THE IMPACT OF ESG STRATEGY ON FINANCIAL PERFORMANCE: THE MODERATING ROLE OF DIRECTORS WITH OVERSEAS BACKGROUND

Ranlan Yang *, Lindrianasari **

* *Corresponding author*, Department of Accounting, School of Accounting, Bina Nusantara University, Jakarta, Indonesia
Contact details: Department of Accounting, School of Accounting, Bina Nusantara University, 11480 Jakarta, Indonesia (ranlan.yang@binus.ac.id)
** Department of Accounting, School of Accounting, Bina Nusantara University, Jakarta, Indonesia (lindrianasari@binus.ac.id)

OPEN ACCESS

How to cite this paper: Yang, R., & Lindrianasari. (2025). The impact of ESG strategy on financial performance: The moderating role of directors with overseas background [Special issue]. *Corporate & Business Strategy Review, 6*(1), 276–285. https://doi.org/10.22495/cbsrv6i1siart4

ISSN Online: 2708-4965
ISSN Print: 2708-9924

Received: 15.11.2023
Revised: 21.02.2024; 02.04.2024; 31.01.2025
Accepted: 17.02.2025

JEL Classification: G30, G34, G3, M14, Q56
DOI: 10.22495/cbsrv6i1siart4

Abstract

The purpose of this study is to explore how environmental, social, and governance (ESG) performance relates to financial performance, specifically examining the moderating effect of directors with overseas backgrounds. The Bloomberg database was used to gather data from 56 firms that were listed between 2018 and 2022 on the Indonesia Stock Exchange (IDX), and Statistical Package for the Social Sciences (SPSS) software was used to do multiple regression analysis. The findings demonstrate that financial performance is significantly positively impacted by ESG performance, which is strengthened by directors' overseas backgrounds. The study also reveals that higher levels of ESG performance can enhance profitability (Michael et al., 2023). Furthermore, financial performance is positively impacted by environmental performance, but social and governance performance were found to have no discernible positive effects on financial performance. The study's conclusions provide insightful information for assessing how a firm's financial success is affected by its ESG performance, the findings can also be used to inform the formation of more scientifically designed directorships and the involvement of directors with overseas backgrounds in corporate governance.

Keywords: ESG Performance, Financial Performance, Directors Overseas Background, Corporate Governance

Authors' individual contribution: Conceptualization — R.Y. and L.; Investigation — R.Y.; Resources — R.Y.; Writing — R.Y. and L.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

The severe environmental pollution, drastic climate change, and increasingly depleted natural resources have gradually become global economic and political issues. The 2019–2020 Australian bushfires, the global economic effect of COVID-19, and the systematic risks such as the discharge of radioactive water from Fukushima, Japan, in August 2023 have once again highlighted the importance and necessity of sustainable development and a green economy worldwide. Against the backdrop of global competition, financial performance has become a benchmark for capital market investment decisions. The application of environmental, social, and governance (ESG) as complementary non-financial indicators for listed companies in Indonesia is driven by the crucial role that the stock market plays in the country's economic development. Sustainability reporting in Indonesia is voluntary (Rizqo et al., 2024), since the Financial Services Authority Regulation No. 51/POJK.03/2017 was enacted by the Indonesia government in 2017 (Otoritas Jasa Keuangan [OJK], 2017), which requires the issuers, financial service institutions, and listed companies to prepare sustainable development reports published through the SPE-IDXnet system by *Sarana Pelaporan Elektronik Terintegrasi*. ESG investments are on the rise due to investors' heightened awareness that companies prioritizing ESG considerations can attract socially conscious capital (De Lucia et al., 2020). Strong ESG performance can potentially boost customer trust and satisfaction (Amel-Zadeh & Serafeim, 2018), and increased disclosure of ESG performance is anticipated to improve a firm's financial performance (Velte, 2020).

Positive ESG performance significantly impacts corporate financial performance, as evidenced by previous empirical studies (Alareeni & Hamdan, 2020; Alhares et al., 2023; Michael et al., 2023). De Lucia et al. (2020) accurately predicted return on assets (ROA) and return on equity (ROE) through machine learning, ESG practices, and financial indicators are positively correlated in an ordered logistic regression model. The research of Aybars et al. (2019) verified that overall ESG scores are strongly related to returns on assets, in a unidirectional and significant way, indicating that an improvement in ESG scores positively influences the operational performance of companies. Al Amosh et al. (2023), Yawika and Handayani (2019) also argue that enhancing ESG performance can maximize financial performance, portfolios with high ESG scores exhibited better risk resilience amidst the COVID-19 pandemic, while high ESG-rated companies experienced lower stock volatility (Broadstock et al., 2021). The board of directors is a fundamental element of corporate governance, which oversees developing strategies for sustainable development and establishing strategic goals and objectives. Its involvement in ESG and the operational performance of the company is paramount.

Most previous studies have tended to study the connection between ESG performance, board attributes and financial performance separately. Committed external directors can enhance a company's sustainable development performance (Cooper & Uzun, 2022), and the social performance of a company can be improved by nationality and educational diversity among its directors (Harjoto et al., 2019). National diversity can lead to better operational performance (Estélyi & Nisar, 2016) when individuals with international backgrounds join the board of directors, the company's operational methods may change, resulting in improved performance and positively impacting the enterprise's market value (Giannetti et al., 2015; Machado & Sonza, 2021). The moderating impact of board characteristics on the relationship between ESG and financial performance has not received much attention. The positive moderating effect of gender-diverse boards has improved the financial outcomes of corporations through the implementation of corporate social responsibility (CSR) reports (Kahloul et al., 2022). Examining how ESG performance affects financial success considering board attributes, particularly international experience, represents a research gap. ESG can help businesses enter new markets and grow their current ones, thereby improving the profitability of a company's operations. Directors with overseas backgrounds have an advantage in accepting new ideas and exploring markets. The reasons for selecting Indonesian companies as the research objects are as follows. First, given that sustainability reporting disclosures in Indonesia are voluntary, the impact of ESG performance may vary in its effects. Second, previous studies may not have fully considered the impact of Regulation No. 51/POJK.03/2017. This study can fill this research gap and provide new perspectives and theoretical support for academic research in related fields.

The rest of the paper is structured as follows. Research hypotheses are proposed in Section 2, and the pertinent literature is reviewed with an emphasis on the major theories and findings that bolster the investigation. The research strategy and sample data for this study are explained in Section 3. The outcomes of the empirical research are presented in Section 4, along with a discussion of how they relate to the questions and hypotheses of this research. The summary of the paper's major conclusions and limitations, as well as recommendations for future research, are described in Section 5.

