

ABSTRAK

This study investigates the relationship between the corporate sustainability performance with financial performance and market performance in the banking sector listed on the Indonesian Stock Exchange. Using data from 19 banks for 5 years (2018–2022) consist of 80 observations, we investigate the effect of the Environment, Social and Governance score (ESG) with the two ratios on banks' financial performance [Return on Assets (ROA) and Return on Equity (ROE)] and also ratios on banks' market performance [Tobin's q and Market Book Ratio (MBR)]. The empirical studies pinpoint a positive relationship only in social performance with financial performance (ROA and ROE), market performance (MBR) while the others are negative. The novelty of this paper lies in the assessment parameters that previously used the GRI index indicator, in this study used indicators according to the regulations of the Indonesian banking supervisory board (OJK). Our empirical results have significant theoretical implications and contributions for banking practitioners, policy makers, investors when making decisions and academics.

Keywords : ESG, ROA, ROE, Tobin's q, MBR