

ABSTRACT

Companies with the largest market capitalization in the ASEAN region play an important role in the regional economy, so their financial decisions, including dividend policies, have broad implications for investors and capital market stability. In an increasingly competitive business context, company performance is not only assessed from a financial perspective, but also from a non-financial perspective as reflected in Environmental, Social, and Governance (ESG) factors. However, research on the relationship between ESG performance and dividend policy in the ASEAN region is still limited, so further study is needed. This study aims to determine the environmental, social, and governance performance of companies with the largest market capitalization in ASEAN in relation to their dividend policy.

The research period used in this study is five years, from 2019 to 2023. The population in this study was obtained using purposive sampling on companies with the largest market capitalization in ASEAN from 2019 to 2023. Based on the specified criteria, a sample of 147 companies was obtained. The data techniques used were descriptive statistics, panel data analysis, coefficient of determination test, and hypothesis model feasibility test. Data analysis in this study used Eviews 12 and Microsoft Excel 2024 software.

Based on the results of the study, the partial hypothesis testing using the t-test with a significant probability value (p-value) of $0.0153 < 0.05$ and a positive direction shows that the Environment variable, proxied by E_Score, has a positive and significant effect on Dividend Policy in companies in the ASEAN region in 2019-2023. This indicates that the more attention a company pays to environmental aspects, the more likely it is to pay higher dividends to its shareholders. The results of the Social variable partial hypothesis testing using a t-test with a significant probability value (p-value) of $0.0078 < 0.05$ indicate that the Social variable, proxied by S_score, has a positive effect on the Dividend Policy of companies in the ASEAN region in 2019-2023. This shows that the higher the company's concern for social aspects such as employee welfare, community involvement, protection of human rights, and diversity and inclusion, the greater the tendency for the company to distribute dividends. The results of the partial hypothesis testing of the Governance variable using the t-test with a significant probability value (p-value) of $0.0436 < 0.05$ and a negative direction indicate that the Governance variable, proxied by G_score, has a negative effect on Dividend Policy in companies in the ASEAN region in 2019-2023, confirming that companies with good governance often have aggressive growth strategies and are more focused on profit retention for business expansion, which has an impact on the decline in the dividend payout ratio.

Keywords: *ESG performance, dividend policy, ASEAN companies*