2. LITERATURE REVIEW AND HYPOTHESES DESIGN

2.1. The relationship between ESG performance and financial performance

Stakeholders, which include closely associated entities like customers, suppliers, employees, and communities, can exert positive or negative influences on the organization (Murray & Vogel, 1997). Outstanding performance can reconcile the often-fragile relationship between shareholders and other stakeholders' claims on the company (Mehrpouya & Chowdhury, 2018). Successful CSR engagement can enhance a company's performance, having a favourable and noteworthy effect on financial outcomes, strengthening the company's competitive advantage, and boosting investor confidence (Bukowski & Lament, 2021; Gadedjisso-Tossou et al., 2021; Li et al., 2022; Singh & Misra, 2020). Following Friedman's stakeholder theory, actively assuming social responsibility can motivate stakeholders to invest various costs using the company's strengths, thereby enhancing corporate competitive advantage through stakeholder-centric collaborative advantages (Parmar et al., 2022), and ultimately achieving value growth (Freeman, 1999). Solomon (2020) emphasizes that large corporations have a broad impact on society. Therefore, they are not only responsible to shareholders but also to society. By balancing the needs of all stakeholders, they are expected to improve financial performance and achieve long-term sustainable development (Barauskaite & Streimikiene, 2021). Businesses with superior ESG ratings frequently do better on the market and financially (Aboud & Diab, 2019). Buallay (2019) also points out that a firm's performance is significantly enhanced when its ESG performance is disclosed. Building customer trust and satisfaction through robust ESG performance (Boufounou et al., 2023), consequently increasing sales and market share, leading to better financial performance.

Furthermore, as mentioned earlier, the ESG dimensions are also the focus of the study. Greater environmental performance translates into stronger credit ratings, more capital built up in corporate reputation, and ultimately greater financial success for the company. (Bătae et al., 2021; Zhang & Ouyang, 2021). Financial performance benefits greatly from excellent social governance (Qureshi et al., 2020). Robust corporate governance has the potential to greatly improve financial performance, continually creating positive economic value for the company and its shareholders, thereby increasing company value and stock return (Dewri, 2022; Duque-Grisales & Aguilera-Caracuel, 2021). Conversely, some studies show that financial performance and governance, social, and environmental performance have a notable negative association (Duque-Grisales & Aguilera-Caracuel, 2021), and no connection can be seen between ESG factors and profitability or business value (Sani et al., 2020; Zhang et al., 2020).

Khan (2022) used VOSviewer software to analyze 199 papers retrieved from Scopus, utilizing governance, social, and environmental scores as indicators of sustainability. In terms of the firm's characteristics, it was discovered that the board had a critical role in advancing the company's successful business initiatives and that ESG performance was positively correlated with financial performance, size, and leverage (Qureshi et al., 2020). Businesses having more female board members performed noticeably better in governance, social, and environmental aspects, and board independence improved financial performance, and board independence also fostered financial performance (Tosun, 2021).

In summary, researchers have separately studied the correlation between financial performance and overall ESG score, as well as the three elements of ESG. However, there is no consensus on the relationship among them. Still, the majority believe that ESG performance represents a company's sustainability and that a positive relationship exists between them (Barros et al., 2022; Chen et al., 2023; Zhou et al., 2022). The following research hypothesis is put forth in light of the analysis above:

H1: Environmental, social, and governance performance has a positive impact on financial performance.

2.2. The moderating effect of directors with overseas background

In accordance with the upper echelons theory, the values and cognitive underpinnings of influential people within an organization are reflected in its outcomes. The background characteristics of the top management team, including age, education, and professional experience, influence their values and cognitive skills. At the same time, the strategic choices of the executive team and their impact on company performance are influenced by their values and cognitive capabilities (Hambrick & Mason, 1984). Directors and executives with international experience who engage with and learn from advanced modern corporate governance models and ESG principles and practices abroad tend to be more open and sensitive to international affairs. They play an actively promoting role in environmental information disclosure and sustainability issues (Hussain et al., 2022; Li et al., 2023), contributing to better driving regional green development, improving corporate environmental performance, and enabling companies to fulfill their CSR more effectively (Liu & Wu, 2022). Studies such as Ullah et al. (2022) and Wang et al. (2023) also indicate that female directors with international expertise advise domestic businesses on environmental and sustainable development best practices. A positive correlation exists between top management teams' rich overseas experience and company performance. In terms of international financing, this contributes to reducing capital costs and enhancing company performance (Zhang, 2021), enhancing investment efficiency and having a favorable effect on the business's global operations. Directors with overseas experience can enhance corporate governance quality, contribute to creating company value (Liu et al., 2022), can greatly enhance the stock prices' ability to provide information (Ullah et al., 2021). Confirming the views of (Giannetti et al., 2015) the experience of studying and working abroad for directors, as one of the characteristics of top management teams, profoundly influences their cognition and decision-making behavior. They transfer advanced marketing strategies and management concepts learned in foreign companies to domestic companies, thereby positively impacting the performance of domestic companies.

The relationship between ESG performance and financial performance is bidirectional, and the link may be moderated by corporate governance. Previous empirical study has primarily focused on industry sensitivity (Qureshi et al., 2020), chief executive officer (CEO) power (Velte, 2020), board gender diversity (Kahloul et al., 2022; Orazalin & Baydauletov, 2020), national culture (Shin et al., 2023), structure of ownership (Wu et al., 2022), geographic international diversification (Duque-Grisales & Aguilera-Caracuel, 2021), among other factors, as potential positive or negative moderating influences. Yet, the potential moderating effects of the executive team or board attributes, such as international experience, have not been considered in studies investigating the relationship between ESG performance and financial performance.

One study was found by the authors that examined the moderating impact of executive overseas experience on the correlation between CSR engagement and financial performance (Wang et al., 2022). The research findings indicate that executives' study or work abroad experiences can enhance the beneficial effects of CSR on financial success, suggesting that companies are more likely to garner support from internal and external stakeholders. Upon reviewing existing literature, no study has been found that considers directors' overseas experience as a moderating factor in the link between ESG performance and financial performance. Building on the insights from (Wang et al., 2022), the authors further investigate whether executive overseas experience is associated with more active CSR engagement and has a favourable effect on the financial success of a company. Based on upper echelons theory and previous research, this study considers directors' international experience as a moderating variable.

