ABSTRACT

ESG (Environmental, Social, and Governance) is a corporate strategy that guides decision-making, enabling companies to take responsible actions in environmental, social, and governance areas. Proper implementation of ESG allows companies to assess risks and provide reports on the impacts of their activities. However, ESG implementation remains a hot topic and presents significant challenges, particularly for companies in the banking sub-sector. These challenges include a lack of awareness regarding ESG practices, hesitation to sacrifice short-term profits, and limited knowledge and technical expertise in implementing sustainable principles.

This study, based on prior research, aims to examine the relationship between ESG performance, company profitability, and corporate value. The sample consists of seven banking companies listed on the Indonesia Stock Exchange that report their ESG scores, out of a total population of ten companies. The ESG data, as secondary data, was obtained from Bloomberg's website and the companies' annual reports. The analysis was conducted using panel data. The sample consisted of companies listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2023. Based on the analysis conducted, it can be concluded that there is no significant effect of ESG scores on profitability (NIM) and firm value (Tobin’s Q).

Keywords: ESG, Profitability, Company Value, banking sector