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The Influence Of Ceo Power On Environmental, Social, Governance Disclosure In Infrastructure Companies Listed On The Asian Stock Exchange In The 2019-2023 Period

Irhamsi Gotea [a*)]

[a)] *Bina Nusantara University, Jakarta, Indonesia*

[*)]*Corresponding Author: irhamsi2594@gmail.com*

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Abstract. This study focuses on analyzing the influence of CEO power on ESG disclosure in infrastructure companies listed on the Asian Stock Exchange from 2019 to 2023. Globally, the implementation of ESG principles is increasingly considered crucial as a manifestation of a company's commitment to sustainability, in line with the sustainable development goals supported by the G20 countries. CEO PowerCEO duality, including share ownership and dual roles as CEO and chairman of the board of directors, are important factors that can influence a company's strategic decisions. However, this study found that CEO duality significantly influences ESG disclosure in companies. Meanwhile, CEO ownership does not significantly influence ESG disclosure. This suggests that CEO leadership structure does not directly drive increased transparency in ESG disclosure. This study suggests that companies should not rely solely on CEO leadership structure to improve ESG disclosure, but should also consider other factors such as board composition and external regulations. This is expected to provide a deeper understanding of the factors influencing ESG disclosure and how this can support better and more sustainable corporate governance practices.

Keywords: CEO Power; ESG; ESG Disclosure; Corporate Governance; Infrastructure Companies; Asian Stock Exchanges

I. INTRODUCTION

The company's commitment to sustainability is manifested in its social, environmental, and governance responsibilities, thereby embracing sustainable development in line with the G20 countries' commitment to the Sustainable Development Goals (SDGs) (Nosratabadi et al., 2019); (Van Zanten et al., 2018). Stakeholders currently expect companies to manage their businesses sustainably.

CEO power is a widely studied topic in the management and corporate governance literature due to its significant influence on a company's direction and performance. According to some experts, a CEO's power is determined not only by their role in strategic decision-making but also by their control over company resources and influence over the board of directors.

As a decision-maker in a company, the CEO plays a crucial role in improving performance. CEOs are seen as having power that can influence decision-making within the bank. This is in addition to share ownership, which allows the CEO to have a say in the general meeting of shareholders (GMS). Furthermore, holding two important roles within the company (CEO Duality) can also increase a CEO's power within the company. This is because the more a CEO holds two important roles in the company, the more experience they gain. However, CEO power can increase agency problems within the company. Jensen & Meckling (1976) explain the problem that occurs between shareholders and managers, where the CEO is perceived to act inconsistently with the interests of shareholders. Increased CEO power can also increase the potential for the CEO to make decisions without considering shareholder interests, such as using the company's free cash flow for personal gain.

Companies must be prepared for any changes that occur. One consequence of uncertainty is advances in technology and information, which contribute to increasingly fierce competition. This is due to technology and communication. With these advances, customers can quickly obtain information and compare product quality with competitors' products in terms of price and quality (Gentile et al., 2007). Companies can lose market share if they cannot respond quickly to these changes (Kothler, 2017). With limited resources, a company must maintain sustainable performance by utilizing tangible and intangible assets (Xu & Wang, 2018).

Sustainability reports are a response to stakeholder demands. Sustainability reports enable companies to demonstrate their accountability and transparency in carrying out social and environmental responsibilities. In sustainability reports, companies also disclose their economic impacts and provide information on environmental, social, and corporate governance. Therefore, companies are now developing and implementing ESG (Environmental, Social, and Governance) principles, namely environmental, social, and corporate governance responsibilities, as part of their corporate objectives. ESG principles are now increasingly recognized by practitioners and academics. The benefits of ESG actions

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include improved company performance, financial performance, stock liquidity, and reduced volatility and cost of capital (equity and debt) (Ratajczak & Mikołajewicz, 2021).

The implementation of ESG aspects is one of the factors supported by state-owned enterprises (SOEs) in their business operations. Indonesian Finance Minister Sri Mulyani stated that efforts to improve connectivity and adapt and promote ESG performance in infrastructure development are being supported as part of economic recovery efforts (Winarto, 2022). The Ministry of State-Owned Enterprises (SOEs) is committed to promoting economic growth in Indonesia using Environmental Social Governance (ESG) principles.