H2: The director's overseas background strengthens the relationship between environmental, social, and governance performance on financial performance.

3. RESEARCH DATA AND METHODOLOGY

In this section, the authors will introduce the research sample and research design. Specifically, subsection 3.1 discusses sample selection. Subsection 3.2 provides detailed explanations of the measurement of each research variable. Subsection 3.3 presents the research design for testing the correlation between financial performance and ESG performance, and whether directors' overseas background positively moderates this association. The alternative method in the study uses propensity score matching to compare the results between matched groups with and without directors' overseas backgrounds for validation.

3.1. Sample selection

The database of Bloomberg and the audited annual reports are the sources of the sample data. The study covers the period from 2018 to 2022 and initially includes a sample of 890 companies listed on the Indonesia Stock Exchange (IDX) during this time. The authors exclude financial companies, those with missing financial data, and companies with missing ESG data, resulting in a final sample of 56 companies and 280 company-year observations. Secondary data was obtained from the Bloomberg database subscribed to by BINUS University.

3.2. Data gathering procedure

3.2.1. Dependent variable

Financial performance (*ROA*) serves as a dependent variable. In global competition, financial performance serves as a benchmark for capital market investment decisions. A common metric used to evaluate a business's financial performance in terms of profitability from its assets is ROA, a metric validated in ESG performance and financial performance-related studies (Alareeni & Hamdan, 2020; Buallay, 2020). In this study, the authors adopt ROA as the performance dimension, following the approach of referencing (Al Amosh et al., 2023), which measures net income divided by total assets. To determine the optimal regression model, this metric is utilized to assess the relationships between the various research variables.

3.2.2. Independent variables

The *ESG performance* serves as an independent variable. The authors conduct regression analyses on ESG performance from four dimensions, namely the overall ESG score (*ESG*), environmental score (*ENV*), governance score (*GOV*), and social score (*SOC*). Examining how different dimensions of ESG affect financial performance (*ROA*) is the goal (Velte, 2020; Yawika & Handayani, 2019). The Bloomberg database is the source of information for the ESG scores for the fiscal years 2018–2022. The Bloomberg ESG Disclosure Score is a numerical value on a scale of 0 to 100, with 100 representing the strongest score and 0 the lowest and is based on Global Reporting Initiative's (GRI's) guidelines (Alareeni & Hamdan, 2020; Buallay, 2019).

3.2.3. Moderating variable

Directors with overseas background (foreign experience, *OVERSEAS*) as referred to in this study, are those directors (Indonesian citizens) who have experience studying or working abroad, indicating that the director has had experience studying or working outside Indonesia. Information on directors' foreign experiences is collected from publicly disclosed director profiles in company annual reports. Following the approach of (Giannetti et al., 2015; Machado & Sonza, 2021; Ullah et al., 2022).

3.2.4. Control variables

Building on the previous empirical (Boulhaga et al., 2023; Kahloul et al., 2022; Wu et al., 2022), the authors incorporate several variables that may act as potential triggers for ESG performance and financial performance. Control variables include Big Four auditor presence (*BIG4*), ownership (*State*), CEO duality (*DUAL*), company size (*SIZE*), board independence (*BINDE*), leverage (*LEV*), board size (*BSIZE*), the proportion of female directors (*WomenD*), and company age (*AGE*). Table 1 displays the measurements for the variables in the research model.

3.3. Regression model

To verify *H1* and *H2*, which state that a firm's ESG performance has a favourable impact on its financial performance and suggest that the correlation between ESG performance and financial results will be positively moderated by directors with overseas backgrounds. The authors refer to (Velte, 2020) in establishing the regression model. The authors consider both the control variables and the independent variable (*ESG*) in Models 1–4. In Models 5–8, to test for moderating effects, the authors add the interaction term (*ESG * OVERSEAS*) between ESG performance and directors' overseas experience to the model.

The hypotheses are covered by the regression model that follows:

$$ROA_{it} = \alpha + \beta_1 ESG_{it} + \beta_2 BSIZE_{it} + \beta_3 BINDE_{it} + \beta_4 DUAL_{it} + \beta_5 LEV_{it} + \beta_6 SIZE_{it} + \beta_7 BIG4_{it} + \beta_8 WomenD_{it} + \beta_9 AGE_{it} + \beta_{10} State_{it} + \varepsilon_{it} \quad (1)$$

$$ROA_{it} = \alpha + \beta_1 ESG_{it} + \beta_2 OVERSEAS_{it} + \beta_3 ESG_{it} * OVERSEAS_{it} + \beta_4 BSIZE_{it} + \beta_5 BINDE_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 BIG4_{it} + \beta_{10} WomenD_{it} + \beta_{11} AGE_{it} + \beta_{12} State_{it} + \varepsilon_{it} \quad (2)$$

where (with regard to regression Models 2–4 and 6–8, *ESG* is substituted by *ENV* in Models 2 and 6, *SOC* in Models 3 and 7, and *GOV* in Models 4 and 8),

- α — intercept term;
- β — regression coefficient;
- ε_{it} — error term;
- *ROA* (dependent) — return on assets, financial performance;
- *ESG* (independent) — measured by ESG score from Bloomberg database;
- *ENV* (independent) — measured by environment score from Bloomberg database;
- *SOC* (independent) — measured by social score from Bloomberg database;
- *GOV* (independent) — measured by governance score from Bloomberg database;
- *OVERSEAS* (moderator) — proportion of directors' overseas backgrounds;
- *BSIZE* (control) — board size;
- *BINDE* (control) — board independence;

- *DUAL* (control) — CEO duality;
- *LEV* (control) — leverage;
- *SIZE* (control) — company size;
- *BIG4* (control) — Big Four;
- *WomenD* (control) — percentage of women directors;
- *AGE* (control) — firm age;
- *State* (control) — ownership structure.

