JMK (Jurnal Manajemen dan Kewirausahaan)
http://ejournal.uniska-kediri.ac.id/index.php/ManajemenKewirausahaan
JMK 10 (3) 2025, 156 -170
P-ISSN 2477-3166 E-ISSN 2656-0771

Profitability Ratio, CSR, and ESG Disclosure on The Stock Performance Of Financial Companies

Siti Nur Aisyah
Nusa Putra University
siti.nuraisyah@nusaputra.ac.id

Risa Yunia
Nusa Putra University
risaayniaaa@gmail.com

Abstract

Sustainability has become a key strategy in the global business world to build stakeholder trust and maintain competitiveness in an increasingly competitive market. This study aims to analyze the impact of the disclosure of profitability ratios (ROA, NPM, and EBIT), Corporate Social Responsibility (CSR), and Environmental, Social, and Governance (ESG) on stock performance in the financial sector. The research employed a purposive sampling technique and was analyzed using panel data regression with STATA version 17. The best model was selected using the Chow test and the Hausman test. This study is based on Stakeholder Theory, which emphasizes the importance of corporate responsibility toward stakeholders, as well as Signaling Theory, which suggests that financial and sustainability information serves as a signal to investors. The results show that ROA, NPM, and ESG have a positive impact on stock performance, while EBIT and CSR do not show a positive effect. These findings indicate that strategies to improve stock performance in the financial sector should focus on efficient asset management and consistent and genuine implementation of ESG principles.

Keywords: *CSR, ESG, Stock Performance, Stakeholder Theory, Signaling Theory.*

DOI	:	http://dx.doi.org/10.32503/jmk.
Article History	:	Article received (date); revised (date); accepted (date)
Email Co-Author	:	*risaayniaaa@gmail.com*

Introduction

With the increasing importance of environmental, social, and governance issues and corporate social responsibility, the global business world has undergone a significant shift in recent times (Sayekti & Sari, 2024). Companies now consider various interests beyond mere financial gain (Wibowo, 2024). In line with demands from regulators and capital markets, reports covering these aspects have become an essential element of financial reporting, according to research conducted by the IFRS Foundation and IFAC. In addition to these pressures, Law No. 40 of 2007, which regulates Limited Liability Companies (PT), requires companies to include these reports in their annual reports (Kurniawan, 2021).

As a consequence of this paradigm shift, sustainability has become a strategic aspect in the business world. Companies that integrate sustainability principles not only gain the trust of stakeholders but also strengthen their competitiveness and ensure long-term business continuity amid increasingly competitive markets (Rafi et al., 2024). Effective sustainability strategies help companies address economic, social, and environmental challenges and drive sustainable value creation through innovative business models, resource efficiency, and active stakeholder engagement (Goni et al., 2021).

However, despite the increase in sustainability reporting due to regulations and companies' awareness of the importance of CSR and ESG disclosure, there is a mismatch between the level of disclosure and company stock performance. A study by Maryam (2025) shows that ESG disclosure can enhance investment attractiveness, but its impact on stock returns is not always statistically significant.

Fadhila's (2019)research shows that CSR significantly influences firm value, with ROA as a moderator that strengthens the relationship between CSR and PER. Additionally, Fransisca et al.'s (2025) study found that the implementation and disclosure of ESG positively impact stock performance, particularly due to increased investor attention on sustainability issues. These findings underscore the importance of examining the influence of profitability, CSR, and ESG on stock performance, particularly in the financial sector in Indonesia. Specifically, data also indicates an increasing trend in sustainability reporting in the financial sector, reflected in companies' growing willingness to disclose CSR and ESG information in their annual reports. The following figure illustrates the trend in CSR and ESG disclosure in the financial sector at the national level.

Research findings related to ESG in the Indonesian banking industry show mixed results. A study by Junius et al. (2020) shows that companies with good governance tend to have higher PER, indicating that a positive reputation in ESG aspects can increase investor confidence and stock prices. However, Mujianti & Novitasari (2025) found that ESG performance and firm value measured by PER, both partially and simultaneously, do not significantly affect stock returns. This suggests that while ESG can strengthen market perceptions, investors in Indonesia have not yet fully incorporated ESG as a primary factor in investment decisions, thereby limiting its impact on stock valuation and PER.

One of the causes of the mismatch between the disclosure of profitability ratios, CSR, and ESG and company stock performance is that many companies still view sustainability reporting as merely an administrative obligation without direct strategic benefits (Gutama & Sisdianto, 2024). As a result, CSR and ESG reports often fail to accurately represent a company's actual performance or strategic commitments to sustainability. Additionally, differences in ESG disclosure standards across companies and sectors further complicate effective comparisons of ESG performance (Fristamara et al., 2025), making it challenging for investors to assess the impact of such information on stock performance. This situation underscores the need for a more in-depth analysis of the relationship between profitability disclosure, CSR, and ESG with company stock performance, so that the actual contributions of each variable can be understood objectively.

This study aims to provide an in-depth understanding of the impact of sustainability practices and social responsibility on corporate financial success by examining these three factors together. Additionally, this research explores how these factors influence investor perceptions and those of other stakeholders.