A study of companies listed on the Chinese stock market found that CEOs with greater power tend to strengthen the relationship between ESG performance and corporate risk reduction. This suggests that powerful CEOs may be more likely to promote ESG initiatives to enhance their reputation and reduce environmental and social risks. However, this influence may vary depending on company ownership, particularly if the company is state-owned or has little institutional investor (MDPI) ownership.

Furthermore, reports on ESG disclosure in ASEAN countries indicate that stock exchanges in the region, such as Singapore and Thailand, have implemented stringent ESG disclosure rules. Highly influential CEOs may use their power to ensure their companies comply with these requirements, which can increase the company's value in the eyes of sustainability-conscious investors (RSK Group) (Enviliacne ASIA).

State-owned enterprises (SOEs) contribute to environmental damage, as the Ministry of Environment's monitoring results show that some SOEs still perform poorly in environmental management. The Secretary of the Ministry of Environment's Proper Team, Sigit Reliantoro, revealed that 11 SOEs (SOEs) have been given a black rating, meaning they are not environmentally friendly. The Ministry of Environment's monitoring results found that 49 out of 1,002 companies were deemed negligent and violated regulations, thus damaging the environment. Eleven of the 49 SOEs are SOEs and have a black rating, and among them are subsidiaries of PT Perkebunan Nusantara (PT PN) IX. This sugar processing company operates in Central Java (kompas.com). The subsidiary, PT PN XIII, is one of those handling the palm oil industry in East Kalimantan.

A report by the Forests & Finance coalition found that the Financial Services Authority (OJK) and three major state-owned banks in Indonesia—BNI, BRI, and Mandiri—have funded forest destruction and human rights violations in Indonesia. Bank Mandiri, BRI, and BNI remain the top state-owned banks implicated in environmental crimes, leading 33 other banks in Indonesia, as they continue to finance companies with a track record of forest destruction and land grabbing by local communities, such as palm oil and pulp & paper companies.

Another banking crime was also uncovered through BNI's financing of Korindo. PT Papua Agro Lestari (PT.PAL), a subsidiary of the Korindo Group, was previously reported to BNI through the Forests & Finance coalition through the whistleblowing system for alleged corruption in obtaining PT.PAL's concession permit. Korindo's FSC certification was subsequently revoked after an independent investigation found numerous social and environmental violations across Korindo's concessions in Papua and North Maluku. The Ministry of Environment and Forestry revoked more than 65,000 ha of forest utilization permits: PT.PAL (32,348 ha), PT. Tunas Sawa Erma (19,001 ha), and PT Berkat Cipta Abadi II (14,435 ha) on January 5, 2022. However, this fact was not enough to convince BNI to immediately stop its financing of Korindo (tuk.or.id, 2022).

The presence of CEO Power and ESG (Environmental, Social, and Governance) is a crucial aspect in identifying potential causes of social harm and mitigating the potential impact of current environmental damage. Therefore, the influence of CEO Power on ESG disclosure in infrastructure companies listed on the Asian Stock Exchange is essential to addressing conflicts related to environmental, social, and other factors that influence a company's sustainability, particularly corporate governance.

The difference between this study and previous studies lies in the subject and object of the study. While previous studies focused only on state-owned enterprises listed on the Indonesia Stock Exchange for the 2018-2022 period, the current study focuses on infrastructure companies listed on the Asian Stock Exchange for the 2019-2023 period. Another difference is that CEO power is rarely discussed in relation to ESG, and CEO power is also rarely discussed in relation to ESG disclosure, as is the case in this study. This study also focuses on companies that use ESG as a standard in creating a structured company using CEO power leadership. This study also pays special attention to how CEO power influences ESG disclosure and provides new insights. This study chose the infrastructure sector in Asia because this sector plays a key role in supporting regional economic development. Asian countries are focusing on infrastructure development to improve connectivity and global competitiveness. Furthermore, this sector has significant exposure to environmental, social, and governance (ESG) factors, which are relevant to the objectives of this study.

A topic that has become increasingly important amid growing global pressure for sustainability and corporate social responsibility. This research integrates an analysis of the impact of newer ESG regulations in Indonesia. However, many companies listed on Asian Stock Exchanges still have below-normal ESG indexes due to the ongoing transition to the COVID-19 pandemic that hit Indonesia. This research also focuses on companies that still consider CEO Power to be unrelated to ESG, as examples of companies that still lack transparency in their financial reporting on Asian Stock Exchanges.

