



UNIVERSITAS ANDALAS

UNDERGRADUATE THESIS

**THE EFFECT OF FINANCIAL FLEXIBILITY AND COMPANY-LEVEL
MARKET COMPETITIVENESS ON ESG PERFORMANCE IN INDONESIA**

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Submitted to fulfill the requirements to obtain Bachelor Degree in Accounting

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<p align="center">THE EFFECT OF FINANCIAL FLEXIBILITY AND COMPANY-LEVEL MARKET COMPETITIVENESS ON ESG PERFORMANCE IN INDONESIA</p> <p align="center">Thesis by: Ammar Muhammad Dzikra Thesis Advisor: Dr. Rita Rahayu, SE., M.Si., Ak., CA</p> <p align="center">ABSTRACT</p> <p>This study seeks to empirically test and examine whether there is an influence of financial flexibility, consisting of cash flexibility and debt flexibility, and company-level market competitiveness on ESG performance in companies in the non-financial sector. The research was conducted using a quantitative approach with panel data regression analysis and purposive sampling techniques, involving 943 companies in the non-financial sector listed on the Indonesia Stock Exchange (IDX) as the population, with the research period starting from 2020 to 2024. The results showed that the debt flexibility variable had a significant positive effect on ESG performance in nonfinancial sector companies, while the cash flexibility and company-level market competitiveness variables did not have a significant effect on ESG performance in non-financial sector companies. These findings imply that companies with large external financing capacities tend to improve and invest more in sustainability. These findings indicate that the level of complexity and competitive position of companies in the market has not made ESG a key strategy in market competition. This research enhance the understanding of the impact of cash flexibility, debt, and company-level market competitiveness on ESG performance in companies in the non-financial sector</p> <p>Keyword: ESG Performance, Cash Flexibility, Debt Flexibility, Company-Level Market Competitiveness, Company Size, Company Age, Profitability, Leverage</p>			

THE EFFECT OF FINANCIAL FLEXIBILITY AND COMPANY-LEVEL MARKET COMPETITIVENESS ON ESG PERFORMANCE IN INDONESIA

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ABSTRACT

This study seeks to empirically test and examine whether there is an influence of financial flexibility, consisting of cash flexibility and debt flexibility, and company-level market competitiveness on ESG performance in companies in the non-financial sector. The research was conducted using a quantitative approach using panel data regression analysis and purposive sampling techniques, involving 943 companies in the non-financial sector listed on the Indonesia Stock Exchange (IDX) as the population, with the research period starting from 2020 to 2024. The results showed that the debt flexibility variable had a significant positive effect on ESG performance in non-financial sector companies, while the cash flexibility and company-level market competitiveness variables did not have a significant effect on ESG performance in non-financial sector companies. These findings imply that companies with large external financing capacities tend to improve and invest more in sustainability. These findings indicate that the level of complexity and competitive position of companies in the market has not made ESG a key strategy in market competition. This research help enhance the understanding of the impact of cash flexibility, debt, and company-level market competitiveness on ESG performance in companies in the non-financial sector

Keyword: ESG Performance, Cash Flexibility, Debt Flexibility, Company-Level Market Competitiveness, Company Size, Company Age, Profitability, Leverage

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