
The Effect of Financial Fundamentals on Stock Returns with Sustainability as a Intervening Variable

**Yasir Maulana^{1*}, Nugraha²,
Disman³, Maya Sari⁴**

yasir@uniku.ac.id^{*}

Universitas Pendidikan Indonesia^{1*,2,3,4}, Jl. Dr. Setiabudi, Kota Bandung, Jawa Barat, Indonesia

Universitas Kuningan^{1*}, Jl. Cut Nyak Dhien Kec. Kuningan, Kabupaten Kuningan, Jawa Barat, Indonesia

Received Date : 17.06.2023

Revised Date : 24.06.2023

Accepted Date : 03.07.2023

ABSTRACT

This study aims to determine the effect of company fundamentals proxied by Return on Investment (ROI), Price to Earning Ratio (PER), Price to Book Value (PBV), and Operating Profit Margin (OPM) on stock returns with ESG scores as intervening variables. The analysis technique uses the Structural Equation Model (SEM) with companies listed on the Indonesian Stock Exchange's ESG Index as research objects in 2018-2022. The results showed that the ESG score had a positive effect on stock returns. The return on investment (ROI) variable has a positive effect on the ESG score while the other three variables hurt the ESG score. This research has implications for the decision of potential investors in considering the company's fundamental factors and the ESG score in compiling an investment portfolio to achieve the desired stock return.

Keywords : Return On Investment; Price to Earning Ratio; Price to Book Value; Operating Profit Margin; Stock Returns

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh fundamental perusahaan yang diproksikan dengan Return on Investment (ROI), Price to Earning Ratio (PER), Price to Book Value (PBV), dan Operating Profit Margin (OPM) terhadap return saham dengan skor ESG sebagai variabel intervening. Teknik analisis menggunakan Structural Equation Model (SEM) dengan perusahaan-perusahaan yang terdaftar di Indeks ESG Bursa Efek Indonesia sebagai objek penelitian pada tahun 2018-2022. Hasil penelitian menunjukkan bahwa skor ESG berpengaruh positif terhadap return saham. Variabel Return of investment (ROI) dan berpengaruh positif terhadap skor ESG sedangkan tiga variabel lain berpengaruh negatif terhadap skor ESG. Penelitian ini berimplikasi pada keputusan calon investor dalam mempertimbangkan faktor fundamental perusahaan dan skor ESG dalam menyusun portofolio investasi guna mencapai return saham yang diinginkan.

Kata Kunci : Pengembalian Investasi; Rasio Harga terhadap Penghasilan; Harga terhadap Nilai Buku; Margin Laba Usaha; Pengembalian Saham

INTRODUCTION

Stock price movements occur due to stock trading activities and become a consideration for investors to take a stand. The movement of stock prices shows how much investors will obtain stock returns or profits from their investments (Boudoukh et al, 2013). Stock return is essential for investors because every investment activity is certainly profit-oriented. For this reason, every investor must be able to analyze various factors that influence stock price movements, including matters other investors consider in deciding to predict stock price movements wisely (Stockhammer, 2005).

Investors need to be careful in investing their funds because of the uncertainty of stock prices in the capital market. They need a lot of information before investing, one of which is information about company fundamentals which refers to a company's financial performance. Analysis of company financial ratios is a conventional methods that can be used to help investors evaluate financial reports and company financial performance (Brigham & Houston, 2019). Profitability ratios, liquidity ratios, solvency ratios, and valuation ratios are the company's fundamental financial variables that investors study to assess the appropriateness of their investment in a company's shares because they are considered to influence stock price movements (Sebnem & Vuran Bengu, 2012).

In addition to the company's financial ratios, investors consider ESG information necessary in their investment performance. The term ESG refers to a set of standards that adhere to three main criteria in sustainability, namely environment, social and corporate governance. ESG information from a company is considered vital because it shows how much responsibility a company has for the environment, society, and corporate governance so that it has implications for the growth of the company's stock price in the future (Amir & Serafeim, 2018). This paradigm gave rise to the term ESG Investing, which is the creation of an investment portfolio that is oriented toward long-term financial growth while at the same time contributing positively to society (Landier & Lovo, 2020). With issues such as climate change, ethical supply chains, environmental damage, and global welfare becoming increasingly critical, ESG aspects are becoming a globally recognized consideration in investment decisions. They are increasingly becoming the focus of corporate strategic and operational agendas (Almeyda & Darmansya, 2019). Responding to this paradigm, the eight companies also sampled in this study joined the ESG Capital Market on the Indonesian Stock Exchange.

