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Research Paper

THE ROLE OF CELEBRITY CEO IN ENHANCING CORPORATE ESG PERFORMANCE

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ABSTRACT

This study examines the impact of celebrity CEO on corporate ESG (Environmental, Social, and Governance) performance in publicly listed manufacturing companies in Indonesia from 2018 to 2022. Leveraging stakeholder and legitimacy theories, the research explores how the public visibility and media influence of celebrity CEO drive corporate sustainability. A quantitative approach was employed, utilizing regression analysis to test the hypothesis. The findings reveal a significant positive relationship between celebrity CEO and ESG performance, with high-profile leaders enhancing corporate transparency, accountability, and sustainability practices. The study highlights the theoretical implications by expanding the understanding of celebrity CEO within corporate governance frameworks and practical implications for policymakers and corporate boards. However, the study is limited to Indonesia's manufacturing sector and a specific timeframe, suggesting the need for further research across diverse industries and regions. The results underscore the importance of leadership visibility in advancing corporate sustainability, offering valuable insights for stakeholders aiming to align corporate strategies with societal expectations.

Keywords: Celebrity CEO, ESG Performance, and Corporate Sustainability

JEL code: Q56, R11

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INTRODUCTION

In recent years, Environmental, Social, and Governance (ESG) performance has become a crucial factor in evaluating companies (KPMG, 2022; Pulino et al., 2022). According to (KPMG, 2022), 78% of the world's 250 largest companies utilize the Global Reporting Initiative (GRI) standards in their sustainability reporting, reflecting the growing pressure from investors and stakeholders to prioritize sustainability. Furthermore, this trend underscores the increased demand for transparency and sustainable business practices across industries (KPMG, 2022; PwC, 2023a).

Companies are now expected not only to generate financial profits but also to implement sustainable business practices that benefit various stakeholders (Li et al., 2023; Robertson, 2021). This trend is particularly relevant in developing countries like Indonesia, where environmental and social challenges are significant. However, many companies still struggle to meet the evolving global sustainability standards (Pulino et al., 2022; PwC, 2023a). Although ESG reporting has been mandatory for listed companies in Indonesia since 2020, many companies face difficulties in aligning their practices with international standards for transparency and accountability (KPMG, 2022; PwC, 2023a).

One emerging phenomenon in corporate governance is the increasing prominence of celebrity CEO—high-profile business leaders whose influence extends beyond the boardroom to the general public (Huaman-Ramirez & Merunka, 2021; Kim & Lee, 2022; Robertson, 2021). This phenomenon is particularly important in the context of ESG, as celebrity CEO wield significant influence over public perception, stakeholders, and investors (Huang et al., 2023; Yang et al., 2024). Through high visibility and extensive access to media, celebrity CEO can drive companies to adopt more transparent and responsible sustainability practices (Kim & Lee, 2022). This aligns with stakeholders' growing expectations for corporate social responsibility and environmental impact, ultimately enhancing public trust and support for the company (Dao & Phan, 2023; De Tommaso & Borini, 2024). These executives, who often build strong personal brands through social media and public platforms, transform how companies engage with stakeholders and shape their corporate strategies. Prominent examples include CEO like Elon Musk and Richard Branson, who have demonstrated how public visibility and personal charisma can strengthen corporate sustainability initiatives, build stronger relationships with stakeholders, and enhance the company's reputation (Kim & Lee, 2022; Robertson, 2021).

The concept of celebrity CEO is closely linked to leadership theory, particularly stakeholder theory and legitimacy theory. Stakeholder theory emphasizes that companies must balance the interests of various stakeholders, including employees, customers, suppliers, and the wider community, in their decision-making processes (Dao & Phan, 2023). Meanwhile, legitimacy theory suggests that companies and their leaders must align their actions with societal norms and expectations to maintain credibility and public support. In this context, celebrity CEO, through their high public profiles, can act as key agents in aligning corporate strategies with stakeholder expectations for sustainability and ethical governance (Huaman-Ramirez & Merunka, 2021; Li et al., 2023).

