Jurnal Akuntansi dan Bisnis
Vol 25, No. 1, Februari 2025: 125-144
https://jab.fe.uns.ac.id/

ESG PERFORMANCE AND DIVIDEND POLICY: ROLE OF BOARD INTERNATIONAL EXPERIENCE

Sandra Aulia[1] (s.aulia@ui.ac.id)
Ahmad Hambali[2]
Razana Juhaida Johari[3]
Ivy B. Lim[4]
Christopher T. Cura[5]

[1]Vocational Education Program Universitas Indonesia, Indonesia
[2]Department of Accounting, Faculty of Economics and Business, Universitas Indonesia, Indonesia
[3]Faculty of Accountancy, Universiti Teknologi MARA, Malaysia
[4]Chiang Kai Shek College, Manila, Philippines
[5]Philippine School of Business Administration, Manila, Philippines

A B S T R A C T

In this study, we focus on the effect of Environmental, Social, and Governance (ESG) performance on corporate dividend policy and the moderating influence of the board's international experience on this relationship. With increasing global attention to sustainability, ESG is no longer an optional consideration in corporate strategy – it is a key element that will either boost a company's reputation and competitive edge, or define efforts to demonstrate socially-aware corporate citizenship. Prior research has been divided in respects to the impact of ESG performance on financial firm performance especially with respect to dividend policy. This research particularly examines firms' in the context of ASEAN which reputedly has less robust corporate governance and investors protection as compared to developed countries. Study of ASEAN companies leads to the conclusion that better ESG packages is related to the less volatile dividend policies. Further, board members' international experience is also found to directly affect dividend policy adversely but does not reinforce the relationship between ESG performance and dividend policy. Our evidence also helps to provide new insight into the extent to which the ESG and board characteristics affect dividend policy and thereby serves as useful information for those interested in assessing corporate sustainability.

Keywords : *ESG Performance, Dividend Policy, International Experience, Corporate Governance, Board of Director.*

Penelitian ini bertujuan untuk mengkaji pengaruh kinerja *Environmental, Social, and Governance* (ESG) terhadap kebijakan dividen perusahaan serta peran moderasi pengalaman internasional anggota dewan direksi dalam hubungan tersebut. Seiring meningkatnya perhatian global terhadap keberlanjutan, ESG telah menjadi faktor penting dalam strategi perusahaan, tidak hanya untuk meningkatkan reputasi dan daya saing tetapi juga sebagai bentuk tanggung jawab sosial. Penelitian sebelumnya menunjukkan hasil yang beragam terkait pengaruh kinerja ESG terhadap kinerja keuangan perusahaan, terutama pada kebijakan dividen. Studi ini difokuskan pada perusahaan di kawasan ASEAN, di mana tata kelola perusahaan dan perlindungan investor cenderung lebih lemah dibandingkan negara maju. Analisis data dari perusahaan-perusahaan di ASEAN menunjukkan bahwa kinerja ESG yang tinggi berkaitan dengan kebijakan dividen yang lebih stabil. Selain itu, pengalaman internasional anggota dewan direksi ditemukan berpengaruh positif terhadap kebijakan dividen secara langsung, tetapi tidak memperkuat hubungan antara kinerja ESG dan kebijakan dividen. Hasil ini memberikan kontribusi baru dalam memahami peran ESG dan karakteristik dewan dalam kebijakan dividen, yang diharapkan dapat menjadi acuan bagi para pemangku kepentingan dalam mengevaluasi praktik keberlanjutan perusahaan.

Kata kunci: Kinerja ESG, Kebijakan Dividen, Pengalaman Internasional, Tata Kelola, Dewan Direksi.

Received:
7 May 2025
Revised:
15 May 2025
16 June 2025
Accepted:
19 June 2025

INTRODUCTION

The following decades have seen a dramatic surge in international attention to Environmental, Social and Governance (ESG) on the business and financial landscapes. This is demonstrated by the

rise in sustainable investments in many countries. McKinsey&Company's (2017) estimates in 2017 suggest that over $22.89 trillion or 26% of the professionally managed investments globally were sustainable. This amounted to $35.3 trillion in 2020, representing 36% of professionally managed assets in Japan, Canada, the US, Australasia, and Europe (GSIA, 2021). This idea of corporation goes beyond profit generation and takes into account how it makes the world a better place, in terms of environmental sustainability, social justice and good governance (Khan, 2019). This increased interest is mainly due to the greater public attention to the role of firms in environmental and social terms. Incidents of climate change, environmental damage and social problems have sparked more and stronger calls for entities to be more socially responsible and include the aspects of sustainability into their business activities (Hambali & Adhariani, 2022).

At present, no business can even sidestep ESG practices under pressure from everyone concerned. More recently it has become a legal requirement in many countries for companies to act responsibly towards society and the environment. Therefore, firms are concentrating on incorporating ESG factors into every dimension of a firm to further enhance firms' competitive advantage and reputation in the eyes of the public (Bilyay-Erdogan et al., 2023). The growing focus on ESG is part of a sea change in the corporate landscape, where sustainability is considered not just an ethical imperative but a financial one, as a strategic lever for building value over time for companies and their stakeholders. ESG actions also improve a firm's competitive advantage and status (Adeneye & Kammoun, 2022).

Several studies have examined the relationship between corporate ESG performance and financial performance and market valuation of companies. However, these studies have reached varying conclusions. For instance, Ahmad et al. (2021), investigating the impact of ESG performance on financial performance in the UK, concluded that higher ESG performance positively correlates with improved corporate financial performance. This finding is consistent with the results of Burki et al. (2024), who focused on the ASEAN context (Malaysia, Indonesia, Philippines, Singapore, and Thailand). Their study concluded that ESG disclosure positively influences financial performance by enhancing investor trust and improving risk management. In contrast, research by Naimy et al. (2021) indicated that ESG performance does not significantly affect the financial performance of companies in Asian countries. They further stated that the positive relationship between ESG and corporate financial performance highly depends on the indicators forming the ESG performance index, the measures of financial performance, and the nature of the industry. This is supported by findings from Velte (2017) , who noted that ESG performance positively influences financial performance proxied by Return on Assets but does not affect financial performance proxied by Tobin's Q. ESG performance is also linked to other variables such as investment, cost of capital, corporate cash holdings, earnings management, and others (Adeneye & Kammoun, 2022; Khanchel & Lassoued, 2022). Other research has also attempted to link performance to corporate dividend policies (e.g., Bilyay-Erdogan et al., 2023; Matos et al., 2020; Niccolò et al., 2020). Nevertheless, ESG-dividend policy research needs to continue due to the scarcity of studies on this topic. Among the few studies, Matos et al. (2020) found that companies with higher ESG performance tend to provide more stable dividend payments than others. The study by Bilyay-Erdogan et al. (2023) also found similar results, indicating that companies with controversial ESG issues pay lower dividends to their shareholders. However, the study by Niccolò et al. (2020) concluded the opposite direction. Using a sample of companies in China, Niccolò et al. (2020) found that companies investing more funds in ESG activities tend to provide lower dividend payments.