Based on a review of the results of previous studies, the authors found inconsistencies in the effect of each company's financial ratio variable on stock returns, especially on the variables Return on Investment (ROI), Price Earning Ratio (PER), Price to Book Value (PBV), and Operating Profit Margin (OPM). Previous research has shown that the profitability ratio (ROI) as a domain of a company's short-term financial performance has no significant effect on stock prices in IDX-30 index companies (Husain, 2021). [9]. Other studies also show similar results where analysis of company fundamental statistics shows that ROI has no significant effect on stock returns saham (Hertina & Saudi, 2019; Saputra, 2022; Sausan et al, 2020). However, other studies have revealed that ROI significantly affects stock prices (Ramli & Yusnaini, 2022). It is known that the Price Earning Ratio (PER) has no significant effect on stock price movements in transportation sub-sector companies on the Indonesia Stock Exchange (Kohar Mudzakar & Wardanny, 2021). However, other studies in Turkey show that PER significantly influences on stock prices and is used by investors as an indicator in predicting stock price movements (Aras & Yilmaz, 2008). A study of 12 food and beverage sector companies on the Indonesia Stock Exchange confirmed that Price to Book Value (PBV) had a significant effect on stock prices (Bustani et al, 2021), as well as the LQ-45 index on the same exchange (Kusmayadi et al,

2018). A similar study in 2014 also showed the same result because PBV shows investors' high confidence in the value of a stock because of their willingness to pay for shares at a higher price than the actual share value (Dita & Murtaqi, 2014). The results of previous research show that simultaneously there is a positive and significant effect of net profit margin (NPM), operating profit margin (OPM), and gross profit margin (GPM) on stock prices in industrial goods companies (Mahdi & Khaddafi, 2020). However, other studies have shown that OPM has no significant effect on the stock prices of banking companies on the Indonesian Stock Exchange (Choiriyah et.al, 2021). These various inconsistencies indicate the need for further studies on the effect of each of these ratio variables on company stock returns.

The ESG score measurement aims to uncover additional dimensions of a company's performance that are not disclosed in a company's financial data. Corporate financial reports cannot inform management and investors about the value of reputation, quality, brand equity, safety, workplace culture, strategy, knowledge, and other assets that are more significant in a knowledge-based global economy (Bassen & Kovács, 2008). ESG indicators reveal a wider range of non-financial data on the environment, social performance, and corporate governance. They can be used to evaluate company management capabilities and support risk management (Galbreath, 2013).

Return on Investment (ROI) is a net profit obtained from an investment that can be expressed as a ratio or percentage. This ratio shows the company's ability to generate net operating profit against total investment. An enormous ratio value indicates the company's ability to generate profits and illustrates the excellent quality of a company (Hollenbeck, 2012).

The Price Earning Ratio (PER) is a ratio that shows the appropriateness of a share value, whether a stock is overvalued (expensive) or undervalued (cheap) (Bustani et.al, 2021). The high value of PER means that the company's stock value is overvalued or expensive. A high PER value indicates that earnings per share are low, which results in the company's shares being less attractive to investors.

Price to Book Value (PBV) is a ratio that shows the book value per share at the actual price of shares in the capital market. The higher the PBV value, the higher investors value the company (Kusmayadi et.al, 2018). Price to Book Value shows how much public trust, especially investors, in the company so that the company's shares are valued higher than their original value (Dita & Murtaqi, 2014).

Operating Profit Margin (OPM) is a ratio that shows the percentage of each sale after all costs and expenses, which will also show the operating profit obtained from each sale of a company (Mahdi & Khaddafi, 2020). A high OPM value means the company's operating profit is also high. According to the Pecking Order Theory, large company profits tend to encourage companies to optimize internal funds and minimize external funds (debt) (Brigham & Houston, 2019).

RESEARCH METHOD

This research use the Structural Equation Model (SEM) or Path Analysis technique. This study uses stock return as the dependent variable, fundamental factors as the independent variable, and ESG score as a intervening variable.