Table 1. Variables of the study

Variables	*Description measure*
Dependent variables	
ROA	ROA = Net income / total assets
Independent variables	
ESG	Value of global ESG score taken from the Bloomberg, equal to a scale from 0 to 100
ENV	Value of environment score taken from the Bloomberg
SOC	Value of social score taken from the Bloomberg
GOV	Value of governance score taken from the Bloomberg
Moderating variable	
Directors' overseas backgrounds (*OVERSEAS*)	The number of directors' overseas backgrounds to the total number of board directors
Control variables	
Board size (*BSIZE*)	Total number of directors on the board
Board independence (*BINDE*)	Percentage of independent directors on the board compared to the total number of directors
CEO duality (*DUAL*)	The dummy variable is coded 1 if the CEO serves as board chair, and 0 otherwise
Leverage (*LEV*)	Total debt / Total equity
Company size (*SIZE*)	Natural logarithm of total assets
Big Four (*BIG4*)	Dummy variable = 1, if the firm is audited by a Big 4 audit firm, and 0 otherwise
Firm age (*AGE*)	Equal to the number of years of age the firm
Ownership (*State*)	The dummy variable is coded 1 if a company is state-owned, and 0 otherwise
Women directors (*WomenD*)	*The ratio of total number of women directors to board size of the firm*

Source: Authors' elaboration.

4. RESEARCH RESULTS AND DISCUSSION

4.1. Descriptive statistics analysis

From the information in Table 2, it is shown that the average value for the *ROA* is 6.343, from a minimum of -69.646 to a maximum of 55.734. The average value for the *ESG* is 42.207, which indicates that since Regulation No. 51/POJK.03/2017 was released in 2017, the Indonesian company's ESG performance still needs a lot of work and may be substantially improved. The disclosure quality of *ENV* and *SOC* information is low, with an average value of 26.201 and 28.473, *GOV* performs well, with an impressive average value of 71.835. The average value for the *OVERSEAS* is 0.334 which means that among the Indonesian publicly listed companies in the study sample, 33.4% of board members have international work and study experience. The data on the backgrounds of the boards of directors across corporations shows significant variances, as reflected in the standard deviation value of 0.246. The average value for *DUAL* is 0.007, where individuals hold two positions simultaneously, which is very infrequent within the sample of companies. The average value for the *WomenD* is 0.156, which means that 15.6% of the board of directors are female.

Table 2. Descriptive statistics

Variable	*N*	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
ROA	280	-69.64600	55.73400	6.3434679	10.16282070
ESG	280	17.94600	73.86600	42.2070464	11.66985446
ENV	280	0.00000	78.07300	26.2011500	19.10616975
SOC	280	5.35100	58.61600	28.4737000	11.57390692
GOV	280	38.62100	98.61500	71.8354821	10.73721781
OVERSEAS	280	0.00000	1.00000	0.3347821	0.24608029
DUAL	280	0.00000	1.00000	0.071429	0.08436383
LEV	280	3.35400	1233.83300	94.8745771	140.02181257
SIZE	280	2.83700	5.61600	4.4357750	0.52230175
BIG4	280	0.00000	1.00000	0.6642857	0.47308511
BSIZE	280	2.00000	12.00000	6.4678571	1.82742029
WomenD	280	0.00000	0.75000	0.1562393	0.19828938
BINDE	280	0.00000	0.83300	0.0478321	0.10802922
AGE	280	5.00000	117.00000	46.3714286	21.04725622
State	280	0.00000	1.00000	0.1607143	0.36792481
Valid N (listwise)	280				

Source: Authors' elaboration.

4.2. Classical assumption test

The authors performed regression statistical analysis using Statistical Package for the Social Sciences (SPSS) software and conducted a series of classic hypothesis tests on the regression models (Hair et al., 2009; Velte, 2020). The authors used the one-sample Kolmogorov-Smirnov (KS) test for the normalcy test, and the results indicated that in all eight models, the Z-KS test p-values were less than 0.05, suggesting that the error distribution is not normal. The authors corrected the normality assumption by testing for outliers, and the corrected results satisfied the normality assumption. The final sample is presented in Table 3.

The authors conducted variance inflation factor (VIF) calculations, the results of which indicate no signs of multicollinearity. Heteroscedasticity was tested using a scatter plot of the regression studentized residuals (SRESID) against the regression standardized predicted (ZPRED) values. Both multicollinearity and heteroscedasticity assumptions were satisfied.

Autocorrelation tests revealed the presence of autocorrelation. However, the authors consider the autocorrelation assumption negligible for this study because the data structure employed is pooled data and autocorrelation assumptions are more critical for time-series data.

Table 3. One-sample Kolmogorov-Smirnov test

Model	*Initial sample*	*Z-KS*	*p-value*	*Outlier*	*Final sample*	*Z-KS*	*p-value*
Model 1	280	2.245	0.000	17	263	0.712	0.691
Model 2	280	2.296	0.000	14	266	0.931	0.352
Model 3	280	2.461	0.000	14	266	0.905	0.386
Model 4	280	2.386	0.000	11	269	0.901	0.392
Model 5	280	3.477	0.000	11	269	1.007	0.263
Model 6	280	2.420	0.000	13	267	0.870	0.436
Model 7	280	2.388	0.000	15	265	1.114	0.167
Model 8	280	2.518	0.000	11	269	0.895	0.400

Source: Authors' elaboration.

4.3. Multiple regression analysis

Table 4 offers an interpretation of the multiple regression analysis findings. The coefficients of determination (adjusted R-squared) for all eight models range from 0.209 to 0.360. This implies that in these eight models, between 20.9% and 36% of the variance in the dependent variable (profitability) is elucidated by the independent variables. While other variables not included in the models influence the residual variance. For micro-level models based on the analysis of individual companies, the adjusted R-squared values for all eight models are deemed acceptable. With the p-values for all models being less than 0.05, as shown in the results of the F-test. It can be indicated that the dependent variable is significantly influenced by at least one independent variable.

The testing of *H1* in Model 1 indicates a favourable relationship between ESG performance (*ESG*) and financial success (*ROA*) with an estimated coefficient value of 0.063 and a p-value of 0.022, which is below the 0.05 significance threshold. In Model 2, financial performance (*ROA*) is not significantly impacted by environmental performance (E*NV*), with an estimated coefficient value of 0.019 and a p-value of 0.177, exceeding the significance level of 0.05. Accordingly, financial performance does not significantly correlate with environmental performance. With an estimated coefficient value of 0.111 and a p-value of 0.000, below the significance level of 0.05, Model 3 demonstrates a significant positive association between financial performance (*ROA*) and social performance (*SOC*). A substantial impact of governance performance (*GOV*) on financial performance is not demonstrated in Model 4, with a p-value of 0.288 and an estimated coefficient value of 0.023, exceeding the significance level of 0.05. Consequently, governance performance and financial performance are not significantly associated.

