

# THE IMPACT OF ESG AND GOOD CORPORATE GOVERNANCE ON COMPANY FINANCIAL PERFORMANCE

Dian Autia Zulfah<sup>1</sup>, Amilia Syuhada Binti Abdul Majid<sup>2</sup>, Yevi Dwitayanti<sup>3</sup>

*<sup>1</sup>Faculty of Business Management and Professional Studies Management and Science University, Malaysia*

*<sup>2</sup>Accounting Departement, Sriwijaya State Polytechnic, Indonesia*

Corresponding author email : [dianautiazulfah@gmail.com](mailto:dianautiazulfah@gmail.com)

## ABSTRACT

The lack of consistent evidence on the impact of corporate governance and sustainability practices on firm performance remains a key issue in emerging markets, including Indonesia. This study aims to analyze the influence of Environmental, Social, and Governance (ESG) factors, Board Size, Board Commissioners, Institutional Ownership, and Independent Commissioners on the financial performance of food and beverages companies listed on the Indonesia Stock Exchange (IDX). Using a quantitative approach, the study employs secondary data sourced from company financial and annual reports, covering a panel of firms over a specified period. The data is analyzed using panel data regression in Stata to examine the relationship between the selected independent variables and company financial performance. The findings reveal that ESG practices, Board Size, Institutional Ownership, and the presence of Independent Commissioners have a significant positive effect on company financial performance. In contrast, the number of Board Commissioners does not exhibit a statistically significant impact. These results suggest that sustainable business practices and strong governance mechanisms, particularly through ownership structure and board composition, play a crucial role in enhancing firm value in the food and beverage sector in Indonesia. Theoretically, this study enriches the literature on corporate governance and ESG in emerging markets by providing empirical evidence from the Indonesian context. Practically, the findings offer valuable insights for company stakeholders and policymakers to prioritize ESG integration and strengthen board structures to drive better financial outcomes. Overall, the study underscores the importance of targeted governance reforms and sustainability initiatives as strategic tools to improve firm performance in a competitive and evolving industry landscape.

**Keywords: Company Financial Performance, ESG, Board Size, Board Commissioner, Institutional Ownership, Independent Commissioner**