This study has a population of all companies listed on the Indonesia Stock Exchange (IDX) by purposively sampling companies listed on the IDX ESG Index. There are eight companies that are sampled in this study. The SEM technique allows simultaneous testing of a series of relationships between one or several dependent variables and one or several independent variables (Arikunto, 2016). The SEM technique in this study tested the effect

of fundamental factors on stock returns with the ESG score as a moderating variable. As reference (Arikunto, 2016) postulates, the SEM technique in this study has fulfilled several SEM assumptions, including sample size, normality test, outliers, and multicollinearity

This study uses the documentation method in which the processed secondary data comes from the financial reports of companies listed on the IDX ESG index for the 2018-2022 period. The financial statements are obtained from the website esg.idx.co.id.

The structural model for this study used in the Path Analysis test are presented in equation (1) and equation (2)

$$ESG = \beta_1 ROI + \beta_2 PER + \beta_3 PBV + \beta_4 OPM + \delta RS = \gamma ESG + \delta_1 \quad (1)$$

$$RS = \gamma_1 ESG + \delta_2 \quad (2)$$

Based on the equation (1) and (2), where β is *regression weight*, γ is *disturbance term*, and δ is *error*.

RESULTS AND DISCUSSION

Model Feasibility Test

Chi-Square Statistics (χ^2) is a statistical test technique to determine the difference between the population covariance matrix and the sample covariance matrix. A model is considered good if it has a low χ^2 value and is acceptable based on probability (p) with a threshold value of 0.05 ($p > 0.05$). This study has a degree of freedom (df) of 10, so the critical value of the chi-square is 18.307. The chi-square value in this study was 10.981 with a probability of 0.377. The results of the chi-square model have a value that is quite far from the critical value, so the model is considered good. In addition, the probability value of 0.358 meets the probability threshold value of 0.05, so the probability is considered good.

Statistical chi-square test, this research model also has other model feasibility test indices as presented in Table 1.

Table 1. Feasibility Result Index Of The Research Model

Indicator	Eligibility criteria	Calculation value	Model Assessment
RMSEA ($df = 10$)	RMSEA < 0.08	0.030	Fit
GFI	0 < GFI < 1.0	0.931	Fit
AGFI	0.90 < AGFI < 0.95	0.917	Fit
CMIN/DF	CMIN/DF \leq 2.0	1.132	Fit
TLI	TLI \geq 0.95	0.738	Fit
CFI	TLI \geq 0.95	0.812	Fit

Source: Processed secondary data, 2023

SEM assumption test

The researcher tested the SEM assumptions, which consisted of sample size, normality test, outliers, and multicollinearity. This study applies Maximum Likelihood which has a minimum sample size of 100. As mentioned in the methods section, the sample in this study consists of only eight companies. However, with data in the 2018-2022 range, this study has achieved the required minimum number of samples so that it can obtain a good goodness of fit.

The SEM technique requires a data distribution to meet the normality assumption before being calculated in the SEM modelling. The normality test for single data and

multivariate normality needs to be carried out in this study because several variables are involved simultaneously in the final analysis. The results of the normality of the data for each variable are presented in Table 2. Table 2 shows that no value in the cr column is greater than ± 2.58 . Thus, the data in this study were normally distributed.

Table 2. Normality Test Results

Variable	Skew	cr	kurtosis	cr
X4	0.179	0.077	-1,429	-3,029
X3	0.184	0.781	0.760	1,610
X2	-0.169	-0.730	-1.198	-2,550
X1	0.051	0.221	-1,399	-2,982
X5	0.289	1.265	-1,484	-3,139
X6	0.245	1,081	0.411	0.865
Multivariate		-3,829	-2,308	-2,079

Source: Processed secondary data, 2023

Univariate outliers are done by determining the threshold value that will be categorized as outliers by converting the scores from the research into a standard score or z-score. The results of calculating univariate outliers are presented in Table 3.

Table 3. Results Of Calculation Of Univariate Outliers

Variables	N	Minimum	Maximum
Zscore: ROI	112	-1.11982	2.68103
Zscore: PER	112	-0.12997	-0.07161
Zscore: PBV	112	-0.15011	-0.15492
Zscore: OPM	112	-0.89046	1.79979
Zscore: ESG score	112	-0.75223	2.73343
Zscore: Stock Returns	112	-0.22012	1.98115

Source: Processed secondary data, 2023

Table 3. shows that there is no z-score value greater than ± 3.00 , so it can be concluded that there are no univariate outliers in the data analyzed. In addition to univariate, researchers also carried out multivariate outliers testing.

