

ESG Performance, Leverage, and Firm Size: Determinants of Profitability in Indonesia's Energy Sector

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This study aims to examine the effect of Environment, Social, and Governance (ESG) performance, leverage, and firm size on profitability. This study uses a sample of 29 energy sector companies listed on the Indonesia Stock Exchange during the 2022-2024 period. ESG performance data were obtained through the Katadata Corporate Sustainability Index, while leverage and firm size data were obtained through the Stockbit platform. Hypothesis testing was conducted using the Random Effect Model (REM) method with STATA 17 application. The results show that ESG performance and firm size have no significant effect on company profitability. Meanwhile, leverage has a significant negative effect on profitability. These findings indicate that short-term ESG implementation is not a primary factor in assessing a company's effectiveness in utilizing assets to generate profit. High levels of leverage have been shown to significantly reduce a company's profitability, requiring companies to optimally manage their capital structure to increase profitability. On the other hand, company size does not necessarily reflect the extent of its potential profits.

Keywords: energy sector, ESG performance, leverage, firm size, profitability

Kinerja ESG, *Leverage*, Dan Ukuran Perusahaan: Determinan Profitabilitas Sektor Energi Indonesia

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Penelitian ini bertujuan untuk mengkaji pengaruh kinerja *Environment*, *Social*, dan *Governance* (ESG), *leverage*, dan ukuran perusahaan terhadap profitabilitas. Penelitian ini menggunakan sampel sebanyak 29 perusahaan sektor energi yang terdaftar di Bursa Efek Indonesia selama periode 2022-2024. Data kinerja ESG diperoleh melalui *Katadata Corporate Sustainability Index* dan untuk *leverage* serta ukuran perusahaan diperoleh melalui platform Stockbit. Uji hipotesis dilakukan dengan menggunakan metode *Random Effect Model* (REM) dengan aplikasi STATA 17. Hasil penelitian menunjukkan bahwa kinerja ESG dan ukuran perusahaan tidak berpengaruh signifikan terhadap profitabilitas perusahaan. Sementara itu, *leverage* berpengaruh negatif signifikan terhadap profitabilitas. Temuan ini mengindikasikan bahwa implementasi ESG dalam jangka pendek tidak menjadi faktor utama dalam menilai efektivitas perusahaan memanfaatkan aset untuk menghasilkan profit. Tingkat *leverage* yang tinggi terbukti menurunkan profitabilitas perusahaan secara signifikan, sehingga perusahaan perlu mengelola struktur modalnya secara optimal untuk meningkatkan profitabilitas. Di sisi lain, ukuran perusahaan belum dapat mencerminkan seberapa besar laba yang dapat dihasilkan perusahaan.

Kata kunci: sektor energi, kinerja ESG, *leverage*, ukuran perusahaan, profitabilitas