Both dividend payment policies and corporate ESG activities are influenced by the roles and functions of the company's

board. Although shareholders are the owners of a company, they entrust management to run the company's operations on their behalf. This relationship gives rise to agency conflicts because management has more information than shareholders (Jensen & Meckling, 1976). One way for shareholders to mitigate this risk is to appoint a board (either a board of directors or a supervisory board) to monitor and oversee management. Corporate dividend payments and ESG activities are strategic policies involving all elements of corporate governance, especially the board (Ben Salah & Ben Amar, 2022). The board can determine whether the company will pay dividends and what percentage of the payment will be (Boshnak, 2023). Previous research has provided empirical evidence of the relationship between the board and dividend payments. Thompson & Adasi Manu (2021) concluded that larger board sizes lead to higher dividend payments. In other hand, Boshnak (2023) found that the frequency of board meetings also positively correlates with higher dividend payments. This indicates that the more members on the board and the more meetings held, the more mature and strategic the decisions made, considering various factors (Grinstein & Michaely, 2005). However, this assumption still faces opposition from other studies, as the effectiveness of corporate governance depends on who is on the board (Adams et al., 2010). Based on upper echelon theory, values, cognition, perceptions, and backgrounds influence the strategic decision-making choices of top management in the company (Hambrick & Mason, 1984). Due to the difficulty in identifying the values, cognition, and perceptions of top management, researchers then use personal characteristics such as gender, age, educational background, and work experience. These attributes are subsequently widely used by researchers to explain how managers and boards in companies decide on specific strategic policies (Boshnak, 2023; Thompson & Adasi Manu, 2021).

While board attributes such as gender and age have been extensively studied, recent literature highlights the increasing focus on board members with foreign work experience. Directors with international experience possess broader knowledge of corporate governance practices. They are likely to apply best governance practices acquired from previous companies, especially if their home countries have weak investor protection laws (Iliev & Roth, 2018). The foreign experience of board members tends to enhance the quality of governance, corporate transparency, and focus more on long-term value-enhancing investments (Giannetti et al., 2015). Additionally, directors with foreign experience might have greater reputational concerns about strategic corporate activities that neglect social-environmental considerations and provide lower dividend payments. This is evidenced by Tao et al. (2022), who found that companies in China tend to offer higher dividend payments when their boards are dominated by members with foreign experience.

This study aims to examine the impact of ESG performance on corporate dividend policy and how directors with foreign experience moderate this relationship. However, unlike previous research, this study offers three new novelties. First, prior studies examining the relationship between ESG performance and corporate dividend policy have focused on developed countries such as those in Europe (e.g., Ben Salah & Ben Amar, 2022; Bilyay-Erdogan et al., 2023; Matos et al., 2020). This study focuses on ASEAN countries. Mitton (2004) argues that dividends are a crucial issue for investors in countries with poor corporate governance practices and weak investor protection laws, such as developing countries in Asia. Furthermore, ASEAN countries are characterized by extraordinary megadiversity but face high risks of environmental degradation (Von Rintelen et al., 2017). Recent phenomena also reinforce the urgency of this issue: for instance, the increasing number of ESG-linked investment products in Southeast

Asia signals growing investor demand for sustainable practices, while several high-profile corporate scandals in the region, related to governance failures or greenwashing, have raised concerns about the credibility of sustainability disclosures and board accountability (Burki et al., 2024; Hambali & Adhariani, 2022). These conditions highlight the need to examine how ESG performance influences financial decisions like dividend policy and whether board characteristics, such as international experience, can enhance strategic alignment with sustainability goals. Therefore, research discussing the relationship between ESG performance and corporate dividend policy is both timely and relevant for addressing institutional and market dynamics in the ASEAN context.

Second, we introduce the variable of directors with foreign experience and its moderation effect on the relationship between ESG performance and corporate dividend policy. While directors with foreign experience are increasingly used as determinants of financial outcomes such as tax avoidance and corporate financial performance, as well as non-financial outcomes such as corporate environmental performance, this variable is rarely used as a determinant of corporate dividend policy. To our knowledge, only one article discusses the relationship between these variables, namely the study by Tao et al. (2022). Third, to provide a more in-depth analysis, we analyze each dimension of corporate ESG performance, namely environmental (E), social (S), and governance (G). This aims to provide comprehensive empirical evidence on which dimension most influences dividend payments so that the results of this study can be used by stakeholders to evaluate corporate ESG performance leading to the fulfillment of their obligations to shareholders.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Dividend policy has long been a central topic in corporate finance, explained through various theories such as agency theory (Boshnak, 2023; Grinstein & Michaely, 2005; Saeed & Zamir, 2021), signaling theory (Boshnak, 2023; Saeed & Zamir, 2021), stakeholder theory (Ben Salah & Ben Amar, 2022; Matos et al., 2020), and others. No single framework stands uncontested as the preferred explanation, leaving scholars to debate which story-most reliably mirrors practice in public markets.

Several recent inquiries into CSR and ESG performance now show that social and environmental priorities can steer Boards toward or away from dividend distributions (Bilyay-Erdogan et al., 2023; Matos et al., 2020; Saeed & Zamir, 2021). As a point of contrast, Saeed and Zamir (2021) note that the linkage between these non-financial engagements and the choice about cash dividends never settles neatly within the boundaries of any one theoretical lens. Such acknowledgement invites scholars to weave multiple frameworks into their analyses. Under both agency and signaling perspectives, the actual transfer of funds via dividends, together with the periodic release of CSR data, works to close the information gap that investors face while simultaneously broadcasting managers commitment to shareholder claims on current earnings (Matos et al., 2020).

Still, the narratives offered by agency theory and by stakeholder theory meet a philosophical fork in the road. Proponents of the former urge higher payouts as a bulwark against managerial slack, thereby defending the market value that equity owners expect (Boshnak, 2023); advocates of the latter insist that leaving profits inside the firm serves wider circles-employees, local communities, the climate itself-whose fortunes do not appear on a balance sheet yet nonetheless shape the firms long-term license to operate.

Agency theory and stakeholder theory pull a firm in opposite directions whenever directors deliberate dividend distributions. One school insists that profits should flow quickly to owners, while the other warns that suppliers, workers, and the community also claim a share of prosperity. An outsized cash payout may

please shareholders today, yet the same decision can starve long-term projects that secure a company's social license to operate (Matos et al., 2020). Executives therefore choreograph dividend policy as a balancing act, erring neither toward expedient short-term gain nor toward idealistic neglect of investors.

Stakeholder Theory

Stakeholder theory takes the view that a firm cannot thrive in isolation; its fortunes are entangled with those of anyone who, in one way or another, touches the enterprise. That circle includes, of course, investors, but also factory workers, delivery drivers, neighborhood residents, and even the water or air that support everyday operations. The basic claim, first popularized by R. Edward Freeman in 1984, is straightforward yet sweeping: lasting success comes to companies that deliberately try to create value for all these groups instead of obsessing only over quarterly earnings. When a firm pays genuine attention to the hopes and worries of its stakeholders, it is more likely to earn trust, tap into hidden reservoirs of loyalty, and, rather unceremoniously, polish its own reputation (Freeman, 1984).