Referring to the problems described earlier and previous research results that show inconsistencies, this study will examine **"The Impact of Profitability Ratio, CSR, and ESG Disclosure on the Stock Performance of Financial Sector Companies Listed on the Indonesia Stock Exchange for the Period 2018–2023."** Thus, this study is expected not only to contribute academically by filling existing literature gaps but also to offer practical recommendations for companies in designing sustainability strategies to enhance stock performance and attract investors.

Literature Review

Every company is required to foster relationships with all parties who have interests that can be influenced or affect operational activities (Agustine & Ratmono, 2024). These stakeholders include various parties, such as employees, customers, suppliers, communities, governments, and shareholders (Saputri et al., 2024).Through this perspective, companies can build sustainable value in the long term.

A study conducted by Nopriyanto (2024) found that companies that apply stakeholder theory in their CSR practices tend to perform better than companies that focus solely on financial gains. Yang & Basile (2022) also stated that companies that actively involve stakeholders in developing CSR tend to achieve better performance, both financially and non-financially.

Signaling theory also highlights how the market's reaction to the signals provided by companies is crucial. Positive information, such as improved profitability, commitment to CSR, and the implementation of ESG principles, is considered good news that can increase stock prices and returns for investors (Tyas & Prastiwi, 2025). Conversely, a lack of transparency or the presence of negative information is viewed as bad news that can reduce market confidence and negatively impact stock prices (Qotimah et al., 2023).The more complete and accurate the signals communicated by a company, the stronger its influence on investment decisions in the capital market.

Previous research consistently shows that profitability is one of the main factors considered by investors in evaluating a company's stock performance. Rachmawaty & Sulaksono (2022) found that ROA has a positive and significant effect on PER in the food and beverage sub-sector, indicating market appreciation of the company's ability to generate profits from its total assets, which ultimately influences PER as a measure of the returns obtained by investors. However, research by Susilo & Sapitri (2022) revealed that individually, NPM and

ROA do not have a significant impact on PER, but when considered together, both have a significant impact.

Conversely, in a study conducted by Suroso (2021), which analyzed the influence of ROA, NPM, and EBIT on stock prices as indicators of PER in manufacturing companies, it was found that ROA and NPM have a significant partial effect on stock prices, while EBIT does not show a significant effect.

H1a: ROA has a positive impact on PER

H1b: NPM has a positive impact on PER

H1c: EBIT has a positive impact on PER

According to stakeholder theory, companies have broader responsibilities than just to their shareholders; they must also consider the interests of various other parties, including employees, customers, the community, and the environment (Wibowo, 2024). The implementation of CSR programs aims to meet the expectations of these various stakeholders, which in turn can strengthen positive relationships, increase customer loyalty, and create stability in company operations.

Company involvement in social and environmental activities can create positive perceptions among investors and the public, which ultimately leads to increased interest in the company's shares. A study by Suidarma & Adryas, 2022) in the food and beverage sector listed on the Indonesia Stock Exchange confirms that CSR activities can significantly increase a company's stock market value. Additionally, a study by Kenzza & Riharjo (2025) in the energy and mining sector in Indonesia during the 2021–2023 period showed that CSR disclosure has a positive influence on company value, but the price-to-earnings ratio (PER) does not always significantly strengthen this relationship.

H2: CSR has a positive impact on PER

Recent studies have shown a strong correlation between ESG disclosure and market perceptions of companies. (Purnomo et al., 2024)demonstrated that ESG has a significant impact on stock prices, which are indicators of the PER of mining companies listed on the Indonesia Stock Exchange (IDX). The findings of this study indicate that companies with higher ESG scores tend to have higher stock prices, reflecting investors' confidence in the company's ability to manage environmental, social, and governance aspects.

This is reinforced by the findings of Sidharta & Kim (2024), who found that ESG performance can reduce stock price volatility, especially during non-crisis conditions, indicating that companies with good ESG performance tend to have higher stock price stability. Furthermore, a study by Kusumawardhani et al. (2023) adds that although ESG risks do not always have a direct impact on company performance, the implementation of solid ESG strategies remains an important factor in building investor confidence.

H3: ESG has a positive impact on PER

Methodology

The research population in this study consists of financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2023. 17 companies meet these criteria and become the objects of this study. By selecting units that are considered most representative, this approach allows researchers to gain a more focused and contextual understanding of the phenomenon being studied. Purposive sampling is particularly useful in research requiring precise information, especially when the population being studied is heterogeneous and not all members are relevant for analysis.

During the observation period from 2018 to 2023, there were 106 companies operating in the financial sector and listed on the Indonesia Stock Exchange (IDX). However, not all of these companies could be directly included as research subjects. After selection, 17 companies that met all criteria and were deemed suitable were selected as samples for this study. Each company was analyzed for 6 consecutive years (2018–2023), resulting in a total of 102 observations (17 companies × 6 years). The selection of appropriate companies is expected to provide a representative picture of the relationship between profitability ratios, CSR, and ESG disclosure, and stock performance in the Indonesian financial sector.