Multivariate outliers were performed using the Mahalanobis distance criterion at the $p < 0.001$ level. The Mahalanobis distance was evaluated using χ^2 in degrees of freedom equal to the number of variables used in this study. There are 6 variables used in this study, so data with a Mahalanobis Distance greater than $\chi^2 (6,0,001) = 22.46$ is a multivariate outlier. Based on the calculation, the highest Mahalanobis d-squared value is 14.603. This value is still smaller than $\chi^2 (6,0,001) = 22.46$, so it can be concluded that there are no multivariate outliers in this study.

The researcher also conducted a multicollinearity test by analyzing the correlation matrix for each of the variables studied. Multicollinearity occurs when the correlation between variables has high enough (> 0.80). Based on calculations, it is known that there is no correlation between variables with a value of > 0.80 , so multicollinearity does not occur.

In addition to looking at the correlation matrix, it is also necessary to analyze the tolerance value and variance inflation factor (VIF). The VIF limit is 10, and the tolerance

value is 0.1. If the VIF value is more than 10, there are symptoms of multicollinearity, whereas if the VIF value is less than 10, there are no symptoms of multicollinearity. The tolerance and VIF values obtained are presented in Table 4. Table 4 states that the calculation results for tolerance values > 0.10 and VIF values < 10, so this study does not contain multicollinearity.

Table 4. Results Of Tolerance And VIF Calculations

<i>Variables</i>	<i>tolerance</i>	<i>VIF</i>	<i>Information</i>
<i>ROI</i>	0.989	1,010	Pass the test
<i>PER</i>	0.948	1,051	Pass the test
<i>PBV</i>	0.979	1.020	Pass the test
<i>OPM</i>	0.927	1,079	Pass the test
<i>ESG score</i>	0.924	1,092	Pass the test

Source: Processed secondary data, 2023

Path analysis results

The results of the path analysis *are* presented in Table 5.

Table 5. Path Analysis Results

<i>Variables</i>	<i>Estimates</i>	<i>Standard Error</i>	<i>Critical Ratio</i>	<i>probability</i>	<i>Standardized Estimates</i>
<i>X1</i> → <i>X5</i>	0.052	0.089	- 0.481	0.04 5_	0.043
<i>X2</i> → <i>X5</i>	-0.209	0.104	-2.009	0.041	-0.192
<i>X3</i> → <i>X5</i>	0.005	0.049	0.092	0.929	0.008
<i>X4</i> → <i>X5</i>	-0.251	0.105	-2,439	0.622_	-0.231
<i>X5</i> → <i>X6</i>	-0.019	0.053	-0.410	0.037_	0.044

Source: Processed secondary data, 2023

Based on the results of data analysis in Table 6, the structural equation of this study is formulated in Equation (3) and Equation (4) as follows.

$$ESG = 0.043 ROI - 0.192 PER + 0.008 PBV - 0.231 OPM + \delta_1 \quad (3)$$

$$RS = 0.044 ESG + \delta_2 \quad (4)$$

Table 6 shows the significance of the influence between variables with Regression Weight or lambda coefficient (λ coefficient). Regression Weight will produce a critical ratio (cr) and probability (p) value which shows significance. The decision to test the hypothesis partially is carried out with the following conditions (a) if the p level > 0.05, then H_0 is accepted and H_a is rejected, and (b) if the p level is < 0.05, then H_0 is rejected, and H_a is accepted. Based on the calculations in Table 6, it can be seen that the decision to test the hypothesis is presented in Table 7 and 8. Table 7 shows the decision to test the hypothesis of the effect of fundamental variables on the ESG score. In contrast, Table 8 shows the decision to test the hypothesis of the effect of the ESG score on stock returns.

Based on table 6 and 7, it can be concluded that the influence of fundamental factors on the ESG score is as follows. First, the analysis accepts the hypothesis "ROI has a positive effect on ESG scores". Second, the analysis accepts the hypothesis "PER has a negative effect on ESG scores". Third, the analysis rejects the hypothesis "PBV has a positive effect on ESG scores". Fourth, the analysis accepts the hypothesis "OPM has a positive effect on

ESG scores". Fifth, the analysis accepts the hypothesis " ESG score has a positive effect on stock returns ".