Testing *H2* yields findings that indicate in Model 5, the estimated coefficient value is 0.340 (p-value of 0.014, less than 0.05), indicating that *H2* is accepted. Thus, the moderation of the positive impact of *ESG* on financial performance (*ROA*) by board members with overseas experience is established. In Model 6, board members with overseas experience are shown to moderate the positive impact of *ENV* on *ROA*, with an estimated coefficient value of 0.012 and a p-value of 0.028, which is below 0.05. In Model 7, social performance (*SOC*) has no significant impact on *ROA* for board members with overseas experience, having a p-value of 0.114 and an estimated coefficient value of 0.171, greater than 0.05. In Model 8, board members with overseas experience are proven to moderate the positive impact of governance performance (*GOV*) on *ROA*, with a p-value of 0.097 and an estimated coefficient value of 0.0047, which is below 0.1.

Table 4. Regression analysis

Variables	*Model 1 ROA (ESG)*	*Model 2 ROA (ENV)*	*Model 3 ROA (SOC)*	*Model 4 ROA (GOV)*	*Model 5 ROA (ESG * OVERSEAS)*	*Model 6 ROA (ENV * OVERSEAS)*	*Model 7 ROA (SOC * OVERSEAS)*	*Model 8 ROA (GOV * OVERSEAS)*
ESG	0.022**	0.177	0.000**	0.288	0.402		0.145	
OVERSEAS					0.018	0.063	0.129	0.445
*ESG * OVERSEAS*					0.014**	0.028**	0.114	0.097*
BSIZE	0.018	0.031	0.144	0.009	0.032	0.052	0.013	0.040
BINDE	0.006	0.000	0.000	0.004	0.000	0.066	0.000	0.000
DUAL	0.164	0.188	0.051	0.248	0.199	-0.046	0.196	0.234
LEV	0.000	0.000	0.122	0.000	0.000	0.050	0.000	0.000
SIZE	0.014	0.053	0.017	0.069	0.034	-0.079	0.041	0.019
BIG4	0.05	0.039	0.000	0.052	0.117	0.109	0.204	0.051
WomenD	0.000	0.000	0.000	0.002	0.000	0.066	0.000	0.000
AGE	0.131	0.003	0.002	0.001	0.001	0.080	0.000	0.000
State	0.00	0.006	0.000	0.004	0.001	-0.094	0.000	0.004
Observations	263	266	266	269	269	267	265	269
DW stat	1.188	1.237	1.249	1.500	1.161	1.202	1.278	1.304
R^2 (adj.)	0.354	0.326	0.353	0.209	0.360	0.336	0.339	0.307
p-value MODEL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
F-stat (MODELS)	15.343	13.826	15.471	8.072	13.539	13.233	12.301	11.785

*Note: Two-tailed p values are used. ** p < 5%, * p < 10%. DW stat — Durbin-Watson statistic.*
Source: Authors' elaboration.

4.4. Discussion

This study seeks to offer valuable insights into how ESG performance interacts with financial success, with a focus on the moderating influence of directors with overseas backgrounds. It has been indicated that ESG performance significantly improves financial performance, supporting *H1*, as seen in previous research results (Barros et al., 2022; Garcia et al., 2017; Ortas et al., 2015; Sassen et al., 2016). Consistent with prior studies (Alareeni & Hamdan, 2020; Dewri, 2022; Duque-Grisales & Aguilera-Caracuel, 2021; Duong et al., 2021), in this study, ESG performance has been demonstrated to impact financial performance significantly and positively, with social performance showing a particularly strong positive effect on *ROA*. This aligns with the perspective of upper-echelon theory, which emphasizes how senior management affects business success. This implies that the corporation's profitability is positively impacted by the top-level management's attention to and actions regarding ESG performance. Social performance (*SOC*) has also been shown to positively affect *ROA*, supporting previous research such as (Qureshi et al., 2020), which suggests that CSR positively influences financial performance. Social performance, including factors like customer satisfaction and corporate reputation, can generate more benefits, influencing the profitability of the company. Overall, ESG performance can enhance company efficiency and impact profitability. Financial performance (*ROA*) is not statistically affected by environmental performance (*ENV*) or governance performance. This finding contradicts some previous research (Bătae et al., 2021; Zhang & Ouyang, 2021), but confirms the lack of a meaningful connection between ESG factors and corporate profitability and value (Sani et al., 2020; Zhang et al., 2020). This may suggest that in a specific business environment, the effect of environmental and governance performance on financial outcomes could be influenced by other factors, or their effects may manifest as more complex and indirect relationships. This also prompts researchers to delve more deeply into exploring the impact and intricacies of different dimensions of ESG performance on financial performance in future studies.

The empirical results of *H2* indicate that the link between ESG performance and financial performance (*ROA*) is positively moderated by directors with overseas backgrounds. This result is consistent with the viewpoint presented by Wang et al. (2022), indicating that executives' overseas work experience or education amplifies the positive influence of ESG performance on financial outcomes. The upper-echelon theory offers compelling evidence regarding the correlation between financial success and ESG behaviour, emphasizing the impact of senior management on corporations (Hambrick & Mason, 1984; Milliken & Martins, 1996).

5. CONCLUSION

This study intends to explore whether directors' overseas backgrounds positively moderate the association between ESG performance and financial success, as well as the impact of ESG performance on financial performance. The authors conducted multiple regression analyses, controlling for leverage, board size, Big Four, board independence, firm size, CEO duality, female board representation, company age, and ownership. The regression results support both *H1* and *H2*. The financial performance is positively impacted by ESG performance, which is further strengthened by directors' overseas backgrounds. Empirical results for the ESG dimensions show that environmental performance is positively impacted by financial performance, while social and governance performance does not show discernible positive effects on financial performance. However, in Model 1 (ESG performance), control variables including audit quality, female directors, and board size significantly increase ROA. Additionally, in the moderating effect of directors' overseas backgrounds on ESG and financial performance (Model 5), variables such as age, board size, and female directors have a substantial beneficial positive impact on ROA. Research has always focused on linking ESG performance to financial performance, and introducing directors' overseas backgrounds as a moderating variable fills a gap in previous studies. This helps deepen our understanding of how corporate governance structures and international experience influence the link between ESG and financial success. This study serves as a reference for understanding the influence of ESG performance on an enterprise's financial results, directing the more logical design of directorships and the participation of returnee directors in company governance.