Although attention to the role of celebrity CEO in influencing corporate reputation and financial performance has increased, there is a significant research gap regarding their impact on ESG outcomes (Huaman-Ramirez & Merunka, 2021; Li et al., 2023). Previous studies have primarily focused on the influence of celebrity CEO on market performance and corporate image, leaving their impact on sustainability and ESG performance relatively underexplored (Huaman-Ramirez & Merunka, 2021; Robertson, 2021). This study aims to fill this gap by examining how celebrity CEO influence ESG performance in manufacturing companies listed in Indonesia. The sample for this study consists of 142 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2018 to 2022. ESG data were collected from corporate sustainability reports, while the celebrity CEO variable was measured using the number of online media mentions related to the CEO's name within the past year (S. Yang et al., 2023). The main findings of this study reveal that the presence of celebrity CEO has a significant positive impact on the ESG performance of companies. This finding is reinforced through robustness tests conducted using various sub-samples, including analyses before and during the COVID-19 pandemic, as well as sub-samples based on the company's financial ratios. Regression analysis shows that the celebrity CEO variable has a positive coefficient of 0.174 with a significance level of $p < 0.01$, indicating that companies led by celebrity CEO tend to have higher ESG performance (Li et al., 2023).

This study makes important contributions to the literature and corporate governance practices. From a theoretical perspective, this study expands the scope of stakeholder theory and legitimacy theory by identifying the role of celebrity CEO as key actors in the strategic decision-making process related to ESG. The presence of celebrity CEO provides a new mechanism that strengthens the legitimacy of companies in the eyes of the public and reinforces the relationship between stakeholder theory and ESG disclosure. From a practical perspective, this study provides insights for board members, managers, and company stakeholders on the importance of selecting CEO with celebrity influence. Celebrity CEO can act as change agents in promoting corporate transparency and sustainability. Empirical evidence shows that companies led by celebrity CEO have better ESG performance, which can be used by companies as a strategic consideration in executive recruitment and stakeholder management. From a policy perspective, the results of this study can be used by regulators and policymakers in formulating more comprehensive corporate governance guidelines. Regulators can encourage companies to pay more attention to ESG disclosure in their sustainability reports, particularly in companies with celebrity CEO. By highlighting how CEO characteristics can influence ESG disclosure, sustainability-related policies can be strengthened to increase transparency and accountability in Indonesia's capital market.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Legitimacy Theory

Legitimacy theory explains that companies must operate within the boundaries of societal norms and expectations to maintain social acceptance and legitimacy (Suchman, 1995). Companies that align their actions with public values and societal expectations are perceived as legitimate actors in the business environment. This alignment allows companies to gain broader stakeholder support and minimize potential conflicts with regulatory bodies, media, and the public (Deegan, 2002). The manufacturing sector, known for its significant environmental impacts, often faces heightened public scrutiny. This scrutiny drives companies to adopt green practices and disclosure mechanisms to align with institutional pressures and societal expectations (Dao & Phan, 2023; Zhu & Zhang, 2024).

Within the context of this theory, the role of Celebrity CEO becomes crucial. Celebrity CEO, who have high public visibility and personal branding, are perceived as key figures in shaping corporate image and legitimacy. Their public visibility increases scrutiny from stakeholders, which motivates these CEO to ensure that their actions and decisions align with societal norms. Celebrity CEO often use their platforms to promote corporate sustainability, ethical governance, and social responsibility as a means of maintaining legitimacy (Robertson, 2021). Institutional pressures and stakeholder demands for sustainability further drive corporate leaders to adopt green practices that align with societal expectations (Pulino et al., 2022; Zhu & Zhang, 2024).

Moreover, companies led by celebrity CEO are more likely to disclose their ESG performance transparently. By disclosing their environmental, social, and governance (ESG) initiatives, companies demonstrate accountability and social responsibility, thus enhancing their legitimacy in the eyes of stakeholders (Huaman-Ramirez & Merunka, 2021; Robertson, 2021). Legitimacy theory suggests that firms with greater exposure to public scrutiny have stronger incentives to implement sustainability initiatives that meet societal expectations, particularly when the firm’s leadership is highly visible to the public (Robertson, 2021).