Many employees also engage in corruption in companies, there is still a lot of deforestation, factory waste that still occurs, especially in the community environment, and many companies still ignore the community affected by air pollution that plagues both in Asia and Indonesia. The contribution of this research is expected to provide an understanding of the factors that influence CEO Power in companies, especially the influence of ESG. Therefore, the author conducted a thesis research with the title "The Influence of CEO Power on Environmental, Social, Governance (ESG) Disclosure in

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Infrastructure Companies Listed on the Asian Stock Exchange for the Period 2019-2023".

II. RESEARCH METHOD

This study adopts a quantitative research approach, which is well-suited to analyzing the relationship between CEO power and Environmental, Social, and Governance (ESG) disclosure in infrastructure companies listed on the Asian Stock Exchange. Quantitative methods allow for hypothesis testing and the examination of the strength and direction of relationships between variables using statistical tools. This approach was chosen because of its ability to handle large datasets and provide objective and generalizable findings.

The data collection process involved collecting secondary data from reliable and publicly available sources. Data for this study was collected from annual financial reports, sustainability reports, and corporate governance disclosures of infrastructure companies. These reports are available on platforms such as MarketScreener and Refinitiv LSEG, which provide detailed company data, including financial performance, governance structure, and ESG practices. These reports cover the period 2019 to 2023, ensuring that the data reflects current trends in corporate governance and ESG adoption in the infrastructure sector.

Data source The primary sample for this study consists of infrastructure companies listed on the Asian Stock Exchange, with a focus on companies that have disclosed their sustainability practices and financial performance over the past five years. Companies from various Asian countries were included in the study to ensure a comprehensive analysis of the region. The sample was drawn based on specific criteria, including companies that consistently released annual reports and sustainability disclosures throughout the study period. These companies were selected to ensure the study captures accurate and up-to-date information on their corporate governance and ESG activities.

Data types The data used in this study include financial and non-financial data. Financial data is represented by key performance indicators, such as profitability ratios, return on equity (ROE), and company size, while non-financial data relates to governance practices and ESG disclosures, including environmental impact, social responsibility, and corporate governance practices. ESG disclosure is specifically measured by the extent to which companies report on environmental, social, and governance factors, as outlined in their sustainability reports.

Data analysis The analysis was conducted using various statistical techniques. First, descriptive analysis was used to summarize data characteristics, including the mean, standard deviation, and range for each variable. This provides an initial overview of the dataset, allowing for the identification of trends and anomalies. Next, regression analysis was used to test hypotheses regarding the relationship between CEO power (CEO duality and CEO ownership) and ESG disclosure. This study used panel data regression models, including fixed effect models (FEM) and random effect models (REM), to assess the impact of CEO power on ESG practices across different companies and time periods. These models are suitable for handling data spanning time and across companies.

The analysis also includes several diagnostic tests, such as multicollinearity, autocorrelation, and heteroscedasticity tests, to ensure the robustness of the regression results. These tests examine issues that could affect the reliability of the regression estimates, such as correlations between independent variables, patterns in residuals, or non-constant variance in the data. The findings from the regression analysis are then interpreted to determine the strength and significance of the relationship between CEO power and ESG disclosure.

Overall, this research method combines robust data collection techniques, statistical analysis, and diagnostic tests to ensure reliable and valid findings regarding the influence of CEO Power on ESG disclosure in infrastructure companies in Asia.

III. RESULTS AND DISCUSSION

A. Normality Test

According to (Ghozali, 2017), a normality test is conducted to determine whether the data in the regression model of the independent and dependent variables, or both variables, are normally distributed. This study uses the JB (Jarque-Bera) Probability test.

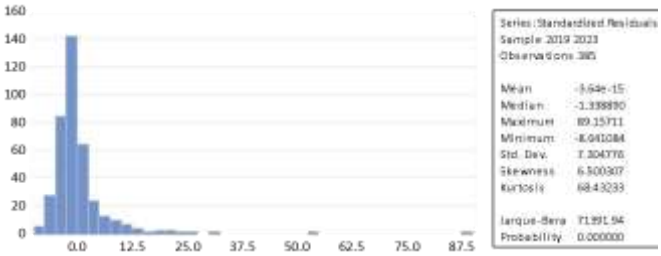

Figure 1.1Normality Test Results

Figure 4.1 shows a probability value of 0.000 < 0.05, indicating that the data is not normally distributed. However, a study conducted by (Gujarati, 1998) noted that despite the large sample size, the residual (error) value remains valid. This study remains valid because the sample size used in this study is quite large, namely 385 data from 77 companies over a five-year period from 2019 to 2023.