In this study, the secondary data used includes company annual reports, CSR data, and ESG data. Annual reports and CSR/ESG data provide information related to the company's sustainability performance and CSR implementation. The data was obtained from several sources, including the Indonesia Stock Exchange (IDX) (www.idx.co.id), a CSR data provider platform (www.esgdataset.com), and ESG disclosure sources accessible via (https://www.bgkfoundation.org/id).

In this study, three main variables are used: profitability ratio, Corporate Social Responsibility (CSR), and Environmental, Social, and Governance (ESG), which are simultaneously incorporated into a single analytical model. This approach provides a more comprehensive understanding of how these three aspects influence the Price Earnings Ratio (PER) as an indicator of a company's stock market performance. The research model can be formally formulated as follows:

$$PER_{it} = \beta_0 + \beta_1 \log(ROA)_{it} + \beta_2 \log(NPM)_{it} + \beta_3 \log(EBIT)_{it} + u_{it} \quad \ldots\ldots\ldots 1$$

$$PER_{it} = \beta_0 + +\beta_1 CSR + \beta_2 ESG + u_{it} \quad \ldots\ldots\ldots 2$$

$$PER_{it} = \beta_0 + \beta_1 \log(ROA)_{it} + \beta_2 CSR + \beta_3 ESG + u_{it} \quad \ldots\ldots\ldots 3$$

$$PER_{it} = \beta_0 + \beta_1 \log(NPM)_{it} + \beta_2 CSR + \beta_3 ESG + u_{it} \quad \ldots\ldots\ldots 4$$

$$PER_{it} = \beta_0 + \beta_1 \log(EBIT)_{it} + \beta_2 CSR + \beta_3 ESG + u_{it} \quad \ldots\ldots\ldots 5$$

$$PER_{it} = \beta_0 + \beta_1 \log(ROA)_{it} + \beta_2 \log(NPM)_{it} + \beta_3 \log(EBIT)_{it} + \beta_4 CSR + \beta_5 ESG + u_{it} \quad \ldots\ldots\ldots 6$$

Notes:

PER	:	*Earnings Per Share*
ROA	:	*Return on Assets*
NPM	:	*Net Profit Margin*
$EBIT$	:	*Earnings Before Interest and Taxes*
CSR	:	*Corporate Social Responsibility*
ESG	:	*Environmental Social Governance*

This study uses the Fixed Effect Model (FEM) to analyze panel data, which combines information from several companies (cross-section units) over several years (time series). In the FEM model, it is assumed that the effect (slope/coefficient) of each independent variable is the same for all companies, but the baseline level of each company may vary (Madany & Rais, 2022).

This method is also known as Least Squares Dummy Variable (LSDV) because it uses a regression approach with dummies for each company. Each dummy will have a value of 1 if the data from a particular company reveals it, and 0 if not, so that the model can distinguish the fixed effects possessed by each company.

In this way, FEM can control the influence of each company's unique characteristics, making the analysis results more accurate and unbiased due to differences that cannot be measured directly. To ensure that the FEM model is the most appropriate approach, this study also tested the model using the Chow test and the Hausman test.

Result and Discussion

Result

Table 1 Descriptive Statistical Test Results

Variable	*Obs*	*Mean*	*Standard deviation*	*Min*	*Max*
PER	102	14.67	16.15986	-7.853	106
ROA	98	0.5945996	0.7637852	-2.040221	2.501436
NPM	95	3.156765	0.7360513	0.652325	5.231162
EBIT	102	2.248956	1.663031	0.0880109	6.768493
CSR	102	0.626981	0.162465	0.231	1

Source: Data processed by the researcher (2025)

In the company stock performance variable measured by PER, the minimum value recorded was -7.853, and the maximum value reached 106. The mean PER in this study was 14.67515, with a standard deviation of 16.15986 based on 102 observations. The lowest PER value was found in PT Bank KB Bukopin Tbk in 2021, while the highest PER value was achieved by PT Bank Tabungan Negara Tbk in 2019.

The profitability ratio (ROA) variable shows a minimum value of -2.040221, a maximum value of 2.501436, a mean value of 0.5945996, and a standard deviation of 0.07637852 based on 98 observations. The lowest profitability ratio (ROA) was experienced by PT Bank KB Bukopin Tbk in 2023. Meanwhile, the highest profitability ratio (ROA) was experienced by PT BFI Finance Indonesia Tbk in 2020.

Table 2 Chow Test Results

	Model	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
$Prob > F$	0.000	0.0251	0.00	0.003	0.0132	0.00

Source: Data processed by the researcher (2025)

Based on the results of the Chow test, it was found that the value (Prob>F) was less than alpha 0.05 in all research models. This test aims to determine the most appropriate estimation model between the Common Effect Model and the Fixed Effect Model. The results of the Chow test on models 1, 2, 3, 4, 5, and 6 indicate that the Fixed Effect Model is the more appropriate choice. Therefore, the next step is to conduct a Hausman test to determine whether the Random Effect Model or the Fixed Effect Model is the most optimal model to use in this study.