Stakeholder Theory

Stakeholder theory, introduced by (Freeman, 1984), asserts that firms should consider the interests of all stakeholders, including customers, employees, suppliers, government regulators, and communities. Unlike shareholder-centric models that prioritize profit maximization, stakeholder theory argues that firms should create value for a broader range of stakeholders. This is especially relevant in ESG practices, as firms' environmental and social initiatives affect multiple stakeholder groups (Freeman, 1984; Huaman-Ramirez & Merunka, 2021; Robertson, 2021).

In the case of celebrity CEO, stakeholder theory suggests that the public persona and media influence of these CEO enable them to engage directly with a wide range of stakeholders. Their capacity to capture public attention allows them to communicate ESG strategies more effectively to various stakeholder groups. As stakeholders' demands for with stakeholder expectations. By publicly advocating for sustainability, these CEO strengthen stakeholder trust, which in turn improves ESG performance (Huaman-Ramirez & Merunka, 2021; Robertson, 2021).

Celebrity CEO and ESG Performance

The role of celebrity CEO in enhancing ESG performance is supported by empirical research. Studies have found that companies led by high-profile CEO tend to achieve higher ESG performances compared to firms led by non-celebrity CEO (Li et al., 2023; Paolone et al., 2024; Zhu & Zhang, 2024). Celebrity CEO leverage their media presence to promote sustainable business practices and influence stakeholder perception. Their public image often becomes intertwined with the corporate brand, which creates reputational incentives for the CEO to promote ESG practices. Empirical evidence also indicates that firms with celebrity CEO are more likely to disclose ESG-related information transparently, thereby improving corporate accountability (Dao & Phan, 2023; Kim & Lee, 2022; Zhan, 2023).

The personal attributes and public image of celebrity CEO influence corporate governance decisions, particularly those related to environmental, social, and governance (ESG) issues. Since ESG performance is a key determinant of corporate reputation, high-profile CEO are motivated to improve ESG outcomes as a means of protecting their personal brand and public image (Paolone et al., 2024; Zhu & Zhang, 2024). Furthermore, because celebrity CEO are often portrayed as "public figures," they face greater pressure to align the company's goals with social values, especially on issues such as environmental protection and corporate social responsibility (Amarasekara et al., 2021; Dao & Phan, 2023; Huaman-Ramirez & Merunka, 2021).

Companies with high public visibility are often subject to greater scrutiny from regulators, media, and civil society. Consequently, firms led by celebrity CEO tend to adopt more sustainable business practices to demonstrate ethical governance and align with public expectations. For example, (Kim & Lee, 2022) found that firms led by celebrity CEO are more likely to promote eco-friendly initiatives and improve transparency in ESG reporting. By increasing the firm's ESG performance, celebrity CEO safeguard their own reputations, as well as the firm's reputation, thereby reinforcing the company's legitimacy in the eyes of stakeholders (Li et al., 2023; Paolone et al., 2024; P. Yang et al., 2024; Zhu & Zhang, 2024).

Hypothesis Development

Based on the above theoretical perspectives, it is hypothesized that the presence of a celebrity CEO positively influences a company's ESG performance. This is because celebrity CEO, through their high public visibility and extensive media coverage, have a vested interest in ensuring that their actions align with societal expectations (Dao & Phan, 2023; Kim & Lee, 2022). As agents of change, these CEO can shape corporate strategies to prioritize sustainability, improve corporate accountability, and increase transparency in ESG reporting (Dao & Phan, 2023; Huaman-Ramirez & Merunka, 2021; Zhou et al., 2023).