B. Multicollinearity Test

The multicollinearity test aims to test whether a regression model finds a correlation between independent variables (Ghozali, 2017). The basis for decision-making is determined as follows:

TABLE 1

MULTICOLLINEARITY TEST RESULTS

Variables	Centered VIF
C	NA
CEO of Duality	1.068506

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CEO Ownership	1.036068
Board of Directors	1.036245
Independent Commissioner	1.028768
Audit Committee	1.004764
ROE	1.038490
Firm Size	1.077117
Firm Age	1.047893
Leverage	1.025640
Industry Sector	1.181475
Country	1.172095

Source: processed by researchers, 2025.

Table 4.7 shows that the Centered VIF value is smaller than the specified crisis value (Centered VIF < 10). Therefore, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

C. Heteroscedasticity Test

The Heteroscedasticity Test aims to test whether there is inequality in variance from one observation to another in the regression model.(Ghozali, 2017). To detect the presence or absence of heteroscedasticity, the Breusch Pagan Godfrey Test can be used, namely by regressing the absolute value.

TABLE 2
INTERPRETATION OF THE BREUSCH PAGAN GODFREY TEST

Independent Variables	Prob.	Decision
CEO of Duality	0.2409	There is no heteroscedasticity
CEO Ownership	0.3627	There is no heteroscedasticity
Board of Directors	0.8092	There is no heteroscedasticity
Independent Commissioner	0.3962	There is no heteroscedasticity
Audit Committee	0.0634	There is no heteroscedasticity
ROE	0.2140	There is no heteroscedasticity
Firm Size	0.9026	There is no heteroscedasticity
Firm Age	0.8714	There is no heteroscedasticity
Leverage	0.8147	There is no heteroscedasticity
Industry Sector	0.3932	There is no heteroscedasticity
Country	0.6287	There is no heteroscedasticity

Source: processed by researchers, 2025.

The results obtained from the heteroscedasticity test using the Breusch Pagan Godfrey test show that all independent variables do not experience heteroscedasticity, this is evidenced by the probability values of CEO Duality, CEO Ownership, Board of Directors, Independent Commissioners, Audit Committee, ROE, Firm Size, Firm Age, Leverage, Industry Sector, Country, each of which is greater than 0.05, so Ho is accepted.

D. Autocorrelation Test

The purpose of this test is to determine whether there is a correlation between the confounding variables in a certain period and the error in the previous period in the linear regression model.(Ghozali, 2017). The autocorrelation test in this study uses the Durbin-Watson test, which calculates the d statistic value. The hypotheses to be tested are:

H0: no autocorrelation
H1: there is autocorrelation

TABLE 3
AUTOCORRELATION TEST RESULTS

R-squared	0.488166	Mean dependent variable	3.780194
Adjusted R-squared	0.338234	SD dependent var	7.794227
SE of regression	6.340523	Durbin-Watson stat	2.582761
F-statistic	3.255930		
Prob(F-statistic)	0.000000		

Source: processed by researchers, 2025.

The Durbin-Watson stat value is 2.582761, or greater than 2, indicating that the research variables experience autocorrelation. In their research, (Basuki and Prawoto, 2017) stated that the autocorrelation test on non-time series data, both cross-sectional and panel data, is meaningless. This is because in panel data, although there is a time series, the time series is not a pure time series where the data does not repeat. Therefore, the autocorrelation test is meaningless in this study.