The theory does not stop with economic transfers; it insists firms reckon with the social and ecological footprints they leave behind. Research by Hambali and Adhariani (2022) finds that businesses scoring high on ESG metrics are often seen as serious about long-term health, and that perception spreads quickly among investors, customers, and regulators alike. Prioritizing green practices or fair labor, in other words, is not merely a nice-to-have; it can ward off litigation, uncover fresh market spaces, and smooth the road for self-financed growth. Adeneye and Kammoun (2022) catalog cases where this broader moral calculus, far from being a drag, actually supercharges brand loyalty, employee engagement, and-the kicker-sustained financial performance.

In discussions of dividend policy, stakeholder theory counsels managers to weigh shareholder desires against the claims of customers, employees, suppliers, and the local community. A sharp payout may please investors today but could drain cash needed for tomorrow's sustainable upgrades (Ben Salah & Ben Amar, 2022). Firms attuned to the theory often split the difference by retaining a slice of profit, directing those funds toward greener technology, safer working conditions, or neighborhood outreach. This mixed tactic not only fortifies long-term corporate value but also broadens the definition of success to include people and places touched by the business (Matos et al., 2020).

Upper Echelon Theory

Upper echelon theory (UET) examines how the personal attributes of board members guide corporate decision-making. Hambrick and Mason (1984) originally proposed that executives backgrounds, beliefs, and cognitive styles color their reading of complex situations and, by extension, shape the strategies organizations ultimately choose. When applied to dividend policy, the lens reveals how directors foreign exposure in particular steers their views on cash payouts.

A board member who has worked in global firms, studied at overseas universities, or led cross-border projects usually arrives with a wider frame of reference. Such experience often inclines directors to benchmark against recognized international standards for dividend distribution (Tao et al., 2022). Because they grasp foreign investors appetite for stable, generous dividends, they may craft policies designed to reassure that audience and uphold the companys reputation abroad. Recent studies suggest these dynamics can translate into more deliberate and consistent payout practices, helping to attract and retain capital in a competitive global marketplace (Xiang et al., 2024).

Executives with formal postings around the globe typically draw on those cross-cultural fixations when a board meeting finally convenes. By weighing what India does against how Sweden thinks, the directors usually vet choices from more angles than a strictly home-grown team could manage. Such multiplicity, in short, injects texture into otherwise monochrome

decision cycles. UET offers a crisp lens for studying dividend policies, pointing to the surprising sway that personal histories exert on visible firm routines (Hambrick & Mason, 1984; Tao et al., 2022). When top leaders swap jerseys on the international pitch, the corporation often winds up quicker, leaner, and-at least by the directors own reckoning-more equipped to fend off midsize turbulence (Tao et al., 2022).

The Relationship Between ESG Performance and Corporate Dividend Policy

Research built on stakeholder theory frequently suggests that firms which excel in ESG performance are naturally more in tune with the diverse communities they serve, including their own shareholders. Freeman (1984) argued that management attuned to stakeholder interests cultivates an atmosphere where sustainability and social accountability flourish, and those same values typically leave an imprint on dividend strategies. From this vantage point, a company scoring high on ESG dimensions might opt for dividend distributions that are not only dependable but also, over time, noticeable in size, thereby courting investors who are mindful of long-term, responsible returns. The hypothesis that positive ESG performance pushes dividend policy in an upward and outward direction, therefore, remains intuitively valid.

Empirical studies lend weight to the theory. Bilyay-Erdogan et al. (2023) and Matos et al. (2020) both documented a pattern in which firms boasting elevated ESG ratings consistently deliver dividends that are more predictable, hinting that prudent ESG practices sanitize managerial anxiety and signal enduring financial health. Consequently, many investors translate these responsible actions into lower perceived risk and greater stability, an equation that nearly always finds its way back to the boardroom table when dividend decisions are on the agenda.

Boshnak (2023) observes that managers frequently rely on dividend announcements to convey their estimate of intrinsic corporate worth. Saeed & Zamir (2021) supplement this idea by noting that disclosures blending environmental, social, and governance metrics are generally welcomed by the investment community and boost a firm's perceived trustworthiness. In that light, robust ESG scores often serve as a proxy for durability, which in turn emboldens directors to issue larger payouts as both a monetary reward and a public promise of fiscal resilience.

H1: ESG performance positively influences corporate dividend policy.

The Relationship Between Directors' Foreign Experience and Corporate Dividend Policy

Upper-echelons theory, as outlined by Hambrick and Mason (1984), suggests that the personal biography of top executives-languages spoken, markets navigated, cultures absorbed-lurks behind many of a firm's strategic choices. Board members who have worked abroad often import a wider-angle lens on governance conventions and disclosure norms, enabling sharper, more transparent decision-making at the corporate level. That wider outlook can extend to payout policy, and preliminary evidence hints that these directors use dividends as a vehicle for courting international investors.

Fresh research by Tao et al. (2022) documents an intriguing pattern: directors with eclectic global resumes lean toward regular, generous, even anticipatory distributions of cash to shareholders. Such behavior dovetails with signaling theory, which casts dividends as loud endorsements of corporate solidity and, by extension, invitations for reluctant capital to take a seat at the table. The practice, whether explicit or instinctive, helps manage investor nerves and bolsters the firm's reputation whenever securities markets open for business.

Stakeholder theory suggests that board members who have worked abroad often excel at reconciling competing profit expectations from varied interest groups. Freeman et. al (2004) note that sustaining these relationships is vital for a firms long-run viability. Executives seasoned in multiple markets are, for instance, more

likely to adopt transparent dividend practices that win investor confidence and stabilize capital flows.

Recent empirical work by Xiang et al. (2024) adds nuance by linking foreign experience directly to elevated governance quality and sharper strategic choices, dividend policy included. Directors familiar with international customs generally favor payout strategies that protect both shareholder income and the enduring worth of the enterprise. The cumulative evidence thus points to a clear pattern: overseas exposure on the board correlates positively with progressive, stability-minded dividend decisions.

H2: Directors with foreign experience positively influence corporate dividend policy.

Moderation of Directors' Foreign Experience on the Relationship Between ESG Performance and Dividend Policy

Directors Foreign Experience and the Ratio of ESG Performance to Dividend Policy Upper-echelon theory implies that the personal and professional profiles of executives shape their strategic outlooks and decisions (Hambrick & Mason, 1984). A board member with overseas exposure tends to wield a wider lens on global norms and has usually internalized more robust sustainability routines. That wider lens can tilt the direction in which sound environmental, social, and governance practice translates into board-room talk about dividends (Chen et al., 2023). Researchers have recently argued that the cross-border background of a director moderates the relationship between a firms ESG score and its policy on cash distributions (Tao et al., 2022; Xiang et al., 2024).