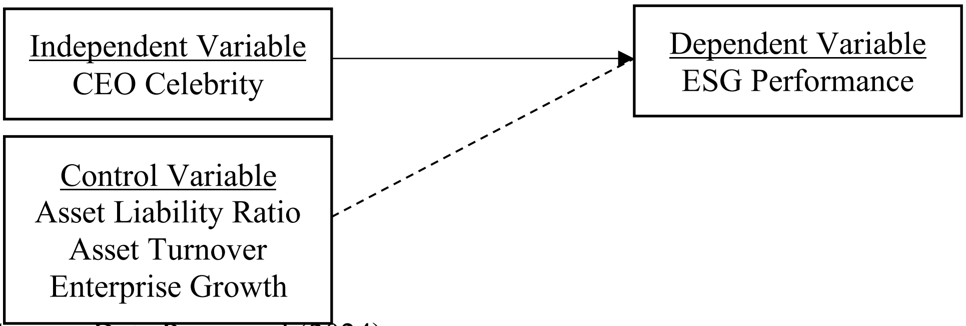
Furthermore, the personal brand and media influence of celebrity CEO create incentives for them to strengthen stakeholder engagement through the promotion of ESG initiatives (Li et al., 2023; Zhu & Zhang, 2024). By enhancing the firm's ESG performance, celebrity CEO not only protect their personal reputation but also secure the firm's legitimacy within society (Huaman-Ramirez & Merunka, 2021; Robertson, 2021). This dynamic leads to improved ESG outcomes, as the firm's strategic decisions are shaped by both internal corporate goals and the external pressures imposed by the public perception of the CEO's leadership (Paolone et al., 2024; Pulino et al., 2022; Yang et al., 2024).

H1: The presence of a celebrity CEO positively influences a company's ESG performance.

RESEARCH METHODOLOGY

Research Framework

Figure 1. Research Framework



Source: Data Processed (2024)

This study employs a quantitative research design to examine the impact of celebrity CEO on corporate ESG performance. The objective of the research is to test the hypothesis that celebrity CEO, through their public visibility and media engagement, have a positive influence on the environmental, social, and governance outcomes of the companies they lead. By utilizing empirical data from publicly listed companies in Indonesia's manufacturing sector, this study aims to provide robust evidence supporting the relationship between celebrity CEO and improved ESG performance.

Sample Selection

The subjects of this research are publicly listed manufacturing companies in Indonesia from 2018 until 2022 that publish Sustainability Reports (SR). The objects of this research are the celebrity CEO of these companies and the firms' ESG (Environmental, Social, and Governance) score. The subjects of this research are publicly listed manufacturing companies in Indonesia from 2018 until 2022 that publish Sustainability Reports (SR). These companies were selected for several reasons. First, the manufacturing sector in Indonesia is known for its significant environmental and social impacts, making it a critical area for assessing Environmental, Social, and Governance (ESG) performance (PwC, 2023a). The manufacturing industry contributes substantially to carbon emissions and resource consumption, which underscores the importance of sustainability initiatives in this sector (Indonesia.go.id, 2024). Second, the mandatory sustainability reporting regulation introduced in 2020 ensures data consistency and transparency, allowing for comprehensive analysis across multiple years (PwC, 2023b).

The objects of this research are the celebrity CEO of these companies and the firms' ESG performances. Celebrity CEO were chosen due to their potential influence on corporate sustainability practices and public perception, as highlighted in prior research (Kim & Lee, 2022; Robertson, 2021). Their visibility and personal branding are hypothesized to impact firms' ESG outcomes, aligning with findings in the existing literature that connect high-profile leadership with improved transparency and accountability (Dao & Phan, 2023; Li et al., 2023).

Model Specification

The statistical analysis is conducted using multiple regression analysis to determine the impact of celebrity CEO on ESG performance. The regression model is specified as follows:

$$ESG_i = \beta_0 + \beta_1 CEO\ Celeb_i + \beta_3 EG_i + \beta_4 ALR_i + \beta_5 ATO_i + \beta_6 CEOPower_i + \varepsilon_i$$

Where:

ESG_i : The ESG performance score of company.
$CEO\ Celeb_i$: A dummy variable representing the presence of a celebrity CEO in company.
EG_i : The annual growth rate of the company's revenue, capturing the company's financial growth.
ALR_i : The ratio of total liabilities to total assets, representing the company's leverage.
ATO_i : The ratio of sales to total assets, indicating the efficiency of asset utilization.
$CEOPower_i$: A composite measure of CEO power.