Table 6. The decision to test the hypothesis of the effect of fundamental variables on the ESG score

Independent Variable	Path Analysis Results		Hypothesis Decision
	Estimation	Significance	
ROI	0.043	0.045 _	Accepted
PER	-0.192	0.041	Accepted
PBV	0.008	0.929	Rejected
OPM	- 0.231	0.622 _	Rejected

Dependent variable: ESG score

Source: *Processed secondary data, 2023*

Table 7 . Decision to test the hypothesis of the effect of ESG scores on stock returns

Independent Variable	Path Analysis Results		Hypothesis Decision
	Estimation	Significance	
ESG score	0.044	0.037_	Accepted

Dependent variable: Stock return

Source: *Processed secondary data, 2023*

Table 7. shows that ROI has a positive effect on the ESG score because it has a significance of 0.045 or less than 0.05. Previous studies have shown that large companies have high ESG scores (Drempetic et.al, 2020). Usually, quality issuers will also have high ESG values. The ESG score is directly proportional to the level of return on investment and the company's profitability ratio. Furthermore, an assessment of the company's environmental performance will have a significant positive effect on firm value (Eccles et.al, 2012). Therefore, companies labelled ESG are better able to obtain a higher rate of return on investment (ROI) and continue to grow from time to time in a sustainable manner (Hassel & Semenova, 2013).

When reversed, a high ROI shows a good ability of the company to generate profits. A large ROI ratio value indicates the company's ability to generate profits and illustrates the excellent quality of a company (Hollenbeck, 2012). The company's profit is not only used for the shareholders' prosperity but also for socially responsible activities. Large company profits show the potential for a company to allocate more capital to activities related to ESG (Oktafia, 2013). In addition, large profits can indicate high consumer confidence in using a company's products and or services. Public trust can be grown through building a good image of the company with various activities related to social and environmental responsibility. Improving the image and expanding the company's good name certainly has the opportunity to attract consumers so that it has an impact on gaining the company's loyalty. This leads to an increase in company profitability (Ghazali & Zulmaita, 2020).

Price Earning Ratio (PER) has a negative effect on ESG scores based on the analysis results in Table 6, with a significance score of 0.041 <0.05 with a negative estimation direction at -0.192. This negative estimated value indicates that if the PER value increases, the ESG score will decrease. A high PER value indicates low earnings per share (earnings per share). This condition encourages companies to tend to increase the amount of debt to increase the company's profits. The companies sampled in this study have been known as

large and stable companies for a long time. Large and stable companies tend to manage funds well so that an increase in the amount of debt is usually put to good use to generate greater profits for the company (Sawir, 2004). Capital structure theory states that an increase in debt will increase the company's operating profit in the following year (Hariyani, 2010). Processed annual financial reports show that the companies studied experienced an increase in earnings per share when the company increased the use of debt. When a company has a high PER, the earnings per share are low, and the company will tend to increase the use of debt in the following year. These conditions increased earnings per share in the following year, which resulted in a decrease in the value of PER. This strategic move gives the company a high PER value and a low debt value (Faruquee, 2013). High PER values and low debt will increase investor interest in buying company shares, thereby increasing stock returns.

The third hypothesis in this study was rejected because, based on the analysis results, it was known that the significance value was $0.929 > 0.05$, meaning that PBV had a negative effect on the ESG score. The PBV variable should be evidence of high investor confidence in the company, so they are willing to value company shares higher than their actual value (Kusmayadi et.al, 2018). However, in the case of the companies studied, investors seem to think that a high PBV value indicates impropriety. An increase in PBV tends to be followed by an increase in debt, but several companies studied actually had PBV values that fell from the previous year after using debt. This condition is following the results of prior research, which states that if the level of change in a company's debt has passed the maximum level or bankruptcy costs and financial distress costs are greater than the interest tax-shield effect, debt will have a negative impact on company value (Hermuningsih, 2013). Based on the previous explanation, an increase in PBV value can be achieved by optimizing the use of debt. However, the use of debt that is too large and has exceeded the optimal level can reduce the value of PBV.

Table 6 also reveals that OPM has a negative effect on ESG scores because the analysis results show a negative value (-0.231) at an estimate with a significance of $0.622 > 0.05$. The high OPM value indicates that the company's operating profit is also high. The sample companies were able to achieve large sales levels so that they were able to achieve high OPM ratio values. The good ability of the company in sales will increase the OPM ratio and show good company profits. The size of the company's profit influences management's decision in choosing a source of funding, whether the funding comes from within or outside the company. As revealed by the Pecking Order Theory, high operating profit encourages companies to use internal funds more than external funds (Brigham & Houston, 2019). This theory supports the author's assumption that the high value of OPM will encourage companies to use internal funding to finance production and operations to increase the output of goods or services. The ESG aspect has not been a major consideration for companies in Indonesia in increasing company value (Nurfahmi & Anis, 2022). This finding is in line with the results of previous research, which showed that OPM has no significant influence on the stock prices of banking companies on the Indonesian Stock Exchange (Choiriyah et.al, 2021).