Stakeholder theory posits that a corporation should be responsive not only to shareholders but also to the wider cast of individuals and groups touched by its daily operations (Hambali & Adhariani, 2022). In practice, this creates a tension between profit maximization and broader social license. Boards peppered with directors who have lived and worked overseas display, on average, a heightened awareness of those competing claims. Such cosmopolitan leaders are more inclined to fashion dividend policies that mirror prevailing environmental and social norms in the jurisdictions they know best. Their choices seldom satisfy conservative bean-counters yet often bolster the firm's public image and long-range viability (Xiang et al., 2024).

Growing evidence backs that intuition. Tao et al. (2022) show that companies housing expatriate trustees tend to blend robust ESG reporting with steady and, at times, extravagant cash payouts. Directors steeped in foreign markets use their global contacts to signal credibility, thus clearing the way for dividends that match—or even exceed—initial Wall Street forecasts. In that sense, diverse boardrooms do more than cradle well-crafted sustainability reports; they turn those reports into currency, literally, for shareholders.

Signaling theory posits that strong ESG performance acts as a bright beacon to investors, suggesting both robust corporate health and promising long-term viability. When directors carry international experience, they can amplify that beacon by linking environmental, social, and governance practices directly to transparent dividend declarations, thereby quelling market skepticism. In this reading, such directors do not merely temper the signal; instead, they energize it, accentuating how dividend decisions can be shaped by a firm commitment to both profit and public good. The positive correlation between ESG scores and payout decisions thus emerges less as coincidence and more as deliberate strategy-matching prudence with global insight.

H3: Directors with foreign experience strengthen the positive relationship between ESG performance and corporate dividend policy.

RESEARCH METHODS

Data and Sample

This study examines firms publicly identified as ESG-oriented within the ASEAN-5 bloc over the 2017-2023 timeline. Scholars frequently spotlight this grouping

because its economies-from Indonesia to Singapore-display a notable mix of industrial, financial, and agricultural drivers. Many corporations here have adopted environmental, social, and governance standards not merely for reputational gain but in response to tightening regional regulations and increasingly assertive investor expectations. Such a setting proves conducive for unpacking how ESG commitments may ripple through decisions about dividend payouts.

To select the sample, this study uses purposive sampling with several criteria: (a) ESG-based companies listed on the respective countries' stock exchanges during the period 2017-2023; (b) companies with complete data according to the variables required for measurement. Companies with incomplete data will be excluded from the sample; (c) the sample includes the manufacturing sector, as manufacturing companies compete with others in terms of investment, which can influence management's decision to distribute (as dividends) or retain earnings for company development (Thakur & Kannadhasan, 2018; Wahjudi, 2020); (d) the financial sector is excluded due to its specific characteristics that could affect data analysis.

The final sample in this study comprises 523 observations (company-years). ESG performance data is obtained from the Refinitiv Eikon Database, company financial data is sourced from the Thomson Reuters Database, and data on the foreign work experience of board directors is collected through content analysis of each company's financial reports. The Table 1 below displays the distribution of observations from the five ASEAN-5 countries.

Operational Definition and Measurement Variable

The main dependent variable in this study is dividend policy, which refers to the corporate decision regarding the portion of earnings distributed to shareholders in the form of dividends. It is measured using the ratio of common cash dividends to net income, reflecting the percentage of earnings paid out to shareholders, following similar previous research (e.g., Bilyay-Erdogan et al., 2023). We use two main independent variables: ESG performance and foreign work experience of the board of directors. ESG performance is assessed transparently and objectively by evaluating the company's commitment, effectiveness, and ESG performance across 10 main aspects: resource use, emission, innovation, workforce, human rights, community, product responsibility, management, shareholders, and CSR strategy. Refinitiv Eikon provides an ESG performance score for companies on a scale from 0 (worst) to 100 (best). Companies with higher scores demonstrate strong ESG performance and lower exposure to ESG risks (Thomson Reuters, 2017). The ESG performance data from Refinitiv Eikon – Thomson Reuters is widely used as a measure of corporate social-environmental responsibility performance (D'Amato et al., 2022; Hambali & Adhariani, 2022).

The second main independent variable is the foreign work experience of the board of directors, which refers to the extent to which board members have held professional positions outside their home country, particularly in foreign companies. This variable captures the board's exposure

Table 1.
Sample Distribution by Country

No.	Countries	No. of Observations	No. of Firms	%
1.	Indonesia	77	14	14.72
2.	Malaysia	201	91	38.43
3.	Philippines	21	6	4.02
4.	Singapore	66	14	12.62
5.	Thailand	158	55	30.21
	Total	523	180	100.00

to international business environments and governance practices. To operationalize this, we conducted content analysis on the financial reports of the sampled companies. A score of 1 is assigned if a board member is identified as having worked in a foreign company, and 0 otherwise. The total number of board members with foreign experience is then divided by the total number of board members to generate a proportion, following the methodology of relevant prior research.

To minimize omitted variable bias (OVB), we also include several control variables believed to influence corporate dividend policy. These are referred to as control variables, as they are not the primary focus of this study but are necessary for comprehensive analysis. Following previous studies (Bilyay-Erdogan et al., 2023; Hambali & Adhariani, 2022), the control variables in this study are selected based on their well-established influence on corporate dividend policy. These variables include: (a) company size (SIZE), measured using the natural logarithm of total assets, as larger firms typically have more stable cash flows and greater capacity to distribute dividends; (b) company risk (LEV), measured by total liabilities divided by total assets, since highly leveraged firms may retain earnings to meet debt obligations rather than pay dividends; (c) profitability (ROA), measured by net income divided by total assets, because more profitable firms are generally more capable of distributing dividends; and (d) revenue (REV), measured using the natural logarithm of total revenue, as a proxy for firm scale and operational strength, which may affect dividend payment capacity. These controls help isolate the effect of ESG performance and board characteristics on dividend policy.

Analysis Technique and Research Model

Because this study combines time series and cross-sectional data of companies, panel data regression analysis is used to estimate the relationships between variables. This study employs two models. Equation (1) is used to test the first and second research hypotheses, namely the relationship between ESG performance and corporate dividend policy (H1), and the relationship between foreign work experience of the board of directors and corporate dividend policy (H2). Equation (2) is used to test the third research hypothesis, which examines whether the moderating effect of directors with foreign experience strengthens the positive impact of ESG performance on corporate dividend policy (H3). These two models can be formulated as follows:

$$DPRit = \beta_0 + \beta_1 ESGP_{it} + \beta_2 BOD_EXP_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 ROA_{it} + \beta_6 REV_{it} + \varepsilon_{it} \quad (1)$$

$$DPRit = \beta_0 + \beta_1 ESGP_{it} + \beta_2 BOD_EXP_{it} + \beta_3 ESGP * BOD_EXP_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 ROA_{it} + \beta_7 REV_{it} + \varepsilon_{it}$$

RESULT AND DISCUSSION

Descriptive Statistics

Table 2 presents the descriptive statistics of the variables used in this study. The main variable measured is the Dividend Payout Ratio (*DPR*), with an average value of 0.489, indicating that most companies in the sample distribute nearly half of their net income as dividends. This average can be considered relatively high. A similar finding was reported by Bilyay-Erdogan et al. (2023), who found that, on average, companies in Europe distribute 44% of their net income as dividends. Likewise, Saldi et al. (2023), focusing on Indonesian firms, reported an average dividend payout of 53%, supporting the notion that dividend distribution at this level is common in both regional and global contexts.