This model specification aims to explore the relationship between the presence of a celebrity CEO and the ESG performance of firms, while controlling for financial growth, leverage, asset utilization, and CEO power.

Study Variables and Measurement

Table 1. Variable Measurement

Variable Name	Measurement Formula
CEO Celebrity	The natural logarithm of total number that one plus number of online media news related CEO's name within one year (S. Yang et al., 2023).
ESG Performance	- Sustainability Performance: The concept of "Triple Bottom Line" focuses on the alignment of social and environmental goals with economic growth to meet the present needs of society and corporations without comprising future needs (Zhou et al., 2023). - Innovation Performance: could be described as the employment of green technologies in developing business processes and products to facilitate environmental protection and get a sustainable competitive edge (Zhou et al., 2023). - Corporate Governance Performance: include the use of risk control tools, enhancing transparency and accountability, improvement rules and regulations, presence of a diversified board, compliance with social and environmental standards and use of a sustainability committee (Zhou et al., 2023).
CEO Power	CEO ownership in the company as a percentage of total company shares (Kao et al., 2019).
Asset Liability Ratio	$Asset\ Liability\ Ratio = \frac{Liability}{Assets}$

Asset Turn Over	(Net Sales/(Beginning Asset+Ending Asset))/2
Enterprise Growth	ln of total assets at the beginning of the year

Source: Data Processed (2024)

The independent variable, CEO celebrity, is operationalized by calculating the natural logarithm of the total number of online media mentions related to the CEO's name within the past year. This measure captures the visibility and prominence of the CEO in media, reflecting their influence and public profile (S. Yang et al., 2023). CEO who are prominently featured in the media are hypothesized to have a greater impact on their firm's ESG performance due to their ability to shape corporate reputation and attract stakeholder attention.

In this study, the dependent variable is the company's ESG performance, which measures the overall performance in environmental, social, and governance aspects. The ESG performance is evaluated based on the firms' published Sustainability Reports (SR), which provide detailed disclosures regarding various environmental, social, and governance practices. These reports cover crucial metrics such as carbon emissions, waste management, employee welfare, community engagement, board composition, and transparency (Zhou et al., 2023). The ESG performance serves as a comprehensive measure of a company's sustainability performance, reflecting its alignment with environmental and social expectations. This alignment is critical in understanding how leadership visibility may translate into tangible sustainability outcomes.

CEO power is measured by the percentage of shares owned by the CEO, which indicates the level of control the CEO holds within the organization. A higher ownership stake reflects greater influence over strategic decisions (Kao et al., 2019). This variable is included to account for the potential impact of a CEO's decision-making authority on ESG outcomes, as leadership control can shape resource allocation priorities.

The asset-liability ratio is calculated as the ratio of total liabilities to total assets, representing the firm's financial leverage (X. Huang & Li, 2025). Companies with higher leverage may have fewer resources available for sustainability initiatives, potentially influencing their ESG performance. Including this variable helps control for financial constraints that could limit a company's capacity to invest in ESG improvements (PwC, 2023a).

Asset turnover is defined as the ratio of net sales to total assets, providing an indication of how efficiently the company utilizes its assets to generate revenue (Kieso et al., 2019). Higher efficiency may enable more resources to be allocated toward sustainability efforts. By accounting for operational efficiency, this variable ensures that differences in asset utilization are considered in the analysis.

Enterprise growth is measured by the natural logarithm of total assets at the beginning of the year, reflecting the company's growth over time. Growing companies may have more resources and motivations to invest in ESG initiatives. This variable accounts for differences in firm size and growth trajectories that could influence ESG performance, ensuring that variations in corporate scale and development do not bias the results (Huang & Li, 2025).

Together, these variables provide a comprehensive framework to analyze the impact of celebrity CEO on ESG performance, ensuring that financial and governance-related factors are appropriately accounted for in the analysis. To address potential outliers, this study applied the winsorization method at the 1st and 99th percentiles, ensuring the robustness of the results and minimizing the influence of extreme values (Abuzaid & Alkrunz, 2024).

