

ABSTRACT

This study aims to examine the effect of ESG performance on financial distress risk, with executives' foreign experience as a moderating variable. This research is important because ESG implementation has become an increasing concern for companies, particularly in the energy sector, which faces relatively high environmental and financial risks. On the other hand, previous studies examining the effect of ESG on financial distress risk have produced mixed findings. In addition, studies investigating the role of executive characteristics, especially international experience, in influencing the effectiveness of ESG implementation are still relatively limited.

This study was conducted on energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2023–2024 period. The sample was selected using a purposive sampling method based on predetermined criteria, resulting in a total of 38 observations. The analysis method employed in this study is multiple linear regression using EViews 12.

The results indicate that ESG performance has a significant negative effect on financial distress risk, suggesting that higher ESG performance is associated with a lower likelihood of financial distress. Meanwhile, executives' foreign experience as a moderating variable is not proven to strengthen the negative effect of ESG performance on financial distress risk. Although the moderating variable shows a significant effect, the direction of the moderation coefficient is inconsistent with the proposed hypothesis. These findings indicate that executives' foreign experience actually weakens the effect of ESG performance on reducing financial distress risk.

Keywords: *ESG performance, financial distress risk, executives' foreign experience.*