When broken down by country, Thailand leads the regional cohort with a mean Dividend Payout Ratio of 0.554, a figure that hints at a longstanding corporate custom of sharing profits with shareholders and, quite likely, at investor expectations that actively demand such distributions. Indonesia sits close behind at 0.539, a statistic that underscores its own fairly robust culture of cash dividends. Malaysia, by contrast, posts an average *DPR* of only 0.442, while Singapore records 0.481, both of which signal relatively cautious, metrics-driven dividend policies

in those markets. The Philippines trails the group with a lowly 0.291, a number that suggests local corporations prefer to reinvest earnings for expansion or subscribe to distinct financial management philosophies.

The overall ESG Performance score, commonly abbreviated as *ESGP*, registers an average of 47.876 across the sampled firms. This figure suggests a reasonably sound-but by no means exemplary-level of environmental, social, and governance stewardship in the cohort. In the environmental dimension alone, the corresponding average sits at 41.125, implying that corporate climate and resource strategies still lag behind social and governance practices. The latter two pillars yield means of 50.925 for social and 51.103 for governance, hinting at roughly equal, if modest, proficiency in those arenas. A distinct variable tracking international work history among board members, labeled *BOD_EXP*, reveals that just under 29 percent of directors have spent time abroad; such exposure often injects fresh, cross-border perspectives into boardroom deliberations.

Figure 1 illustrates the average ESG (Environmental, Social, and Governance) performance in five ASEAN countries, namely Indonesia, Malaysia, the Philippines, Singapore, and Thailand. From this graph, it can be seen that Thailand has the highest overall ESG performance score (*ESGP*) with a value of 55.15, primarily driven by the governance pillar (*GP*) which reaches 60.28. Singapore also shows strong ESG performance with an *ESGP* score of 52.29, followed by governance performance (*GP*) at 55.54 and social performance (*SP*) at 50.43. In a broad sense, the findings

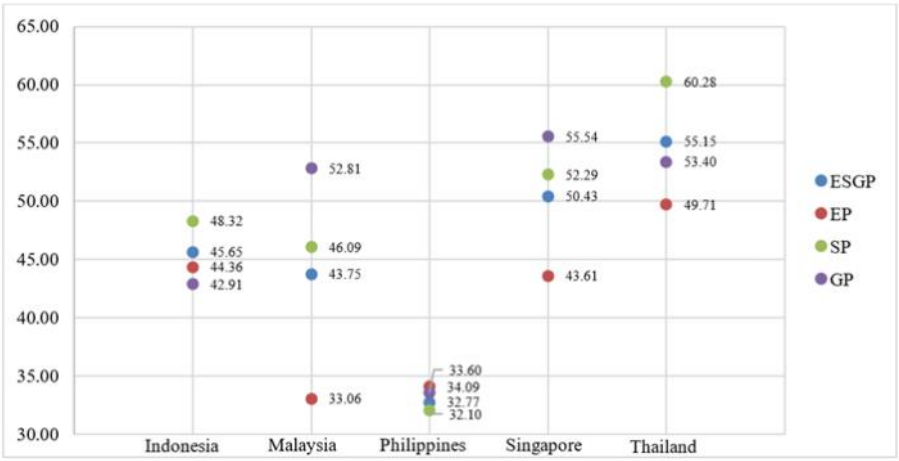


Figure 1.
Average ESG Performance in ASEAN-5

Table 2.
Descriptive Statistics of Variables of All Samples

Variable	Obs	Mean	Std. Dev	Min	Max
DPR	523	0.489	0.334	0.000	1.665
Indonesia	77	0.539	0.399	0.000	1.478
Malaysia	201	0.442	0.312	0.000	1.445
Phillipines	21	0.291	0.263	0.034	0.808
Singapore	66	0.481	0.369	0.000	1.451
Thailand	158	0.554	0.303	0.000	1.665
ESGP	523	47.876	19.406	1.347	92.045
EP	523	41.125	25.393	0.000	97.414
SP	523	50.925	21.729	0.653	97.539
GP	523	51.103	20.953	2.977	96.708
BOD_EXP	523	0.287	0.289	0.000	1.000
SIZE	523	20.861	1.730	17.353	24.824
LEV	523	0.422	0.199	0.071	0.860
ROA	523	0.086	0.052	0.001	0.206
REV	523	20.653	1.747	15.828	25.019

suggest that corporate actors in both Thailand and Singapore typically outperform their peers on governance and social criteria.

Comparative rankings reveal that the Philippines sits at the bottom of the ASEAN league table, recording an ESGP composite score of just 33.60. By disaggregating the components, the environmental pillar registers 34.09, the social dimension slips to 32.77, and governance finishes weakest at 32.10. Malaysia offers a different picture; its environmental mark of 33.06 lags behind the regional median, yet a governance score of 52.81 pulls the national average upward. Indonesia demonstrates a more episodic profile, arriving at a balanced 45.65 overall while posting 42.91 for environment, 44.36 for social, and 48.32 for governance. Such disparate spreads serve as a barometer for how deeply, and in what ways, individual ASEAN member-states have woven sustainability into policy and practice.

Univariate and Multicollinearity Testing

Table 3 summarizes the basic univariate tests and marks the first statistical glance at how the focal variables in this research intersect. The ratio of cash dividends to earnings (*DPR*) posts a robust positive link with ESG performance (*ESGP*), showing a 0.206 coefficient that holds at the 1 percent threshold. Such a figure implies that firms scoring higher on environmental, social, and governance metrics tend to draft payout policies deemed more shareholder-friendly. A second noteworthy pairing surfaces when examining board foreign experience (*BOD_EXP*); the correlation with *DPR* sits at 0.170 and signals that directors who have logged time overseas are prone to endorse dividends that investors generally welcome.