Table 3 Hausman Test Results

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
$Prob > Chi^2$	0.0017	0.01	0.0003	0.0012	0.0065	0.0019

Source: Data processed by the researcher (2025)

The Hausman test is used to determine the most appropriate regression estimation model between the Random Effect Model and the Fixed Effect Model. Based on the available data, the results of the Hausman test for each model show a prob>chi2 value less than 0.05, indicating that the Hausman test recommends the use of the Fixed Effect Model. This finding is also consistent with the results of the Chow test, which further confirms that the Fixed Effect Model is the best choice for all models in this study. Therefore, this study adopts the Fixed Effect regression estimation model as the method to be used.

Table 4 Results of Multicollinearity Test for Models

Dependent PER						
Independent	***Model 1***	***Model 2***	***Model 3***	***Model 4***	***Model 5***	***Model 6***
	VIF	***VIF***	***VIF***	***VIF***	***VIF***	***VIF***
ROA	1.760		1.000			1.830
NPM	1.760			1.020		1.850
EBIT	1.000				1.030	1.020
CSR		1.060	1.060	1.040	1.060	1.050
ESG		1.060	1.060	1.060	1.090	1.120
Mean VIF	1.500	1.060	1.040	1.040	1.060	1.370

Source: Data processed by the researcher (2025)

Based on the results of the multicollinearity test presented in Table 4 it can be seen that all independent variables in each regression model (models 1, 2, 3, 4, 5, and 6) have a Variance Inflation Factor (VIF) value below the threshold of 10. These low VIF values indicate that there is no significant multicollinearity among the independent variables in the models used. Multicollinearity is a condition where two or more independent variables have a high correlation, which can cause distortion in regression estimation results and reduce the accuracy of interpreting the regression coefficients of each variable.

Table 5 Results of the Heteroscedasticity Test

	Model 1	***Model 2***	***Model 3***	***Model 4***	***Model 5***	***Model 6***
$Prob > Chi^2$	Robust	0.554	Robust	0.3123	Robust	Robust

Source: Data processed by the researcher (2025)

In this study, heteroscedasticity testing was conducted using the Breusch-Pagan/Godfrey method, which aims to detect whether there is constant residual variance (heteroscedasticity) in the estimated regression model. Based on the test results, it was found that models 2 and 4 showed Prob values greater than 0.05. Probability values exceeding this significance level indicate that the residual variance in both models is homogeneous or constant (homoscedastic), so there is no indication of heteroscedasticity.

Meanwhile, for models 1, 3, 5, and 6, there is a possibility of heteroscedasticity, so the researcher used a robust standard error approach as an adjustment. Robust standard error is a corrective method often used to overcome residual variance heterogeneity without having to change the model structure. Thus, overall, it can be concluded that there are no serious problems related to heteroscedasticity in the regression models used in this study.

Table 6 Autocorrelation Test Results

Dependent PER						
	LROA	*LNPM*	*LEBIT*	*CSR*	*ESG*	*PER*
LROA	1.000					
LNPM	0.6559	1.000				
	0.0000					
LEBIT	-0.0441	0.0092	1.000			
	0.6665	0.9296				
CSR	0.0386	0.0421	-0.0237	1.0000		
	0.7059	0.6856	0.8132			
ESG	-0.0018	0.1255	-0.1696	0.2405	1.0000	
	0.9858	0.2256	0.0083	0.0149		
PER	-0.3077	-0.3396	0.0509	0.0202	0.0304	1.0000
	0.0021	0.0008	0.6116	0.8401	0.7619	

Source: Data processed by the researcher (2025)

The ROA variable shows a *p-value* of 0.0021, which is below 0.05, indicating that ROA has a positive impact on the PER variable. However, the correlation coefficient is -0.3077 with a negative direction, meaning the relationship between the two variables is not in the same direction, and the strength of the relationship is weak.

The following presents the results of the t-test for each variable in the study:

Table 7 T-Test Results for Models 1, 2, and 3

Dependent PER									
Independent	***Model 1***			***Model 2***			***Model 3***		
	Coef	***Std Error***	***P-Value***	***Coef***	***Std Error***	***P-Value***	***Coef***	***Std Error***	***P-Value***
ROA	-19.081	7.921	0.028**				-20.431	8.981	0.037**
NPM	-2.123	5.830	0.721						
EBIT	2.350	2.806	0.415						
CSR				13.259	6.901	0.073*	6.916	8.181	0.410
ESG				-12.145	2.435	0.000***	-12.684	3.413	0.002***
Cons	28.803			16.480			33.800		
R-Squared	0.3785			0.0406			0.2920		
Adjusted R	0.3580			0.0212			0.2694		

*The primary regression analysis. ***, ** and * indicate significance at the 1 %, 5 % and 10 % levels, respectively.*

Source: Data processed by the researcher (2025)