The results of the analysis in Table 7 accept the fifth hypothesis, namely that the ESG score has a positive effect on stock returns. The ESG integration strategy with financial factors for portfolio selection is carried out by investment managers, who filter out companies with low ESG scores (Amir & Serafeim, 2018). A good ESG score indicates that companies have a lower residual risk of social, environmental, and corporate governance issues, thereby increasing the value of their shares in the capital market (Sahut & Pasquini-Descomps, 2015). Investors consider that investing in shares of companies with high ESG performance promises financial benefits for the company in terms of value and profitability

(Aydoğmuş et.al, 2022). Stakeholder theory postulates that there are several benefits for companies to increase their ESG score, one of which is to improve their performance (Freeman et.al, 2010). Good company performance also produces good financial fundamentals, thereby increasing investor confidence to invest in their company's shares. This high investor interest causes an increase in a company's stock price, leading to an increase in stock returns. As previous studies revealed that fundamental factors have a positive and significant influence on company stock returns (Das & Pattanayak, 2013; Faruquee, 2013; Pradhan & Paudel, 2017). Previous research (Engelhardt et.al, 2021) revealed that European companies with high ESG ratings have higher anomaly returns and lower stock volatility, especially during a pandemic. Where the social aspect of ESG is the primary driver of these results. ESG aspects increase the value of a company's stock in countries with low trust, and in countries with poorer security regulations and where lower disclosure standards apply.

CONCLUSION

This study aims to determine the effect of the independent variable (X) on the dependent variable (Y). This research will use the Structural Equation Model (SEM) or Path Analysis technique. This study uses stock returns as the dependent variable, fundamental factors as independent variables, and ESG scores as intervening variables. This study only examines the ROI, PER, PBV, and OPM variables from many fundamental factors due to inconsistent findings and limited research resources. This study uses the Structural Equation Model (SEM) technique through a comparison of several dependent variables and several independent variables with companies listed on the Indonesian Stock Exchange's ESG Index as research objects in 2018-2022.

The results of the path analysis show that the ESG score has a positive effect on stock returns. Return on investment (ROI) has a positive effect on the ESG score. Price Earning Ratio (PER) has a negative effect on the ESG score. This negative estimated value indicates that if the PER value increases, the ESG score will decrease. The third hypothesis in this study was rejected, meaning that PBV had a negative effect on the ESG score. The OPM variable has a negative effect on the ESG score.

RECOMMENDATION

This research has implications for the decision of potential investors in considering the company's fundamental factors and the ESG score in compiling an investment portfolio to achieve the desired stock return. The researcher will conduct further research by adding the company's financial fundamentals variables to provide a clearer picture of the effects of these variables on ESG scores and stock returns. In addition, further research is expected to increase the number of research samples so that the results genuinely have bigger implications for potential investors.

REFERENCES

- Almeyda, R., & Darmansya, A. (2019). The Influence of Environmental, Social, and Governance (ESG) Disclosure on Firm Financial Performance. *IPTEK Journal of Proceedings Series*, 5(5), 278-290. <https://doi.org/10.12962/j23546026.y2019i5.6340>
- Amir, A. Z., & Serafeim, G. (2018). Why and how investors use ESG information: Evidence from a global survey. *Financial Analysts Journal*, 74(3), 87-103.