In contrast, company size (*SIZE*) and leverage (*LEV*) both show significant negative correlations with DPR, with coefficients of -0.107 and -0.116, respectively. These results imply that larger firms and highly leveraged companies tend to pay lower dividends, potentially due to capital allocation priorities or debt obligations. On the other hand, profitability (*ROA*) has a significant positive correlation with *DPR* (0.146),

Table 3.
Univariate Testing Results

Variables	VIF	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) *DPR*		1.000						
(2) *ESGP*	1.33	0.206***	1.000					
		(0.000)						
(3) *BOD_EXP*	1.16	0.170***	0.321***	1.000				
		(0.000)	(0.000)					
(4) *SIZE*	6.77	-0.107**	0.373***	0.250***	1.000			
		(0.015)	(0.000)	(0.000)				
(5) *LEV*	1.39	-0.116***	0.296***	0.188***	0.478***	1.000		
		(0.008)	(0.000)	(0.000)	(0.000)			
(6) *ROA*	1.42	0.146***	0.054	0.087**	-0.305***	-0.228***	1.000	
		(0.001)	(0.218)	(0.047)	(0.000)	(0.000)		
(7) *REV*	6.34	-0.011	0.431***	0.274***	0.837***	0.459***	-0.057	1.000
		(0.801)	(0.000)	(0.000)	(0.000)	(0.000)	(0.193)	

confirming that more profitable companies generally have a greater capacity to distribute dividends. Revenue (*REV*), however, does not exhibit a significant relationship with *DPR*. Altogether, these findings highlight the relevance of ESG performance, board international experience, firm size, leverage, and profitability in influencing dividend policy.

To ensure the robustness of the regression model, Table 4 displays the results of the multicollinearity test using Variance Inflation Factor (VIF) values. All values are below the accepted threshold of 10, indicating no serious multicollinearity issues. The highest VIF is found in *SIZE* (6.77), followed by *REV* (6.34), which, despite being higher than others, still remain within acceptable limits. Meanwhile, *ESGP*, *BOD_EXP*, *LEV*, and *ROsA* have VIFs well below 2, reflecting very low levels of multicollinearity.

Hypothesis Testing

Before conducting hypothesis testing, this study applies the Breusch and Pagan Lagrangian Multiplier test and the Hausman test to determine the most appropriate panel data regression model. The Breusch and Pagan test (p-value = 0.000) indicates that the random effects model is preferable to pooled OLS, while the Hausman test (p-value = 0.000) supports the use of the fixed effects model over the random effects model. As a result, the fixed effects model is adopted to analyze the relationship between ESG performance, board foreign experience, and corporate dividend policy.

Table 4 shows the results of hypothesis testing using the panel data regression model. Equation (1) indicates that ESG performance (*ESGP*) has a significant positive effect on the Dividend Payout Ratio (*DPR*) with a coefficient of 0.004 and a p-value of 0.000. This suggests that improvements in ESG performance tend to increase the dividend payout ratio. The foreign experience of the board of directors (*BOD_EXP*) also has a significant positive effect on DPR with a coefficient of 0.122 and a p-value of 0.042, indicating that boards with international experience tend to promote higher dividend policies. Control variables such as company size (*SIZE*) and leverage (*LEV*) show significant negative effects on DPR, while profitability (*ROA*) and revenue (*REV*) show significant positive effects.

Equation (2) adds the interaction variable between ESG performance and the foreign experience of the board of directors (*ESGP*BOD_EXP*). The results show that this interaction coefficient is not significant, with a p-value of 0.324, indicating that the foreign experience of the board does not strengthen the impact of ESG performance on dividend policy. However, ESG performance still shows a significant positive effect on *DPR* with a coefficient of 0.005 and a p-value of 0.000. The foreign experience of the board in this equation is also not significant. Other control variables continue to show effects consistent with the results of Equation (1). The R-squared (R2) values for both models are 0.137 and 0.138, indicating that the models can explain approximately 13.7% to 13.8% of the variation in the dividend payout ratio. The significant Wald chi-square values in both models (52.28 and 52.46, with p-values of 0.000) indicate that the models are overall significant in explaining the variation in *DPR*.

Table 4.
Hypothesis Testing Results

Variable	Dividend Payout Ratio (*DPR*) Equation (1)	Equation (2)
ESGP	0.004***	0.005***
	(0.000)	(0.000)
BOD_EXP	0.122**	0.190
	(0.042)	(0.126)
*ESGP*BOD_EXP*		-0.001
		(0.324)
SIZE	-0.085***	-0.085***
	(0.005)	(0.005)
LEV	-0.403***	-0.398***
	(0.000)	(0.000)
ROA	1.628***	1.619***
	(0.000)	(0.000)
REV	0.072***	0.070**
	(0.032)	(0.036)
Constant	0.864	0.868
	(0.010)	(0.009)
Obs	523	523
R2	0.137	0.138
Wald chi2	52.28	52.46
	(0.000)	(0.000)

Additional Tests and Sensitivity Analysis

This section contains additional analysis and sensitivity tests to reinforce the study's findings. The additional analysis is conducted through two tests: first, replacing the overall ESG performance variable (*ESGP*) with each dimension of ESG performance, namely environmental pillar (*EP*), social pillar (*SP*), and governance pillar (*GP*). Second, separating the sample into pandemic and non-pandemic periods to examine if there are significant differences in the results during these periods.

Sensitivity analyses typically center on the robustness of the dependent variable. In the present study, two sensitivity tests are conducted. First, the original *BOD_EXP* variable is replaced with a binary variable called *DBOD_EXP*. A value of one is assigned for any fiscal year in which at least one board member has overseas experience, and a value of zero is recorded when no director possesses such a background. Second, firms that do not distribute dividends are excluded from the dataset in the subsequent regression. This filtering process sharpens the analytical focus on firms whose board decisions are tangibly reflected in cash payouts.

These exercises aim to assess whether the main findings—proxied through various board-related variables—remain consistent when the model specification or sample composition is altered. The consistency of results across specifications suggests that trimming the sample, recoding variables, or adjusting model parameters does not alter the direction of the observed relationships. This stability indicates that neither outlier years nor arbitrary thresholds in board experience drive the conclusions, thereby

Table 5.
Additional Tests for Each ESG Dimension

	Dividend Payout Ratio (*DPR*)					
Variable	**(1)**	**(2)**	**(1)**	**(2)**	**(1)**	**(2)**
EP	0.004***	0.004***				
	(0.000)	(0.000)				
SP			0.003***	0.003***		
			(0.000)	(0.006)		
GP					0.001*	0.002**
					(0.083)	(0.039)
BOD_EXP	0.135**	0.190*	0.118**	0.052	0.153**	0.312**
	(0.027)	(0.064)	(0.049)	(0.372)	(0.017)	(0.026)
EP*BOD_EXP		-0.001				
		(0.297)				
SP*BOD_EXP				0.001		
				(0.324)		
GP*BOD_EXP						-0.003
						(0.135)
SIZE	-0.095***	0.094***	-0.083***	-0.083***	-.070**	-.067**
	(0.002)	(0.002)	(0.006)	(0.006)	(0.018)	(0.022)
LEV	-0.414***	-0.407***	-0.391***	-0.395***	-.401***	-0.400***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
ROA	1.578***	1.562***	1.652***	1.664***	1.648***	1.633***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
REV	0.074**	0.072**	0.070**	0.072**	0.081**	.079**
	(0.026)	(0.031)	(0.035)	(0.032)	(0.021)	(0.023)
Constant	1.060	1.073	0.860	0.850	0.497	.436
	(0.003)	(0.002)	(0.010)	(0.011)	(0.091)	(0.123)
Obs	523	523	523	523	523	523
R2	0.132	0.133	0.130	0.128	0.149	0.154
Wald chi2	54.53	54.76	49.34	49.51	37.91	39.23
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)

Notes: *** significance level < 1%, ** significance level < 5%, * significance level < 10%.

strengthening the overall credibility and reliability of the evidence.