Table 8 Results of T-Test Models 4, 5, and 6

Dependent PER									
Independent	***Model 4***			***Model 5***			***Model 6***		
	Coef	***Std Error***	***P-Value***	***Coef***	***Std Error***	***P-Value***	***Coef***	***Std Error***	***P-Value***
ROA							-19.235	8.114	0.031**
NPM	-13.077	2.725	0.000***				-2.042	5.937	0.735
EBIT				2.589	4.256	0.552	2.389	2.822	0.410
CSR	6.008	10.288	0.561	14.313	7.305	0.068*	2.264	6.568	0.735
ESG	-11.043	10.211	0.283	-14.440	5.289	0.015**	-12.729	2.891	0.000***
Cons	62.287			11.910			38.104		
R-Squared	0.2478			0.0709			0.3945		
Adjusted R	0.2230			0.0424			0.3604		

*The primary regression analysis. ***, ** and * indicate significance at the 1 %, 5 % and 10 % levels, respetively.*

Source: Data processed by the researcher (2025)

The significance values of ROA in models 1, 3, and 6 are below 0.05 and 0.01, or p-value < 0.05, so the hypothesis can be accepted with negative coefficients in each model. This indicates that ROA hurts PER. In other words, the higher the level of profitability of a company as reflected in ROA, the lower the PER value obtained by the company. The significance value of NPM in model 4 is below 0.05 or p-value < 0.05, so the hypothesis can be accepted with a negative coefficient in that model. This indicates that NPM hurts PER. In other words, the higher the NPM of a company, the lower the PER value achieved.

The significance values of CSR in models 2 and 5 are less than 0.1 or p-value > 0.10, so the hypothesis is accepted. Thus, CSR has a positive impact on PER. This finding indicates that the increase in CSR scores implemented by companies has been able to provide added value or significantly improve the market valuation of stock performance.

The significance values of ESG in models 2, 3, 5, and 6 are below 0.05 or p-value < 0.05, so the hypothesis can be accepted with negative coefficients in each model. This indicates that ESG dummy variables hurt PER. In other words, companies identified as implementing ESG practices (based on dummy categories) tend to have lower PER values compared to companies that do not implement ESG.

In Model 1, the Adjusted R^2 value of 0.3580 indicates that approximately 36% of the variation in the PER variable can be explained by the independent variables included in the model. Model 6 also has a relatively high Adjusted R^2 value of 0.3604, meaning that approximately 36% of the variation in the PER variable can be explained by the model. Meanwhile, Models 3 and 4 have Adjusted R^2 values of 0.2694 and 0.2230, respectively, meaning that approximately 27% and 22% of the variation in the PER variable is explained by the analyzed factors.

Discussion

There has not been much research examining the direct relationship between ROA and PER. Some studies have found that ROA has a significant influence on stock prices, which are a key component in PER calculations. One such study by Khasanah & Suwarti (2022) found that ROA significantly influences stock prices in the banking sector. This finding reinforces that ROA also plays a crucial role in influencing PER as a stock performance indicator that considers market expectations regarding a company's profit-generating ability.

Additionally, according to signaling theory, a high NPM sends a positive signal to the market regarding management's ability to manage costs and generate net profit. This signal can influence investors' perceptions of the company's stock value, which ultimately impacts stock prices. Since the price-to-earnings ratio (PER) is a ratio between stock price and earnings per share (EPS), an increase in stock price due to investor interest will cause the PER to rise as well.

This finding is consistent with the results of Munandar et al. (2024),who found that NPM has a positive impact on PER, where companies with high net profit margins tend to have higher valuations in the market. This result also reinforces the argument that profitability is one of the main determinants in the formation of a company's market value through PER.

Thus, this study confirms that NPM plays an important role in determining a company's stock valuation, as reflected in the Price Earnings Ratio (PER). High profitability not only provides greater confidence to investors but also serves as a market signal of the company's performance and prospects. These findings further underscore that profitability, particularly NPM, is one of the primary considerations for investors in making investment decisions and determining a company's market value in the financial sector.

From the stakeholder theory perspective, operational performance is not necessarily considered to have a direct impact on stock market value if it has not demonstrated a tangible impact on profit distribution to the primary stakeholders, namely shareholders.

Although there has been limited research examining the direct relationship between EBIT and PER, some studies have found that EBIT does not have a significant impact on stock prices, which are a key component in PER calculations. For instance, a study by Suroso (2021) found that EBIT does not significantly influence stock prices in the food and beverage manufacturing sub-sector on the Indonesia Stock Exchange (IDX). This finding reinforces that when EBIT does not have a significant impact on stock prices, its indirect impact on PER also becomes weak or insignificant.

From the signaling theory perspective, CSR scores can serve as a positive signal to investors regarding a company's commitment to sustainability and good governance. However, this signal is not always translated by the market into increased stock value, especially if it is not accompanied by tangible improvements in financial performance.

Although there is limited research examining the direct relationship between CSR and PER, some studies have found that CSR does not significantly influence stock prices, which are a key component in PER calculations. For example, Putu et al. (2025) state that CSR does not have a meaningful impact on stock prices in the property and real estate sector. This reinforces the finding that while CSR is important from a social perspective, it has not yet become a primary determinant for investors in determining a company's market valuation.