-
- <https://doi.org/10.2469/faj.v74.n3.2>
- Aras, G., & Yilmaz, M. K. (2008). Price-earnings ratio, dividend yield, and market-to-Book ratio to predict return on Stock Market: Evidence from the Emerging Markets. *Journal of Global Business and Technology*, 4(1), 18.
- Aydoğmuş, M., Gülay, G., & Ergun, K. (2022). Impact of ESG performance on firm value and profitability. *Borsa Istanbul Review*. <https://doi.org/10.1016/j.bir.2022.11.006>
- Bassen, A., & Kovács, A. M. (2008). Environmental, social and governance key performance indicators from a capital market perspective. *Zeitschrift Für Wirtschafts- Und Unternehmensethik*, 9(2), 182–192. <https://doi.org/10.5771/1439-880x-2008-2-182>
- Boudoukh, J., Feldman, R., Kogan, S., & Richardson, M. (2013). *Which news moves stock prices? A textual analysis* (No. w18725). National Bureau of Economic Research. <https://doi.org/10.3386/w18725>
- Brigham, E. F., & Houston, J. F. (2019). *Dasar-Dasar Manajemen Keuangan, Buku 2*. Salemba Empat.
- Bustani, B., Kurniaty, K., & Widyanti, R. (2021). The Effect of Earning Per Share, Price to Book Value, Dividend Payout Ratio, and Net Profit Margin on the Stock Price in Indonesia Stock Exchange. *Jurnal Maksipreneur: Manajemen, Koperasi, Dan Entrepreneurship*, 11(1), 1. <https://doi.org/10.30588/jmp.v11i1.810>
- Choiriyah, C., Fatimah, F., Agustina, S., & Ulfa, U. (2021). The Effect Of Return On Assets, Return On Equity, Net Profit Margin, Earning Per Share, And Operating Profit Margin On Stock Prices Of Banking Companies In Indonesia Stock Exchange. *International Journal of Finance Research*, 1(2), 103–123. <https://doi.org/10.47747/ijfr.v1i2.280>
- Das, N., & Pattanayak, J. K. (2013). The Effect of Fundamental Factors on Indian Stock Market: A Case Study of Sensex and Nifty. *The IUP Journal of Applied Finance*, 19(2), 84–99. <https://doi.org/10.1504/ijaf.2009.026626>
- Dita, A. H., & Murtaqi, I. (2014). The Effect of Net Profit Margin, Price To Book Value and Debt To Equity Ratio to Stock Return In The Indonesian Consumer Goods Industry. *Journal of Business and Management*, 3(3), 305–315.
- Drempetic, S., Klein, C., & Zwergel, B. (2020). The Influence of Firm Size on the ESG Score: Corporate Sustainability Ratings Under Review. *Journal of Business Ethics*, 167(2), 333–360. <https://doi.org/10.1007/s10551-019-04164-1>
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2012). *The impact of a corporate culture of sustainability on corporate behavior and performance* (No. 12–035). National Bureau of Economic Research. <https://doi.org/10.2139/ssrn.1964011>
- Engelhardt, N., Ekkenga, J., & Posch, P. (2021). Esg ratings and stock performance during the covid-19 crisis. *Sustainability (Switzerland)*, 13(13), 1–15. <https://doi.org/10.3390/su13137133>
- Faruquee, M. (2013). Impact of Fundamental Factors on Stock Price: A Case Based Approach on Pharmaceutical Companies Listed with Dhaka Stock Exchange. *International Journal of Business and Management Invention ISSN*, 2(9), 34–41.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge university press.
- Galbreath, J. (2013). ESG in focus: The Australian evidence. *Journal of Business Ethics*, 118(3), 529–541.
- Ghazali, A., & Zulmaita. (2020). Pengaruh Pengungkapan Environmental, Social, and Governance (ESG) Terhadap Tingkat Profitabilitas Perusahaan (Studi pada Perusahaan Sektor Infrastruktur yang Terdaftar di Bursa Efek Indonesia). *Prosiding SNAM PNJ (2020)*.
- Hariyani, I. (2010). *Restrukturisasi dan penghapusan kredit macet*. Elex Media Komputindo.
-