RESULTS AND DISCUSSION

Statistic Descriptive

Table 2. Statistic Descriptive

	Mean	Median	Minimum	Maximum
ESG	0.522	0.643	0.000	1.000
CEO Celeb	0.718	1.000	0.000	1.000
ALR	0.526	0.502	0.098	2.900
EG	1.404	0.014	-14.150	159.829
ATO	0.913	0.728	-0.736	3.597
CEO Power	0.006	0.000	0.000	0.152

Source: Data Processed (2024)

Table 2 presents the descriptive statistics of the sample, demonstrating the characteristics of the key variables used in this study. The ESG performance variable has a mean of 0.522, with a median of 0.643, indicating a moderate level of ESG performance among the sampled firms. The CEO celebrity status variable shows a mean of 0.718, with a median of 1.000, suggesting that a significant portion of firms are led by high-profile CEO.

The ALR averages at 0.526, indicating a balanced financial leverage among the firms, with a wide range of values between 0.098 and 2.900. EG has a mean of 1.404 and a median of 0.014, reflecting a diverse range of growth rates, from negative growth to substantial expansion.

The ATO has a mean value of 0.913, suggesting that, on average, firms are moderately efficient in utilizing their assets to generate sales, with values ranging from -0.736 to 3.597. Lastly, CEO power, as measured by the percentage of shares owned by the CEO, shows an average of 0.006 with a median of 0.000, indicating that many firms have CEO with minimal ownership stakes.

Pearson Correlation

Table 3. Pearson Correlation

	ESG	CEO Celeb	ALR	EG	ATO	CEO Power
ESG	1.000					
CEO Celeb	0.367^{***}	1.000				
	(0.000)					
ALR	-0.132	-0.076	1.000			
	(0.119)	(0.370)				
EG	-0.005	0.045	0.189^{**}	1.000		
	(0.955)	(0.598)	(0.025)			
ATO	-0.143^{*}	-0.158^{*}	-0.219^{***}	-0.025	1.000	
	(0.091)	(0.061)	(0.009)	(0.766)		
CEO Power	-0.129	-0.132	-0.197^{**}	0.030	0.148^{*}	1.000
	(0.125)	(0.116)	(0.019)	(0.727)	(0.079)	

Source: Data Processed (2024)

Table 3 presents the Pearson correlation matrix, which provides a detailed look at the relationships between the variables in this study. The correlation between CEO celebrity status and ESG performance is positive and significant, with a coefficient of 0.367 and a p-value of 0.001. This suggests that companies led by celebrity CEO are more likely to exhibit higher ESG performance, indicating that the public visibility and media influence of these CEO may positively impact sustainability practices.

T Test

Table 4. T Test

	MEAN0	MEAN1	Coef	t-value
ESG	0.346	0.591	-0.245***	-4.672
ALR	0.551	0.506	0.045	0.900
EG	0.236	0.667	-0.431	-0.529
ATO	1.069	0.857	0.212*	1.891
CEO Power	0.012	0.004	0.008	1.581

Source: Data Processed (2024)

The T-test analysis compares the mean values of key variables between firms led by celebrity CEO and those without. For ESG performance, the mean score is higher for firms with celebrity CEO (0.591) compared to those without (0.346). This difference is statistically significant, with a coefficient of -0.245 and a t-value of -4.672 ($p < 0.01$), indicating that firms led by celebrity CEO demonstrate significantly better ESG performance.

For ALR**,** the mean values are 0.506 for celebrity-led firms and 0.551 for non-celebrity-led firms. However, the coefficient of 0.045 and t-value of 0.900 indicate no significant difference between the groups. Similarly, EG shows a higher mean for celebrity-led firms (0.667) compared to non-celebrity-led firms (0.236), but this difference is not statistically significant, as indicated by the coefficient of -0.431 and t-value of -0.529.