E. Multiple Linear Regression Analysis

This study uses panel data regression using the Eviews 12 program to examine the influence of independent variables on the dependent variable. The controlling variables used in this study are CEO Duality (X1), CEO Ownership (X2), Board of Commissioners (C1), Independent Commissioners (C2), Audit Committee (C3), ROE (C4), Firm Size (C5), Firm Age (C6), Leverage (C7), Industry Sector (C8), and Country (C9). The regression results using the Fixed Effect Model method can be seen in the following table:

TABLE 4
MULTIPLE LINEAR REGRESSION TEST RESULTS

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	-18.99273	150.7999	-0.125947	0.8999
CEO of Duality	1.117622	0.248325	4.500643	0.0000
CEO Ownership	-0.229984	0.415611	-0.553363	0.5804
Board of Directors	-0-052118	0.530470	-0.098249	0.9218
Independent Commissioner	-0.952035	0.660922	-1.440466	0.1508
Audit Committee	-2.863735	1.744173	-1.641887	0.1017

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ROE	-7548386	3.179138	-2.374350	0.0182
Firm Size	1.977484	0.551417	3.586188	0.0004
Firm Age	-0.238640	0.242664	-0.983417	0.3262
Leverage	-0.386442	1.692997	-0.228259	0.8196
Industry Sector	-3.895956	5.940210	-0.655862	0.5124
Country	2.134187	22.76583	0.093745	0.9254

Source: processed by researchers, 2025.

Based on the regression results in Table 4.11, the coefficient values of the regression equation model using the Fixed Effect Model method are as follows:

The regression equation using the Fixed Effect Model (FEM) indicates the relationship between CEO Power and ESG disclosures. The coefficient for CEO Duality is 1.12, meaning that a 1% increase in CEO Duality leads to a 1.12% increase in ESG disclosures. Conversely, CEO Ownership has a negative impact, with a coefficient of -0.23, indicating that a 1% increase in CEO Ownership results in a 0.23% decrease in ESG disclosures. Similarly, the Board of Directors and Independent Commissioners both have negative relationships with ESG disclosures, with coefficients of -0.05 and -0.95, respectively, meaning increases in these variables result in reductions in ESG disclosures. In contrast, the Audit Committee has a positive coefficient of 2.35, suggesting that a 1% increase in the audit committee size leads to a 2.35% increase in ESG disclosures. The coefficient for ROE is -7.55, indicating that higher profitability is associated with a reduction in ESG disclosures. Firm Size (coefficient of 1.98) and Country (coefficient of 2.13) both show positive relationships with ESG, suggesting that larger firms and firms in certain countries tend to have better ESG disclosures. On the other hand, Firm Age, Leverage, and Industry Sector have negative effects on ESG disclosures, with coefficients of -0.24, -0.39, and -3.90, respectively. These results suggest that older firms, firms with higher leverage, and certain industry sectors are less likely to disclose comprehensive ESG information.

F. T-test

The T-statistic test is conducted to determine whether the independent variable has a partial significant effect on the dependent variable. The test is conducted using a 5% significance level. If the probability value is ≥ 0.05, then the independent variable does not have a partial significant effect on the dependent variable. However, if the probability is < 0.05, then the independent variable has a partial significant effect on the dependent variable. The results of the partial test (T-test) can be seen in Table 4.11, which was presented in the previous section on multiple linear regression analysis. The further explanation is as follows:

- Based on the results of the Partial Test, the probability value of the CEO Duality variable is 0.0000. The probability value is smaller than the alpha value (0.05) indicating that the CEO Duality variable has a significant effect on the ESG variables of infrastructure companies in Asia in the 2019-2023 period.
- Based on the results of the Partial Test, the probability value of the CEO Ownership variable is 0.5804. This probability value is greater than the alpha value (0.05), indicating that the CEO Ownership variable does not significantly influence the ESG variables of infrastructure companies in Asia during the 2019-2023 period.

G. F test

The F-test, or model testing, is conducted to determine the simultaneous influence of independent variables on the dependent variable. The significance level of this test is 0.05 (α = 5%). If the F-statistic probability value is ≥ 0.05, then the independent variables are not simultaneously significant on the dependent variable. However, if the F-statistic probability value is <0.05, then the independent variables simultaneously have a significant influence on the dependent variable. The results of the simultaneous test (F-test) can be seen in the following table:

TABLE 5
F TEST RESULTS

R-squared	0.488166	Mean dependent variable	3.780194
Adjusted R-squared	0.338234	SD dependent var	7.794227
SE of regression	6.340523	Durbin-Watson stat	2.582761
F-statistic	3.255930		
Prob(F-statistic)	0.000000		

Source: processed by researchers, 2025.

The probability value (F-statistic) is 0.000. This value is smaller than the alpha value (0.05). Therefore, it can be concluded that the CEO Duality and CEO Ownership variables simultaneously have a significant effect on the ESG variables of infrastructure companies in Asia during the 2019-2023 period.

