

## ESG and Corporate Financial Performance: Empirical Evidence from Vietnam's Listed Construction Companies

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**Abstract :** Environmental, Social, and Governance (ESG) factors have become a focus for companies globally, as businesses are now focusing on long-term sustainable goals rather than only operating for the goals of profit maximization. According to recent research, in several countries, companies have shown positive results in their financial performance by improving their ESG performance. The construction industry is one of the most crucial components of social and economic development; as a result, considerations for ESG factors are becoming more and more essential for companies in this sector. In Vietnam, the construction industry has been growing rapidly in recent years; however, it has yet to be discussed and studied extensively in Vietnam how ESG factors create impacts on corporate financial performance in general and construction corporations' financial performance in particular. This research aims to examine the relationship between ESG factors and financial indicators in construction companies from 2011 to 2021 through panel data analysis of 75 listed construction companies in Vietnam and to provide insights into how these companies can better integrate ESG considerations into their operations to enhance their financial performance. The data was analyzed through 3 main methods: descriptive statistics, correlation coefficient analysis applied to all dependent, explanatory and control variables, and panel data analysis method. In panel data analysis, the study uses the fixed effects model (FEM) and random effects model (REM). The Hausman test will be used to select which model is suitable to be used. The findings indicate that maintaining a strong commitment to ESG principles can have a positive impact on financial performance. Finally, FGLS estimation will be performed when the problem of autocorrelation and variable variance appears in the model. This is significant for all parties involved, including investors, company managers, decision-makers, and industry regulators.

**Keywords :** ESG, financial performance, construction company, Vietnam

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