In the case of ATO, celebrity-led firms have a lower mean value (0.857) than non-celebrity-led firms (1.069). Nevertheless, the positive coefficient of 0.212 and t-value of 1.891 ($p < 0.10$) suggest a marginally significant positive association, implying that celebrity CEO may improve asset utilization efficiency in certain contexts.

Lastly, for CEO power, the mean ownership is lower for celebrity-led firms (0.004) compared to non-celebrity-led firms (0.012). However, the coefficient of 0.008 and t-value of 1.581 indicate no significant difference in ownership between the two groups.

These results emphasize that while celebrity CEO significantly enhance ESG performance, their influence on other variables such as ALR, EG, ATO, and CEO Power varies. The significant improvement in ESG performance underlines the importance of high-profile leadership in promoting corporate sustainability (Li et al., 2023).

Regression Analysis

Table 5. Regression Analysis

	(1) ESG
CEO Celeb	0.174***
	(3.12)
ALR	-0.172**
	(-2.01)
EG	0.001
	(0.27)
ATO	-0.061
	(-1.42)
CEO Power	-1.168**
	(-2.49)
_cons	0.400***
	(3.69)

Year FE	Yes
r2	0.329
r2_a	0.283
N	142

Source: Data Processed (2024)

The regression analysis supports the hypothesis that celebrity CEO positively impact ESG performance. The visibility and credibility of these high-profile leaders enhance corporate sustainability efforts, leading to better ESG outcomes. This is consistent with the stakeholder and legitimacy theories, which suggest that visible and credible leaders can align corporate strategies with broader societal expectations (Dao & Phan, 2023).

The empirical findings indicate that celebrity CEO significantly enhance ESG performance, with a positive correlation of 0.367 ($p < 0.01$) and a regression coefficient of 0.174 ($p < 0.01$). This suggests that the public visibility and influential presence of celebrity CEO effectively promote corporate sustainability initiatives and improve ESG performances.

Robustness Test

Robustness tests are conducted to ensure the reliability and validity of the main findings. In this study, the robustness test involves analyzing the lagged effects of the independent and control variables on the dependent variable, ESG performance. The inclusion of lagged variables allows the study to capture any delayed impacts of celebrity CEO visibility and other factors on ESG outcomes. This approach provides additional evidence to validate the consistency of the observed relationships. By using lagged variables, the model accounts for temporal dependencies and strengthens the causal inference.

The results of the robustness test are presented in the table below, where the coefficients and significance levels are compared to the main regression model. This comparison ensures that the findings remain stable under different model specifications, reinforcing the credibility of the results.

Table 6. Robustness Test

	(1) ESG
Lag CEO Celeb	0.157^{***}
	(2.66)
ALR	-0.152
	(-1.52)
EG	0.001
	(0.14)
ATO	-0.063
	(-1.29)
CEO Power	-0.689
	(-1.02)
_cons	-0.054
	(-0.55)
Year FE	Yes
r2	0.317
r2_a	0.258
N	114

Source: Data Processed (2024)

The results show that the coefficients for the lagged variables are consistent with the main regression model. The presence of a celebrity CEO continues to have a significant positive impact on ESG performance, as indicated by the positive coefficient of 0.157 with a p-value of < 0.01. Control variables such as CEO Power, Asset-Liability Ratio, Asset Turnover, and Enterprise Growth also show consistent patterns, reinforcing the robustness of the findings.

By including lagged variables and comparing the results with the main analysis, this study ensures that the observed relationships are not driven by short-term fluctuations or specific model specifications. This robustness test further solidifies the study's conclusions regarding the influence of celebrity CEO on ESG performance.

Additional Analysis

Additional analysis was conducted to examine the robustness of the findings under different conditions, including the COVID-19 pandemic and variations in enterprise growth levels. These tests aim to confirm the reliability of the results across various subsamples and provide deeper insights into the relationship between celebrity CEO and ESG performance.