The study has several limitations. Firstly, considering the impact of Regulation No. 51/POJK.03/2017, the observation period of this study is from 2018 to 2022. The sample size is small, which may lead to insufficient representativeness of the sample. Secondly, different rating agencies employ varying methods to assess ESG performance. In contrast to methods used by others (Menicucci & Paolucci, 2022; Tijani & Ahmadi, 2022; Velte, 2020; Wu et al., 2022), this study relies on ESG rating results from Bloomberg's database due to its mature and objective rating outcomes. Thirdly, sustainability reporting in Indonesia is voluntary, with companies not required to publish sustainability reports. Directors with overseas backgrounds have information advantages (Harjoto & Wang, 2020). As they have a deeper understanding of the ESG concepts and management practices established internationally. Management has significant discretion in disclosing information, highlighting the risk of greenwashing.

The following suggestions are proposed to address the shortcomings of the study. Firstly, future research could consider extending the observation period to evaluate the impact of Financial Services Authority regulations more comprehensively. Secondly, regarding the differences in methods used by different rating agencies, researchers could consider comparing ESG assessment results from multiple rating agencies to obtain more comprehensive and objective data. Thirdly, considering the potential information asymmetry brought about by directors' overseas backgrounds, corporate governance could consider further regulating management's discretion in ESG information disclosure to reduce potential information misrepresentation and greenwashing. Fourthly, the moderating variable chosen in this study is directors' overseas backgrounds. Future research could compare directors' overseas educational experiences with their overseas work experiences or compare directors' overseas experiences in developed countries with those in developing countries.

REFERENCES

Aboud, A., & Diab, A. (2019). The financial and market consequences of environmental, social and governance ratings: The implications of recent political volatility in Egypt. *Sustainability Accounting, Management and Policy Journal*, *10*(3), 498–520. https://doi.org/10.1108/SAMPJ-06-2018-0167

Al Amosh, H., Khatib, S. F. A., & Ananzeh, H. (2023). Environmental, social and governance impact on financial performance: Evidence from the Levant countries. *Corporate Governance*, *23*(3), 493–513. https://doi.org/10.1108/CG-03-2022-0105

Alareeni, B. A., & Hamdan, A. (2020). ESG impact on performance of US S&P 500-listed firms. *Corporate Governance*, *20*(7), 1409–1428. https://doi.org/10.1108/CG-06-2020-0258

AlHares, A., AlEmadi, N., Abu-Asi, T., & Al Abed, R. (2023). Environmental, social, and governance disclosure impact on cash holdings in OECD countries. *Journal of Governance and Regulation*, *12*(2), 104–119. https://doi.org/10.22495/jgrv12i2art10

Amel-Zadeh, A., & Serafeim, G. (2018). Why and how investors use ESG information: Evidence from a global survey. *Financial Analysts Journal, 74*(3), 87–103. https://doi.org/10.2469/faj.v74.n3.2

Amel-Zaden, A., & Serafeim, G. (2018). Why and how investors use ESG information: Evidence from a global survey. *Financial Analysts Journal*, *74*(3), 87–103. https://doi.org/10.2469/faj.v74.n3.2

Aybars, A., Ataünal, L., & Gürbüz, A. O. (2019). ESG and financial performance: Impact of environmental, social, and governance issues on corporate performance. In H. Dinçer & S. Yüksel (Eds.), *Handbook of research on managerial thinking in global business economics* (pp. 520–536). IGI Global. https://doi.org/10.4018/978-1-5225-7180-3.ch029

Barauskaite, G., & Streimikiene, D. (2021). Corporate social responsibility and financial performance of companies: The puzzle of concepts, definitions and assessment methods. *Corporate Social Responsibility and Environmental Management*, *28*(1), 278–287. https://doi.org/10.1002/csr.2048

Barros, V., Matos, P.V., Sarmento, M. J., & Vieira, P. R. (2022). M&A activity as a driver for better ESG performance. *Technological Forecasting and Social Change*, 175, Article 121338. https://doi.org/10.1016/j.techfore.2021.121338

Bătae, O. M., Dragomir, V. D., & Feleagă, L. (2021). The relationship between environmental, social, and financial performance in the banking sector: A European study. *Journal of Cleaner Production*, *290*, Article 125791. https://doi.org/10.1016/j.jclepro.2021.125791

Boufounou, P., Moustairas, I., Toudas, K., & Malesios, C. (2023). ESGs and customer choice: Some empirical evidence. *Circular Economy and Sustainability*, *3*, 1841–1874. https://doi.org/10.1007/s43615-023-00251-8

Boulhaga, M., Bouri, A., Elamer, A. A., & Ibrahim, B. A. (2023). Environmental, social and governance ratings and firm performance: The moderating role of internal control quality. *Corporate Social Responsibility and Environmental Management*, *30*(1), 134–145. https://doi.org/10.1002/csr.2343

Broadstock, D. C., Chan, K., Cheng, L. T. W., & Wang, X. (2021). The role of ESG performance during times of financial crisis: Evidence from COVID-19 in China. *Finance Research Letters*, 38, Article 101716. https://doi.org/10.1016/j.frl.2020.101716

Buallay, A. (2019). Is sustainability reporting (ESG) associated with performance? Evidence from the European banking sector. *Management of Environmental Quality: An International Journal*, *30*(1), 98–115. https://doi.org/10.1108/MEQ-12-2017-0149

Buallay, A. (2020). Sustainability reporting and firm's performance: Comparative study between manufacturing and banking sectors. *International Journal of Productivity and Performance Management*, *69*(3), 431–445. https://doi.org/10.1108/IJPPM-10-2018-0371

Bukowski, S. I., & Lament, M. B. (2021). Corporate social responsibility (CSR) and financial results of insurance companies. In S. I. Bukowski, A. Hyz, & M. B. Lament (Eds.), *Competitiveness and economic development in Europe: Prospects and challenges*. Routledge. https://doi.org/10.4324/9781003095361-19

Chen, S., Song, Y., & Gao, P. (2023). Environmental, social, and governance (ESG) performance and financial outcomes: Analyzing the impact of ESG on financial performance. *Journal of Environmental Management*, *345*, Article 118829. https://doi.org/10.1016/j.jenvman.2023.118829

Cooper, E. W., & Uzun, H. (2022). Busy outside directors and ESG performance. *Journal of Sustainable Finance & Investment*, 1–20. https://doi.org/10.1080/20430795.2022.2122687