Table 5 presents the follow-up regressions and the initial wave of additional robustness checks. The results demonstrate that all three pillars of the ESG framework are positively and significantly associated with the Dividend Payout Ratio. Environmental performance, in particular, retains a strong and positive coefficient in both Specifications (1) and (2), suggesting that environmentally conscious operations are rewarded with higher dividends. Social performance, assessed alongside environmental efforts, also shows statistical significance, supporting the view that firms with strong community engagement tend to deliver higher returns to shareholders. Governance, the final pillar, mirrors the positive trajectory observed in the prior models, underscoring that strong oversight and transparent decision-making are, at least in this dataset, aligned with more generous dividend distribution policies.

Additionally, The directors foreign experience, captured in *BOD_EXP*, retains a robust and statistically meaningful relationship with the dividend-payout ratio in every specification run. Boards that draw on international backgrounds, it appears, are inclined to endorse more generous distributions to shareholders. Yet when the same variable is crossed with environmental, social, or governance scores -EP, SP, GP-its moderating power vanishes. In plain terms, the overseas outlook of the board does not amplify or mute the influence of ESG performance on cash dividends.

Then, table 6 lays out a second robustness check that slices the overall time frame into two distinct chapters: pre-pandemic 2017-2019 and pandemic 2020-2022. Results from both intervals speak with a common voice: strong ESG performance reliably shepherd greater payouts. In the years before Covid-19, better-performing firms in ESG opened the dividend taps and kept them flowing during lockdown and recovery alike. The pattern reinforces the conclusion that

Table 6.
Additional Tests for Pandemic and Non-Pandemic Periods Results

Variable	Dividend Payout Ratio (*DPR*)			
	Non-Pandemi (2017-2019)		Pandemi (2020-2022)	
	(1)	(2)	(1)	(2)
ESGP	0.004**	0.003**	0.005***	0.006***
	(0.010)	(0.045)	(0.000)	(0.000)
BOD_EXP	0.126	0.048	0.156***	0.229
	(0.120)	(0.431)	(0.027)	(0.138)
*ESGP*BOD_EXP*		0.001		-0.001
		(0.380)		(0.353)
SIZE	-0.189***	-0.190***	-0.072***	-0.072**
	(0.001)	(0.001)	(0.019)	(0.020)
LEV	-0.554***	-0.566***	-0.323***	-0.320***
	(0.002)	(0.002)	(0.005)	(0.006)
ROA	1.568***	1.577***	1.137***	1.130***
	(0.009)	(0.009)	(0.001)	(0.002)
REV	0.151*	0.153*	0.044	0.042
	(0.061)	(0.060)	(0.148)	(0.157)
Constant	1.594	1.597	1.022	.024
	(0.089)	(0.090)	(0.006)	(0.006)
Obs	143	143	380	380
R2	0.123	0.118	0.134	0.137
Wald chi2	27.95	27.86	33.90	34.03
	(0.000)	(0.000)	(0.000)	(0.000)

Notes: *** significance level < 1%, ** significance level < 5%, * significance level < 10%.

attention to environmental and social governance coselect dividends as an artifact, not an accident.

However, In the period before COVID-19, the boards overseas experience (*BOD_EXP*) did not register as statistically significant, a sharp contrast to its robust influence once the pandemic struck. When turmoil swept across markets, directors with foreign stints began to shape the firms dividend policy in a positive and measurable way. Executives who have navigated multiple regulatory landscapes tend to grasp global shocks more quickly, translating that foresight into calmer decision-making at home. Their familiarity with diverse governance rituals equips them to borrow the best risk controls other nations deploy, and that adaptability can cushion cash flows so dividends keep flowing even when revenue dips. By steering resources with a transnational lens, such directors help reassure investors that the company can weather the storm and honor its payout promises.

Finally, Table 7 assembles the findings of a directed sensitivity check. In that exercise, the usual foreign-experience measure is swapped for a simple 0/1 dummy (*DBOD*EXP) that flags the presence of even a single board member with international tenure. The dummy performs no statistically distinguishable role in either the non-interactive Equation 1 or the interactive Equation 2, suggesting the board composition change leaves dividend policy untouched.

The flat pattern hints that the mere presence of one overseas-savvy director falls short of swaying cash-distribution choices in any pronounced way. To move the needle, firms may need several globally seasoned voices around the table; otherwise, domestically minded members often drown out the few international perspectives they do have, shrinking their influence on issues like payout strategy (Tao et al., 2022; Xiang et al., 2024).

The analysis was later repeated on a trimmed sample that excluded all firms which paid no dividends whatsoever. In this narrower view both the boards ESG score and their cumulative international experience continued to push the Dividend Payout Ratio upward, just as Equation 1 originally suggested. The fresh round of checks, laid out in the appendix, matched the earlier outcomes and in fact lent them

Table 7.
Sensitivity Test Results

Variable	Dividend Payout Ratio (*DPR*)		Dividend Payout Ratio (*DPR*) ≠0	
	(1)	(2)	(1)	(2)
ESGP	0.004***	0.004***	0.004***	0.004
	(0.000)	(0.008)	(0.000)	(0.001)
DBOD_EXP	0.038	-0.002	0.132**	0.122
	(0.155)	(0.488)	(0.026)	(0.227)
ESGP*DBOD_EXP		0.001		0.0002
		(0.292)		(474)
SIZE	-0.085***	-0.085***	-0.075**	-0.075
	(0.005)	(0.005)	(0.012)	(0.012)
LEV	-0.396***	-0.399***	-0.238**	-0.239
	(0.000)	(0.000)	(0.015)	(0.015)
ROA	1.650***	1.659***	1.862***	1.866***
	(0.000)	(0.000)	(0.000)	(0.000)
REV	0.074**	0.075**	0.019	0.019
	(0.029)	(0.026)	(0.322)	(0.321)
Constant	0.811	0.819	1.697	1.697
	(0.014)	(0.013)	(0.000)	(0.000)
Obs	523	523	490	490
R2	0.144	0.139	0.172	0.172
Wald chi2	50.50	50.60	61.04	60.96
	(0.000)	(0.000)	(0.000)	(0.000)

Notes: *** significance level < 1%, ** significance level < 5%, * significance level < 10%.

additional weight.