On the other hand, according to signaling theory, the disclosure of Environmental, Social, and Governance (ESG) aspects by companies serves as a positive signal to the market that the company is committed to sustainable, ethical, and good governance business practices. This signal is believed to enhance market perception and foster investor confidence, particularly in the long term, as ESG is considered an important indicator of a company's sustainability and stability in the future.

Although direct research on the relationship between ESG and PER is still limited, several studies have found that ESG significantly influences stock prices, which are a key component in PER calculations. For example, Elazar et al. (2025) showed that ESG disclosure significantly influences stock performance as measured by PER as one of its indicators. These findings support the logic that ESG can enhance investor perceptions, which are then reflected in stock prices and PER.

Conclusion

This study aims to evaluate the impact of profitability ratios (ROA, NPM, and EBIT), Corporate Social Responsibility (CSR), and Environmental, Social, and Governance (ESG) on the stock performance of financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2018–2023. The analysis was conducted using panel data regression through STATA software in six testing models.

In the first model, profitability variables ROA, NPM, and EBIT were used to examine their impact on stock performance. The results indicate that only ROA hurts PER at the 5% significance level. This suggests that a company's efficiency in generating profits from its assets is an important factor considered by investors. Meanwhile, NPM and EBIT do not have a positive impact, indicating that net profit margins and operating profits are not yet strong enough to influence stock value.

The second model tested sustainability variables, namely CSR and ESG. In this model, they have a positive and negative impact on PER, respectively. This indicates that good environmental, social, and corporate governance practices receive less attention from the market. Conversely, CSR has a positive impact, suggesting that corporate social responsibility reporting is sufficient to improve investors' perceptions of stock value.

In the third model, the test was conducted on a combination of ROA as a profitability indicator and CSR and ESG as sustainability indicators. The regression results show that ROA and ESG hurt PER, while CSR does not. This reinforces the previous finding that asset efficiency and commitment to sustainability play a lesser role in influencing stock performance than formal CSR disclosure.

The fourth model focuses on NPM together with CSR and ESG. Unlike the previous model, only NPM shows a negative impact on PER, while CSR and ESG do not. This indicates that in the context of this model, net profit margin is a factor that is relatively less important to investors.

In the fifth model, a combination of EBIT, CSR, and ESG is used to test their impact on PER. The results show that CSR and ESG have a positive and negative impact on stock performance repeatedly, while EBIT does not. This finding reaffirms that a comprehensive commitment to sustainability is more appreciated by the market than operational profits or mere social reporting.

The final model tests all variables simultaneously. The results show that only ROA and ESG have a positive impact on PER, while NPM, EBIT, and CSR do not show a negative impact. This conclusion reinforces that financial sector investors respond more positively to asset management efficiency and the implementation of structured and transparent sustainability principles than to other financial indicators or non-substantial CSR reporting. Therefore, it can be concluded that strategies to improve stock performance in the financial sector should focus on optimizing asset efficiency and the practical implementation of ESG principles, rather than on partial financial aspects or inconsistent social reporting.

Recommendation

Further research is recommended to consider the use of additional variables that reflect other aspects of a company's stock performance, such as dividend yield, monthly stock returns, stock beta (as an indicator of systematic risk), and stock trading volume. Variables such a dividend yield, these variables can provide a more comprehensive understanding of market reactions to profitability, CSR practices, and ESG performance, not only from a valuation perspective, such as the Price Earnings Ratio (PER), but also from the perspective of investment returns, risk stability, and market liquidity. By incorporating these additional dimensions, future analysis can capture the broader dynamics of the relationship between a company's internal performance and investor perceptions, as well as address questions regarding whether the positive impacts of profitability, CSR, and ESG are short-term or long-term in shaping a company's stock value in the capital market.

For company management, the results of this study indicate that ROA, NPM, and ESG have a positive impact on the Price Earnings Ratio (PER), which reflects the value of a company's stock in the eyes of investors. This indicates that asset management efficiency and the ability to generate net profit, as well as a commitment to sustainability through ESG principles, are factors that the market takes into consideration. On the other hand, although EBIT does not show a positive impact in the tested model, this does not mean that operational aspects can be ignored.

Instead, companies need to evaluate the effectiveness of their operations and the transparency of their reporting so that EBIT performance better reflects the company's overall fundamentals. Additionally, the finding that CSR has not yet had a positive impact suggests the need for a transformation from mere social reporting to sustainable practices integrated into business strategies. Therefore, management is advised to improve asset efficiency (ROA), maintain net profit margin (NPM), strengthen ESG implementation, and strategically optimize EBIT performance to drive stock value growth and enhance the company's appeal to investors.

For investors, the results of this study provide an important signal that not all financial and sustainability indicators have a positive impact on stock performance. In terms of profitability, only Return on Assets (ROA) and Net Profit Margin (NPM) have been proven to have a positive impact on the Price Earnings Ratio (PER), making them key indicators for assessing a company's efficiency and profitability. Meanwhile, CSR does not show a positive impact, while ESG has a positive impact on stock performance, reflecting that the market is more responsive to comprehensive and integrated sustainability practices. Therefore, investors are advised to prioritize companies with high ROA and NPM and a strong commitment to ESG principles as part of a long-term growth-oriented and sustainable stock value investment strategy.

