

ABSTRACT

Sustainability issues within the Environmental, Social, and Governance (ESG) framework have increasingly become a primary concern in global and Indonesian business practices. However, empirical findings regarding the effect of ESG on corporate profitability remain inconsistent, necessitating an examination of the role of firm size as a moderating variable. This study aims to analyze the effect of ESG performance on corporate financial performance, as well as the moderating role of firm size.

This study employs a quantitative approach using Moderated Regression Analysis (MRA) processed with EViews 13. The sample consists of 240 observations from 60 non-financial companies listed on the Indonesia Stock Exchange for the 2021–2024 period, selected through purposive sampling. ESG performance is represented by the ESG score, and corporate financial performance is proxied by return on assets (ROA). The study also utilizes firm size as a moderating variable, along with leverage and firm age as control variables. The data for the variables used are sourced from the Refinitiv Database.

The results show that ESG performance has a significant negative effect on corporate financial performance. Furthermore, firm size is proven not to moderate the relationship between ESG performance and corporate financial performance.

Keywords: *ESG; Financial Performance; ROA; Moderation; Firm Size.*