positive influence on ESG disclosure, while CEO's with accounting and engineering backgrounds show no significant effect on ESG disclosure.

This study suggests that companies should consider educational background when appointing CEOs, particularly about sustainability and ESG. Future researchers, it is recommended to include variables not only from the CEO or president director but also from the company's top management or the entire board of directors. The findings may also serve as a valuable consideration for investors when assessing a company's commitment to sustainability.

Keywords: CEO education, ESG disclosure, MBA, non-financial, upper echelon theory