References

Agustine, Y. S., & Ratmono, D. (2024). Pengaruh Corporate Social Responsibility Terhadap Kinerja Keuangan Dengan Kepemilikan Institusional Dan Kompensasi Eksekutif Sebagai Variabel Moderating. *DIPONEGORO JOURNAL OF ACCOUNTING*, *13*(3), 1–14. http://ejournal-s1.undip.ac.id/index.php/accounting

Elazar, D. R., Sari, M., & Gautama, B. P. (2025). Pengaruh ESG Terhadap Harga Saham Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. *Jurnal Penelitian Ekonomi Akuntansi (JENSI*, *9*(1), 16–31. https://doi.org/10.33059/jensi.v9i1.11551

Fadhila, N. (2019). *Pengaruh Corporate Social Responsibility Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Moderating Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia*. http://repository.umsu.ac.id/handle/123456789/6182

Fransisca, L., Malini, H., Azazi, A., & Syahputri, A. (2025). Dampak CSR dan ESG Terhadap Kinerja Keuangan dan Keberlanjutan Perusahaan Dimediasi oleh Green Finance. *JAMEK (JURNAL AKUNTANSI MANAJEMEN EKONOMI DAN KEWIRAUSAHAAN)*, *05*(1), 115–124. https://doi.org/10.47065/jamek.v5i1.1789

Fristamara, Y., Musmini, L. S., & Nyoman Sri Werastuti, D. (2025). Dampak ESG Terhadap Keberlanjutan Finansial Perusahaan : Tinjaun Literatur Tentang Peran Koneksi Politik, Standarisasi, Dan Koneksi Industri. *Stratēgo: Jurnal Manajemen Modern*, *7*(1). https://journalpedia.com/1/index.php/jmm

Goni, F. A., Gholamzadeh Chofreh, A., Estaki Orakani, Z., Klemeš, J. J., Davoudi, M., & Mardani, A. (2021). Sustainable business model: A review and framework development. *Clean Technologies and Environmental Policy*, *23*(3), 889–897. https://doi.org/10.1007/s10098-020-01886-z

Gutama, M. R., & Sisdianto, E. (2024). ImplementasI GRI Di Indonesia: Tantangan Dan Manfaat Bagi Perusahaan. *JIEM : Jurnal Ilmiah Ekonomi Dan Manajemen*, *2*(12), 324–338. https://doi.org/10.61722/jiem.v2i12.3167

Junius, D., Adisurjo, A., Rijanto, Y. A., & Adelina, Y. E. (2020). *The Impact Of ESG Performance To Firm Performance And Market Value*. *5*(1), 21–41. https://doi.org/10.29303/jaa.v5i1.84

Kenzza, E., & Riharjo, I. B. (2025). Pengaruh Corporate Social Responsibility Terhadap Nilai Perusahaan Dengan Price Earning Ratio Sebagai Variabel Moderating. *JIRA: Jurnal Ilmu Dan Riset Akuntansi*, *14*(4), 1–16. https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/6275

Khasanah, U., & Suwarti, T. (2022). Analisis Pengaruh DER, ROA, LDR DAN TATO Terhadap Harga Saham Pada Perusahaan Perbankan. *FAIR VALUE JURNAL ILMIAH AKUNTANSI DAN KEUANGAN*. https://doi.org/10.32670/fairvalue.v4i6.1032

Kurniawan, Z. S. (2021). Analisis Implementasi IFRS (International Financial Reporting Standards) Menggunakan Indeks Gray Terhadap Penyajian Laporan Keuangan Perusahaan di BEI (Bursa Efek Indonesia). *Jurnal EMBA : Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, *9*(4), 1021–1035. https://doi.org/10.35794/emba.v9i4.37006

Madany, N., & Rais, Z. (2022). Regresi Data Panel dan Aplikasinya dalam Kinerja Keuangan terhadap Pertumbuhan Laba Perusahaan Idx Lq45 Bursa Efek Indonesia. *VARIANSI: Journal of Statistics and Its Application on Teaching and Research*, *4*(2), 79–94. https://doi.org/10.35580/variansiunm28

Maryam, Y. N. (2025). *Systematic Literature Review: Pengaruh Environmental, Social,* *Governance (ESG) Disclosure Dan Profitabilitas Terhadap Return Saham*. *4*.