Discussion and Analysis

The present study yields the startling conclusion that ESG performance matters-a lot. Strong environmental, social, and governance scores push companies to raise dividends rather than restrict them, thus endorsing the link suggested in Hypothesis H1. Stakeholder theory helps make sense of the result. Firms seeking to gain favor with various stakeholders, from local community activists to capital market analysts, deliberately align their dividend policies with their public reputation (Freeman, 1984). Bilyay-Erdogan et al. (2023) and Matos et al. (2020) independently reported similar patterns: businesses that earn high ESG marks distribute smooth, reliable dividends. The coincidence feels too easy to dismiss. A simpler premise is that many investors read a solid ESG performance as shorthand for stability and lower risk. When managers talk about carbon footprints and boardroom diversity, a growing cohort of shareholders take the hint and reward the stock with fresh capital. Uplifting dividends becomes the obvious follow-through. Firms that signal durability in their governance can afford to loosen pocketbooks without courting ruin (Saeed & Zamir, 2021).

A growing body of research indicates that directors with substantial international experience tend to steer their firms toward stable and predictable dividend policies, lending empirical weight to Hypothesis H2. Upper-echelon theory posits that the personal biographies of top executives, including cross-border assignments, shape critical corporate choices such as the distribution of earnings (Hambrick & Mason, 1984). Supporting this idea, Tao el al. (2022) report a positive correlation between multinational board tenure and an unchanged quarterly payout ratio. Directors who have worked in diverse markets often adopt elevated governance standards and pay careful attention to the dividend expectations of globally minded shareholders. Exposure to a wider range of business norms may also compel these board members to craft policies that project transparency and reliability, traits that foreign investors routinely look for before committing capital (Giannetti et al., 2015).

The examination of board composition found that directors with international backgrounds do not amplify the effect of environmental, social, and governance performance on dividend distributions. In other words, Hypothesis H3 lacks empirical support in this dataset. International experience enriches the strategic outlook of individual trustees, yet its moderating power over the ESG-dividend nexus appears more muted than originally predicted. One plausible explanation is that overseas exposure instinctively channels directors toward governance-oriented reforms rather than directly recalibrating payout policy. Chen et al. (2023) and Xiang et al. (2024) document this trend, noting that globally minded boards prioritize transparency and accountability but leave dividend decisions largely unaltered-especially in ASEAN economies where investor protections remain comparatively fragile.

The modest, statistically insignificant moderating effect observed here might well signal the difficulties of converting broad international exposure into firm-level strategy, especially in rapidly developing economies. Even directors steeped in overseas markets and familiar with up-to-the-minute ESG standards can find their authority blunted by home-grown inertia, missing market intermediaries, or stark cultural divides inside the company. Aguilera et al. (2008) stressed that board composition never acts in a vacuum; its real bite depends on the legal and normative backdrop, and the backdrop in many ASEAN nations is patchy at best. Enforcement of shareholder entitlements and sustainability rules ebbs and flows, so a director who spent years advising pension funds in London may still hit deadlock when advocating for dividend policies tied to ESG scores. Husted et al. (2016) reached a related conclusion, showing that boardroom nudges on corporate social responsibility usually work

through indirect channels and hinge on how well internal committees engage competing stakeholders. In short, the tepid moderating role we measured probably reflects these wider contextual binds, not a blanket dismissal of the value that globe-trotting experience can bring to a board table.

The implications of these findings are relevant for companies in the ASEAN region that seek to enhance their global investment appeal. Managers across the ASEAN region are constantly strategizing ways to attract foreign capital, and the latest evidence points to a clear pathway through improved ESG scores. A firm that flaunts low-carbon operations and seats global-minded directors may still tweak its payout policy in predictable ways, yet the crossover effect of the two levers appears muted in the data. What matters more, and what investors want to hear, is a direct, no-nonsense account of how sustainability gets woven into everyday decision-making. Situating this insight within the wider literature on dividend behavior in emerging economies therefore sharpens the conversation about governance, especially in markets that never quite finish closing the accountability gap (Matos et al., 2020; Mitton, 2004).

The current study yields actionable insights for the diverse groups that watch over capital markets. Shareholders who lean toward sustainable and responsible investing may treat ESG scores less as an abstract ethical benchmark and more as an audible click in the financial engine-something less tactile than a balance sheet but still audible. Dividend discipline, the authors note, lines up neatly with high ESG ratings and therefore offers reassurance to skeptics who worry that triple-bottom-line talk will cost them quarterly income. These observations, if borne out in future tests, could shift the weight of individual holdings away from old-school metrics like earnings momentum and into sectors once dismissed as too unruly because of weak governance.

Recent analysis demonstrates that firms which weave environmental, social, and governance (ESG) criteria into the fabric of everyday decision-making do more than polish their public image; they widen the gateways to global pools of capital. Simply à la carte displaying boardroom members with overseas credentials does not automatically translate that prestige into cash flow or resilient dividend trails; those advantages must be fused with rigorous, on-the-ground ESG execution. A roster executive imports shine, yet real substance emerges only when objectives are crisply stated, matched to stakeholder demands, and lodged within core business routines. This point carries particular weight for ASEAN enterprises, where investors remain wary of sustainability reports that read more like marketing pamphlets than authenticated accounts of impact.

The observed data urge public authorities to tighten the policy framework governing environmental, social, and governance disclosure. Clearer requirements for ESG reporting could standardize practice across sectors and improve the quality of boardroom oversight. Regulators might mandate uniform templates, offer training in ESG integration, and reward companies whose directors reflect a broader range of backgrounds and geographies. Taken together, those revisions would lift market transparency, shield investors from asymmetric information, and align national standards with emerging global norms. In the long run, stronger rules of this sort should reinforce the stability of financial systems and quicken the shift toward sustainability-oriented capital allocation in developing markets.

CONCLUSION

The present study set out to determine whether a firms ESG performance exercises a discernible influence over its dividend policy, and whether board members with substantial foreign experience further shaped that relationship. The evidence gathered in this study suggests that firms that publicly commit to strong environmental, social, and governance practices tend to reward shareholders with higher payout ratios. Boards populated by

directors who have worked outside the domestic market also display a marked inclination to recommend larger dividends, but their international background does not appear to temper, amplify, or otherwise condition the chief ESG-dividend linkage. Remarkably, separate examinations of the environmental, social, and governance pillars each retain statistically significant positive effects on payout ratios, implying that corporations which integrate all three spheres of sustainability into decision-making are more likely to extend generous dividends.

Every research carries its scars, and this one is no exception. Limiting the sample to the five core ASEAN economies means the results may not travel well; regions with distinct regulatory or market climates could tell a different story. Another shortcoming lurks in the sensitivity test, where board experience was treated in a yes-or-no fashion. That binary cut fails to capture the possibility that only one director with overseas exposure might not tip the dividend-policy scales, so later work might measure experience in degrees rather than in/out. Wider horizons could also help: scholars might turn to other emerging markets and add variables like gender mix or board tenure to paint a fuller picture of how directors shape both sustainability efforts and the bottom line

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ACKNOWLEDGEMENT

The present study benefitted from the generous grant extended by the Vocational Education Program at Universitas Indonesia. The judges convened for the Symposium on Vocational Education, Applied Science, and Technology merit a special note of thanks; their pointed questions and critical remarks prompted several revisions that have, in the end, strengthened the argument presented here.

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