H. Coefficient of Determination Test

The coefficient of determination test is conducted to determine the extent to which the independent variable explains the dependent variable. The coefficient of determination test uses the Adjusted R-squared (*R*2) obtained from the regression output. The higher the Adjusted R-squared (*R*2) value, the better the regression in the study. The results of the Coefficient of Determination test can be seen in Table 4.13, which was presented in the previous F-Test section. Further explanation is as follows:

The Adjusted R-squared value is 0.338234. The Adjusted R-squared value shows that the independent variable has a power of 33.82% in explaining the dependent variable.

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The regression analysis results show that CEO duality has a significant positive influence on ESG disclosure. A coefficient of 1.12 indicates that the greater the power of a CEO who also serves as Chairman of the Board of Directors, the higher the level of ESG disclosure the company makes. This can be explained by Stewardship theory, which states that CEOs with greater power tend to have the freedom to make decisions that support sustainability and corporate social responsibility. CEOs who also serve as Chairman of the Board of Directors may have greater control in implementing ESG policies and encouraging the disclosure of sustainability-related information.

However, CEO ownership did not show a significant effect on ESG disclosure, with a negative coefficient of -0.23. Although CEO share ownership is supposed to align the interests of CEOs and shareholders (Jensen & Meckling, 1976), these results suggest that share ownership is not sufficient to encourage transparency in ESG disclosure. This may be due to CEOs' greater focus on short-term goals of increasing corporate profits, rather than prioritizing the disclosure of more long-term-oriented ESG information.

Board of Directors Independent Commissioners also showed a negative relationship with ESG disclosure, although not significant. This negative coefficient indicates that increasing the number of board members or independent commissioners does not necessarily promote transparency in ESG disclosure. One possible explanation is that a larger board structure or a greater number of independent commissioners does not necessarily translate into more proactive decisions regarding sustainability policies or ESG disclosure. Instead, centralized and more efficient decision-making, as seen in CEO Duality, may be more effective in promoting ESG policies.

Audit Committee, with a positive coefficient of 2.35, indicates a significant effect on increasing ESG disclosure. This suggests that companies with larger audit committees tend to be more transparent in disclosing ESG information. A stronger oversight function by audit committees can compel companies to report more clearly on their social and environmental impacts and ensure compliance with sustainability standards set by regulatory authorities.

On the other hand, ROE (Return on Equity) has a negative relationship with ESG disclosure, with a coefficient of -7.55. This indicates that companies that prioritize short-term profitability tend to disclose less ESG-related information. This may be due to the prioritization of achieving immediate financial performance, while ESG disclosure is perceived as a more long-term endeavor and does not necessarily yield immediate returns for shareholders.

Firm Sizeand Country have a positive relationship with ESG disclosure, with coefficients of 1.98 and 2.13, respectively. Larger companies have more resources to invest in ESG practices and are typically more susceptible to external pressure to increase their transparency, whether from governments, investors, or the public. Furthermore, companies operating in countries with stricter regulations or in markets that are more concerned with sustainability tend to be more motivated to disclose ESG information.

Finally, firm age, leverage, and industry sector negatively influence ESG disclosure. Older companies, those with riskier capital structures (high leverage), and those operating in certain industry sectors may focus more on short-term operations and avoid disclosures that could increase costs or legal risks. The infrastructure sector, which often faces complex environmental and social issues, may require more time and effort to adapt to comprehensive ESG disclosure practices.

IV. CONCLUSIONS

This study aims to analyze the influence of CEO Power on Environmental, Social, and Governance (ESG) disclosure in infrastructure companies listed on the Asian Stock Exchange during the 2019-2023 period. Based on the results of the regression analysis using the Fixed Effect Model (FEM), it can be concluded that CEO Duality has a significant positive influence on ESG disclosure. This means that companies with a CEO who also serves as Chairman of the Board of Directors tend to have higher levels of ESG disclosure. Conversely, CEO Ownership does not show a significant influence on ESG disclosure, indicating that CEO share ownership is not sufficient to encourage disclosure of sustainability-related information.

Additionally, other factors such as Firm Size and Country also positively influence ESG disclosure, while ROE, Firm Age, and Leverage show a negative relationship with ESG disclosure. These results suggest that larger companies operating in countries with strict regulations are more likely to disclose ESG information more transparently.

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