Mujianti, R., & Novitasari. (2025). Pengaruh Kinerja ESG Dan Nilai Perusahaan Terhadap Return Saham Perbankan Di Index ESG Leaders. *International Journal for Accountancy*, *12*(1), 2574–2581. https://doi.org/10.32722/account.v12i1.7510

Munandar, A., Romli, H., Aravik, H., & Simatupang, E. T. S. H. (2024). The Effect Of Financial Performance On The Price Earning Ratio (PER) And Its Implications For Stock Prices (Study On Companies Listed On The IDX In 2018-2021). *Islamic Banking: Jurnal Pemikiran Dan Pengembangan Perbankan Syariah*, *9*(2), 237–252. https://doi.org/10.36908/isbank.v9i2.1061

Nopriyanto, A. (2024). Analisis Pengaruh Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan. *KOMITMEN: Jurnal Ilmiah Manajemen*, *5*(2), 1–12. https://doi.org/10.15575/jim.v5i2.37655

Purnomo, M. H., Nuntupa, & Yuana, A. G. (2024). Pengaruh ESG Score Terhadap Harga Saham Dimoderasi oleh Earnings Per Share. *JEMSI (Jurnal Ekonomi, Manajemen, Dan Akuntansi)*, *10*(3), 1923–1935. https://doi.org/10.35870/jemsi.v10i3.2442

Putu, I., Hermawan, H., Musmini, L. S., Nyoman, D., & Werastuti, S. (2025). Pengaruh Corporate Social Responsibility Dan Green Accounting Terhadap Kinerja Keuangan Serta Dampaknya Pada Harga Saham Perusahaan Sektor Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2021-2023. *Jurnal Ilmiah Mahasiswa Akuntansi) Universitas Pendidikan Ganesha*, *16*(01). https://doi.org/10.23887/jimat.v16i01.83698

Qotimah, K., Kalangi, L., & Korompis, C. W. M. (2023). Pengaruh Analisa Fundamental Terhadap Return Investasi Pada Saham Second Liner Di Sektor Energi Periode 2019-2022 Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi* , *11*(3), 12–26. https://doi.org/10.35794/emba.v11i3.48797

Rachmawaty, & Sulaksono, E. D. (2022). Pengaruh Current Ratio (CR) Dan Return On Asset (ROA) Terhadap Price Earning Ratio (Per) Pada PT Japfacomfeed Indonesia TBK Tahun 2011-2020. *Perkusi: Pemasaran, Keuangan, Dan Sumber Daya Manusia*, *2*(4), 597–606. https://doi.org/10.32493/j.perkusi.v2i4.25298

Rafi, M., Theodorus, P., & Hadiprajitno, B. (2024). Analisis Pengaruh Environmental, Social, Dan Governance (ESG) Terhadap Nilai Perusahaan (Studi Empiris pada Industri Tekstil di Indonesia di BEI Periode Tahun 2020-2023). *DIPONEGORO JOURNAL OF ACCOUNTING*, *13*(4), 1–12. http://ejournal-s1.undip.ac.id/index.php/accounting

Saputri, M., Abigail, H. K. C., & Livana, M. (2024). Penerapan Teori Stakeholder Pada Praktik Corporate Social Responsibility (CSR). *Jurnal Manajemen Dan Akuntansi*, *1*(4), 461–475. https://doi.org/10.62017/wanargi

Sayekti, N. W., & Sari, A. J. (2024). *Tantangan Dan Peluang Ekonomi Indonesia 2025 Di Tengah Melemahnya Konsumsi Rumah Tangga*. https://berkas.dpr.go.id/pusaka/files/info_singkat/Info%20Singkat-XVI-24-II-P3DI-Desember-2024-163.pdf

Sidharta, K., & Kim, S. S. (2024). The Influence Of ESG Performance On Stock Price Volatility In Indonesia. *Enrichment: Journal of Management*, *14*(3), 447–454. https://doi.org/10.35335/enrichment.v14i3.1973

Suidarma, M., & Adryas, A. B. (2022). Pengaruh GCG Dan Pengungkapan CSR Terhadap Harga Saham Perusahaan Food And Beverage Yang Terdaftar Di BEI Periode 2016-2019. *JMM UNRAM - MASTER OF MANAGEMENT JOURNAL*, *11*(3), 192–200. https://doi.org/10.29303/jmm.v11i3.714

Suroso, S. (2021). Betweem ROA, ROE, NPM, And EBIT Variables, Which Can Change Teh Stock Price. *Jurnal Ekonomi*, *10*(01). http://ejournal.seaninstitute.or.id/index.php/Ekonomi

Susilo, A., & Sapitri, N. (2022). Pengaruh Net Profit Margin (NPM) dan Return on Assets

(ROA) Terhadap Price Earning Ratio (PER). *The Asia Pacific Journal of Management Studies*, *09*(01), 29–38. https://doi.org/10.55171/apjms.v9i1.637

Tyas, C. D. N., & Prastiwi, A. (2025). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Dengan ESG Performance Sebagai Variabel Moderasi. *Owner: Riset Dan Jurnal Akuntansi*, *9*(2). https://doi.org/10.33395/owner.v9i2.2624

Wibowo, A. (2024). *Entitas Perusahaan Tata Kelola* (S. Kom. , M. Kom. Dr. Joseph Teguh Santoso, Ed.). Yayasan Prima.

Yang, J., & Basile, K. (2022). Communicating Corporate Social Responsibility: External Stakeholder Involvement, Productivity and Firm Performance. *Journal of Business Ethics*, *178*(2), 501–517. https://doi.org/10.1007/s10551-021-04812-5