ABSTRACT

Firms are trying to strive to improve financial performance, as this would represent the stakeholder trust in those firms for the efforts that they have made. Based on the gap phenomenons and research gaps that have been explained in this research, there are inconsistencies found in the independent variables on the financial performance. This inconsistency becomes the foundation for this research, which aims to examine how ESG Disclosure, free cash flow, and leverage affect the financial performance of companies.

This study uses secondary data and a purposive sampling method, which includes 37 companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The analysis uses multiple linear regression with Eviews 13 software.

The estimation results using the Random Effect Model (REM) show that ESG Disclosure disclosures have a significant positive effect on financial performance as measured by ROA. Furthermore, Free Cash Flow (FCF) also have a significant positive effect on the company's financial performance as measured by ROA. Additionally, leverage also have a significant positive impact on ROA.

Keywords: ESG Disclosures, Free Cash Flow, Leverage, Financial Performance