De Lucia, C., Pazienza, P., & Bartlett, M. (2020). Does good ESG lead to better financial performances by firms? Machine learning and logistic regression models of public enterprises in Europe. *Sustainability*, *12*(13), Article 5317. https://doi.org/10.3390/su12135317

Dewri, L. V. (2022). A critical assessment of interrelationship among corporate governance, financial performance, refined economic value added to measure firm value and return on stock. *Journal of the Knowledge Economy*, *13*(4), 2718–2759. https://doi.org/10.1007/s13132-021-00808-8

Duong, Q. N., Vu, T. B., Vo, T.-P., Nguyen-Le, N. H., & Nguyen, V. D. (2021). The impact of foreign ownership on firm performance: An empirical study of listed firms in Vietnam. *Journal of Asian Finance, Economics and Business*, *8*(6), 879–888. https://doi.org/10.13106/jafeb.2021.vol8.no6.0879

Duque-Grisales, E., & Aguilera-Caracuel, J. (2021). Environmental, social and governance (ESG) scores and financial performance of multilatinas: Moderating effects of geographic international diversification and financial slack. *Journal of Business Ethics*, *168*(2), 315–334. https://doi.org/10.1007/s10551-019-04177-w

Estélyi, K. S., & Nisar, T. M. (2016). Diverse boards: Why do firms get foreign nationals on their boards? *Journal of Corporate Finance*, *39*, 174–192. https://doi.org/10.1016/j.jcorpfin.2016.02.006

Freeman, R. E. (1999). Divergent stakeholder theory. *Academy of Management Review*, *24*(2). https://doi.org/10.5465/amr.1999.1893932

Gadedjisso-Tossou, A., Bodjona, C. P., Aboudou, M. T., & Gueyie, J.-P. (2021). The influence of CSR practices on the financial performance of microfinance institutions in Togo. *International Journal of Economics and Finance*, *13*(2). https://doi.org/10.5539/ijef.v13n2p52

Garcia, A. S., Mendes-Da-Silva, W., & Orsato, R. J. (2017). Sensitive industries produce better ESG performance: Evidence from emerging markets. *Journal of Cleaner Production*, *150*, 135–147 https://doi.org/10.1016/j.jclepro.2017.02.180

Giannetti, M., Liao, G., & Yu, X. (2015). The brain gain of corporate boards: Evidence from China. *Journal of Finance*, *70*(4), 1629–1682. https://doi.org/10.1111/jofi.12198

Hair, J. F., Jr., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). *Multivariate data analysis* (7th ed.). Pearson.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, *9*(2), 193–206. https://doi.org/10.2307/258434

Harjoto, M. A., & Wang, Y. (2020). Board of directors network centrality and environmental, social and governance (ESG) performance. *Corporate Governance*, *20*(6), 965–985. https://doi.org/10.1108/CG-10-2019-0306

Harjoto, M. A., Laksmana, I., & Wen Yang, Y. (2019). Board nationality and educational background diversity and corporate social performance. *Corporate Governance*, *19*(2), 217–239. https://doi.org/10.1108/CG-04-2018-0138

Hussain, M. J., Tian, G., Ayaz, M., & Zhang, X. (2022). The impact of directors' foreign experience on environmental information disclosure: Evidence from heavily polluting Chinese firms. *Asia-Pacific Journal of Financial Studies*, *51*(3), 486–509. https://doi.org/10.1111/ajfs.12372

Kahloul, I., Sbai, H., & Grira, J. (2022). Does corporate social responsibility reporting improve financial performance? The moderating role of board diversity and gender composition. *Quarterly Review of Economics and Finance*, *84*, 305–314. https://doi.org/10.1016/j.qref.2022.03.001

Khan, M. A. (2022). ESG disclosure and firm performance: A bibliometric and meta analysis. *Research in International Business and Finance*, *61*, Article 101668. https://doi.org/10.1016/j.ribaf.2022.101668

Li, H., Zhang, X., & Zhao, Y. (2022). ESG and firm's default risk. *Finance Research Letters*, *47*, Article 102713. https://doi.org/10.1016/j.frl.2022.102713

Li, W., Jiang, M., Zhang, X., Wang, Y., & Qu, X. (2023). Does foreign experience of top management affect corporate environmental responsibility? Evidence from China. *Economic Modelling*, *122*, Article 106242. https://doi.org/10.1016/j.econmod.2023.106242

Liu, H., Liang, Q., & Ling, L. (2022). Underrepresentation of female CEOs in China: The role of culture, market forces, and foreign experience of directors. *Research in International Business and Finance*, *63*, Article 101793. https://doi.org/10.1016/j.ribaf.2022.101793

Liu, J., & Wu, Z. (2022). The influence of corporate executives' overseas experience and background on corporate behavior. In *Proceedings of the 2022 2nd International Conference on Management Science and Industrial Economy Development (MSIED 2022)* (pp. 241–248). Clausius Scientific Press (CSP). https://shorturl.at/jLvCy

Machado, V. N., & Sonza, I. B. (2021). Impact of the foreign experience of board directors on the performance of publicly traded brazilian companies. *Revista de Administracao Mackenzie*, *22*(3). https://doi.org/10.1590/1678-6971/eramf210152

Mehrpouya, A., & Chowdhury, I. (2018). Re-thinking the CSP-CFP linkage: Analyzing the mechanisms involved in translating socially responsible behavior to financial performance. *Sustainability, Stakeholder Governance, and Corporate Social Responsibility*, *38*, 227–255. https://doi.org/10.1108/S0742-332220180000038014

Menicucci, E., & Paolucci, G. (2022). Board diversity and ESG performance: Evidence from the Italian banking sector. *Sustainability*, *14*(20), Article 13447. https://doi.org/10.3390/su142013447

Michael, J., Awad, A. B., & Khalaf, B. A. (2023). Exploring environmental, social, and governance and bank performance in the gulf cooperation council region [Special issue]. *Corporate Law and Governance Review*, *5*(2), 192–200. https://doi.org/10.22495/clgrv5i2sip6

Milliken, F. J., & Martins, L. L. (1996). Searching for common threads: Understanding the multiple effects of diversity in organizational groups. *Academy of Management Review*, *21*(2), 402–433 https://doi.org/10.5465/amr.1996.9605060217

Murray, K. B., & Vogel, C. M. (1997). Using a hierarchy-of-effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm: Financial versus nonfinancial impacts. *Journal of Business Research*, *38*(2), 141–159. https://doi.org/10.1016/S0148-2963(96)00061-6