Navigating ESG Through Crisis: Pre- and during-COVID Analysis

The first analysis compares the effects of celebrity CEO on ESG performance during two distinct periods: before the COVID-19 pandemic (pre-2020) and during the pandemic (2020 onwards). This comparison highlights the varying impacts of celebrity CEO in normal versus crisis periods, providing insights into how public visibility and leadership influence ESG outcomes during times of uncertainty. The results are summarized as follows:

Table 7. Pre- and during COVID Analyis

	(1) ESG	(2) ESG
CEO Celeb	0.124	0.209***
	(0.89)	(3.62)
ALR	-0.241	-0.124
	(-1.07)	(-1.19)
EG	0.025	-0.002
	(0.52)	(-0.36)
ATO	-0.056	-0.049
	(-0.52)	(-1.16)
CEOPower	-2.905	-0.735
	(-1.15)	(-0.81)
_cons	0.475**	0.523***
	(2.31)	(5.41)
r2	0.164	0.161
r2_a	-0.026	0.122
N	28	114

Source: Data Processed (2024)

The results indicate that the impact of celebrity CEO on ESG performance is more pronounced during the pandemic period, as reflected in the statistically significant coefficient of 0.209 ($p < 0.01$). This suggests that during crises, the visibility and leadership of celebrity CEO play a crucial role in driving corporate sustainability practices.

Growth Dynamics and ESG Leadership: Low vs. High Growth Firms

The analysis splits the sample into two groups based on enterprise growth levels, with a threshold of 0.5459247. This analysis examines whether the effect of celebrity CEO on ESG performance varies with a company's growth rate, highlighting differences in corporate priorities and constraints. The results are presented below:

Table 8. Low vs. High Growth Firms

	(1) ESG	(2) ESG
CEOCeleb	0.255***	0.062
	(4.28)	(0.59)
ALR	-0.075	-0.386**
	(-0.68)	(-2.82)
ATO	-0.007	-0.451***
	(-0.16)	(-4.36)
CEOPower	-1.093	0.676
	(-1.10)	(0.43)
_cons	0.394***	1.068***
	(3.91)	(6.87)
r2	0.177	0.604
r2_a	0.149	0.505
N	121	21

Source: Data Processed (2024)

For companies with low enterprise growth, the coefficient for CEO Celebrity is 0.255 and statistically significant ($p < 0.01$), indicating a strong positive impact on ESG performance. Conversely, for companies with high enterprise growth, the coefficient is lower (0.062) and not statistically significant. This result suggests that the influence of celebrity CEO may be more critical for firms facing slower growth, where leadership visibility could help prioritize sustainability initiatives. The negative coefficients for ALR and ATO in high-growth firms highlight the challenges posed by financial leverage and asset efficiency in sustaining ESG efforts.

These additional tests provide robust evidence that the positive impact of celebrity CEO on ESG performance is consistent across various conditions, particularly during crises and in firms with differing growth trajectories. These findings align with prior studies emphasizing the role of leadership in navigating challenges and maintaining stakeholder trust during periods of uncertainty (Kim & Lee, 2022; Robertson, 2021; Zhou et al., 2023).

CONCLUSION AND SUGGESTION

The findings of this study reveal that celebrity CEO significantly enhance corporate ESG performance within Indonesia's manufacturing sector. Through their public visibility and media influence, these high-profile leaders drive transparency, accountability, and sustainability in corporate practices, aligning their companies with societal expectations. This research contributes to stakeholder and legitimacy theories by highlighting the role of celebrity CEO as key agents in promoting corporate governance and sustainability initiatives. Practically, the study provides valuable insights for corporate boards and policymakers, suggesting the strategic importance of leadership visibility in achieving sustainability goals. Furthermore, regulators can utilize these findings to strengthen ESG disclosure policies, especially for companies led by celebrity CEO.

However, this study has limitations. It focuses exclusively on manufacturing firms in Indonesia during the 2018–2022 period, which may restrict the generalizability of the results to other industries and regions. Additionally, the reliance on ESG scores from sustainability reports introduces potential reporting bias. Future research should expand the scope by including diverse industries, broader geographical regions, and longer timeframes. Employing alternative ESG measurement methods could also enhance the robustness of future findings. By addressing these limitations, subsequent studies can deepen our understanding of the relationship between celebrity CEO and corporate sustainability.

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