- Hassel, L. G., & Semenova, N. (2013). The added value of ESG/SRI on company and portfolio levels—What can we learn from research. In *SIRP Working Paper* (No. 13-2; SIRP Working Paper). Cappelen Damm.
- Hermuningsih, S. (2013). Pengaruh Profitabilitas, Growth Opportunity, Struktur Modal Terhadap Nilai Perusahaan pada Perusahaan Publik di Indonesia. *Buletin Ekonomi Moneter Dan Perbankan*, *Oktober*(2013), 127–148. <https://doi.org/10.1177/027046769801800106>
- Hertina, D., & Saudi, M. H. M. (2019). Stock return: Impact of return on asset, return on equity, debt to equity ratio and earning per share. *International Journal of Innovation, Creativity and Change*, *6*(12), 93–104.
- Hollenbeck, K. (2012). Return on Investment in Workforce Development Programs. In *Upjohn Institute Working Paper* (No. 12-188; Issue 12). <https://doi.org/10.2139/ssrn.2186114>
- Husain, F. (2021). Pengaruh Rasio Likuiditas dan Rasio Profitabilitas terhadap Harga Saham Pada Perusahaan Indeks IDX-30. *INOBIIS: Jurnal Inovasi Bisnis Dan Manajemen Indonesia*, *4*(2), 162–175. <https://doi.org/10.31842/jurnalinobis.v4i2.175>
- Kohar Mudzakar, M., & Wardanny, I. P. (2021). The Effect Of Return On Asset, Return On Equity, Earning Per Share, And Price Earning Ratio Toward Stock Return (Empirical Study Of Transportation). *Turkish Journal of Computer and Mathematics Education*, *12*(8), 387–392.
- Kusmayadi, D., Rahman, R., & Abdullah, Y. (2018). Analysis of The Effect of Net Profit Margin, Price to Book Value, and Debt to Equity Ratio on Stock Return. *International Journal of Recent Scientific Research*, *9*(7), 28091–28095. <https://doi.org/10.24327/IJRSR>
- Landier, A., & Lovo, S. (2020). ESG Investing: How to Optimize Impact? In *HEC Paris Research Paper* (FIN-2020-1363). <https://doi.org/10.2139/ssrn.3508938>
- Mahdi, M., & Khaddafi, M. (2020). The Influence of Gross Profit Margin, Operating Profit Margin and Net Profit Margin on the Stock Price of Consumer Good Industry in the Indonesia Stock Exchange on 2012-2014. *International Journal of Business, Economics, and Social Development*, *1*(3), 153–163. <https://doi.org/10.46336/ijbesd.v1i3.53>
- Nurfahmi, Y., & Anis, I. (2022). Pengaruh Sustainability Awareness Terhadap Kinerja Keuangan dan Nilai Perusahaan di Sektor Pertanian 2016-2020. *Jurnal Ekonomi Trisakti*, *2*(2), 1953–1972. <https://doi.org/10.25105/jet.v2i2.14903>
- Oktafia, Y. (2013). Pengaruh manajemen laba terhadap pengungkapan tanggung jawab sosial perusahaan dengan corporate governance sebagai variabel moderasi. *JINAH: Jurnal Ilmiah Akuntansi Dan Humanika*, *2*(2), 676–704. <https://doi.org/10.23887/jinah.v2i2.1679>
- Pradhan, R. S., & Paudel, L. (2017). Impact of Fundamental Factors on Stock Price: A Case of Nepalese Commercial Banks. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3044108>
- Ramli, D., & Yusnaini, Y. (2022). Pengaruh Sales Growth, Debt To Equity Ratio, Total Assets Turnover Terhadap Return On Assets Pada Perusahaan Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia 2018-2020. *Owner*, *6*(1), 722–734. <https://doi.org/10.33395/owner.v6i1.647>
- Sahut, J.-M., & Pasquini-Descomps, H. (2015). ESG Impact on Market Performance of Firms: International Evidence. *Management International*, *19*(2), 40. <https://doi.org/10.7202/1030386ar>
- Saputra, F. (2022). Analysis Effect Return on Assets (ROA), Return on Equity (ROE) and

- Price Earning Ratio (PER) on Stock Prices of Coal Companies in the Indonesia Stock Exchange (IDX) Period 2018-2021. *Dinasti International Journal of Economics, Finance and Accounting*, 3(1), 82–94. <https://doi.org/10.38035/dijefa.v3i1.1238>
- Sausan, F. R., Korowajiyanti, L., & Ciptaningtias, A. F. (2020). The Effect of Return on Asset (ROA), Debt to Equity Ratio (DER), Earning per Share (EPS), Total Asset Turnover (TATO) and Exchange Rate on Stock Return of Property and Real Estate Companies at Indonesia Stock Exchange Period 2012-2017. *Ilomata International Journal of Tax and Accounting*, 1(2), 103–114. <https://doi.org/10.52728/ijtc.v1i2.66>
- Sawir, A. (2004). *Kebijakan pendanaan dan kestrukturisasi perusahaan*. Gramedia Pustaka Utama.
- Sebnem & Vuran Bengu. (2012). Factors Affecting Stock Returns of Firms Quoted in ISE Market: A Dynamic Panel Data Approach. *International Journal of Business and Social Research*, 2(1), 109–122. <https://doi.org/10.18533/ijbsr.v2i1.209>
- Stockhammer, E. (2005). Shareholder value orientation and the investment-profit puzzle. *Journal of Post Keynesian Economics*, 28(2), 193–215. <https://doi.org/10.2753/PKE0160-3477280203>