Orazalin, N., & Baydauletov, M. (2020). Corporate social responsibility strategy and corporate environmental and social performance: The moderating role of board gender diversity. *Corporate Social Responsibility and Environmental Management*, *27*(4), 1664–1676. https://doi.org/10.1002/csr.1915

Ortas, E., Álvarez, I., & Garayar, A. (2015). The environmental, social, governance, and financial performance effects on companies that adopt the United Nations Global Compact. *Sustainability*, *7*(2), 1932–1956. https://doi.org/10.3390/su7021932

Otoritas Jasa Keuangan (OJK). (2017). *Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017 tentang Penerapan Keuangan Berkelanjutan bagi Lembaga Jasa Keuangan, Emiten, dan Perusahaan Publik* [Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies]. https://ojk.go.id/id/regulasi/Pages/Penerapan-Keuangan-Berkelanjutan-bagi-Lembaga-Jasa-Keuangan,-Emiten,-dan-Perusahaan-Publik.aspx

Parmar, B. L., Wicks, A. C., & Freeman, R. E. (2022). Stakeholder management & the value of human-centred corporate objectives. *Journal of Management Studies*, *59*(2), 569–582. https://doi.org/10.1002/bse.2427

Qureshi, M. A., Kirkerud, S., Theresa, K., & Ahsan, T. (2020). The impact of sustainability (environmental, social, and governance) disclosure and board diversity on firm value: The moderating role of industry sensitivity. *Business Strategy and the Environment*, *29*(3), 1199–1214. https://doi.org/10.1002/bse.2427

Rizqo, U., Fito Mela, N., & Humairoh, F. (2024). The effect of employee engagement, shareholder engagement, media engagement and creditor engagement on quality of sustainbility reporting in Indonesia. *Riau International Conference on Economic Business and Accounting*, *1*(1), 379–391. https://riceba.prosiding.unri.ac.id/index.php/riceba-prosiding/article/view/191/53

Sani, N. F. A., Muda, R., Arshad, R., & Nair, R. (2020). The influence of environmental, social, governance factors and firm performance on the sustainable reporting of Malaysian companies. *International Journal of Economics and Business Research*, *20*(4), 407–424. https://doi.org/10.1504/IJEBR.2020.111100

Sassen, R., Hinze, A.-K., & Hardeck, I. (2016). Impact of ESG factors on firm risk in Europe. *Journal of Business Economics*, *86*(8), 867–904. https://doi.org/10.1007/s11573-016-0819-3

Shin, J., Moon, J. J., & Kang, J. (2023). Where does ESG pay? The role of national culture in moderating the relationship between ESG performance and financial performance. *International Business Review*, *32*(3), Article 102071. https://doi.org/10.1016/j.ibusrev.2022.102071

Singh, K., & Misra, M. (2020). Linking harmonious CSR and financial inclusion: The moderating effects of financial literacy and income. *Singapore Economic Review*, *69*(01), 377–398. https://doi.org/10.1142/S0217590820500629

Solomon, J. (2020). *Corporate governance and accountability*. Wiley.

Tijani, A., & Ahmadi, A. (2022). An empirical study of the relationship between the busy outside directors and indicators of ESG performance. *Decision Science Letters*, *11*(3), 323–332. https://doi.org/10.5267/j.dsl.2022.2.001

Tosun, O. K. (2021). Changes in corporate governance: Externally dictated vs voluntarily determined. *International Review of Financial Analysis*, *73*, Article 101608. https://doi.org/10.1016/j.irfa.2020.101608

Ullah, F., Jiang, P., Ntim, C. G., Shahab, Y., & Jiang, X. (2022). Female directors' foreign experience and environmental and sustainable performance. *Asia-Pacific Journal of Financial Studies*, *51*(2), 169–193. https://doi.org/10.1111/ajfs.12369

Ullah, F., Jiang, P., Shahab, Y., & Zheng, C. (2021). Board of directors' foreign experience and stock price informativeness. *International Journal of Finance and Economics*, *26*(4), 5160–5182. https://doi.org/10.1002/ijfe.2059

Velte, P. (2020). Does CEO power moderate the link between ESG performance and financial performance? A focus on the German two-tier system. *Management Research Review*, *43*(5), 497–520. https://doi.org/10.1108/MRR-04-2019-0182

Wang, J., Qi, B., & Nie, Y. (2023). Influence of independent female directors on green commitment. *Employee Relations*, *45*(6), 1301–1323. https://doi.org/10.1108/ER-11-2022-0527

Wang, N., Nie, H., & Zhao, X. (2022). The relationship between CSR engagement and financial performance of listed publishing enterprises in China: The moderating role of executives' overseas experience. *International Business Research*, *15*(9), 70–76. https://doi.org/10.5539/ibr.v15n9p70

Wu, S., Li, X., Du, X., & Li, Z. (2022). The impact of ESG performance on firm value: The moderating role of ownership structure. *Sustainability*, *14*(21), Article 14507. https://doi.org/10.3390/su142114507

Yawika, M. K., & Handayani, S. (2019). The effect of ESG performance on economic performance in the high profile industry in Indonesia. *Journal of International Business and Economics*, *7*(2), 112–121. https://web.archive.org/web/20200507150912id_/http://jibe-net.com/journals/jibe/Vol_7_No_2_December_2019/12.pdf

Zhang, F., Qin, X., & Liu, L. (2020). The interaction effect between ESG and green innovation and its impact on firm value from the perspective of information disclosure. *Sustainability*, *12*(6), Article 1866. https://doi.org/10.3390/su12051866

Zhang, M. (2021). Overseas experience of top management teams and firm outcomes: Evidence from mainland China. In C. Yuan, X. Li, & J. Lent (Eds.), *Proceedings of the 4th International Conference on Economic Management and Green Development* (pp. 154–165). Springer. https://doi.org/10.1007/978-981-16-5359-9_19

Zhang, Y., & Ouyang, Z. (2021). Doing well by doing good: How corporate environmental responsibility influences corporate financial performance. *Corporate Social Responsibility and Environmental Management*, *28*(1), 54–63. https://doi.org/10.1002/csr.2031

Zhou, G., Liu, L., & Luo, S. (2022). Sustainable development, ESG performance and company market value: Mediating effect of financial performance. *Business Strategy and the Environment*, *31*(7), 3371–3387. https://doi.org/10.1002/bse.3089