



Financial performance, CSR disclosure, and stock returns

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Abstract

This study examines the effect of financial performance on stock returns and the moderating role of Corporate Social Responsibility Disclosure (CSRD) in energy sector companies listed on the Indonesia Stock Exchange during 2022–2024. This study is motivated by inconsistent findings regarding the relationship between financial performance and stock returns, as well as the increasing importance of sustainability disclosure and ESG issues in investment decisions.

This study uses a quantitative approach with purposive sampling techniques. The final sample consisted of 73 firm-year observations after excluding outlier data. Secondary data were obtained from annual reports, financial statements, sustainability reports, and stock price data. Financial performance was measured using Return on Equity (ROE), while CSRD was measured using the Global Reporting Initiative (GRI) Standards 2021 disclosure index. The hypotheses were tested using Moderated Regression Analysis (MRA).

The results show that financial performance measured by ROE does not significantly affect stock returns. In contrast, CSRD has a positive and significant effect on stock returns, indicating that investors increasingly consider sustainability disclosure and corporate transparency in investment evaluation. However, CSRD is not proven to moderate the relationship between financial performance and stock returns. These findings suggest that investors in the Indonesian energy sector increasingly pay attention to non-financial information rather than relying only on profitability indicators in making investment decisions.

Keywords: Financial performance, stock returns, corporate social responsibility disclosure, energy sector

Introduction

Stock returns are one of the main indicators used by investors to evaluate investment performance in the capital market. Investors expect returns as compensation for the risks they face when investing in stocks. Therefore, stock returns are often used to reflect market responses toward company performance and future business prospects (Laws, 2018) [8]. In recent years, investors have not only considered financial information, but also non-financial information when making investment decisions.

Financial performance is commonly considered an important factor affecting stock returns. One of the most widely used indicators is Return on Equity (ROE), which reflects a company's ability to generate profit from shareholders' equity. Companies with higher profitability are generally expected to attract more positive investor responses and produce higher stock returns. Several previous studies found that ROE has a significant effect on stock returns (Hapsoro *et al.*, 2020; Sawvitri, 2022) [6, 12]. However, other studies showed different results and found that ROE does not significantly affect stock returns (Firman & Rialdy, 2024) [3]. These inconsistent findings indicate that stock returns may not be influenced only by financial performance, but also by other factors outside financial indicators.

This issue becomes more relevant in the energy sector because energy companies are closely related to environmental and social issues such as carbon emissions, environmental damage, and resource exploitation. As a result, companies in this sector face greater pressure from stakeholders to provide transparent information regarding their social and environmental responsibilities (Hapsoro *et al.*, 2020) [6]. In this context, Corporate Social Responsibility Disclosure (CSRD) becomes increasingly important because it helps companies communicate their sustainability

practices and corporate responsibility to stakeholders and investors.

In addition, stock returns in the Indonesian energy sector have experienced significant fluctuations in recent years. These fluctuations indicate that stock return movements do not always reflect company profitability consistently. This condition suggests that financial performance alone may not fully explain stock return behavior, especially in industries with high environmental exposure. Therefore, non-financial information such as CSRD may provide a more comprehensive explanation regarding investor responses.

Previous studies examining the moderating role of CSR disclosure also produced inconsistent findings. Several studies found that CSR disclosure strengthens the relationship between financial performance and stock returns (Hapsoro *et al.*, 2020; Mansyur & Nurmuin, 2022; Hidayati, 2024) [6, 7, 9]. In contrast, other studies found that CSR disclosure does not significantly moderate the relationship (Sowandito *et al.*, 2023) [13]. These differences may be caused by variations in industry characteristics, market conditions, and research periods. Furthermore, many previous studies were conducted before the implementation of the Global Reporting Initiative (GRI) Standards 2021, which introduced more comprehensive sustainability reporting standards. Previous studies also mostly focused on manufacturing and mining companies, while research on Indonesian energy companies is still limited, especially during the post-pandemic period when ESG and sustainability issues have become increasingly important for investors.

Based on these gaps, this study examines the effect of financial performance on stock returns with Corporate Social Responsibility Disclosure (CSRD) as a moderating variable in Indonesian energy companies during 2022–2024. This study is expected to provide more recent empirical

evidence regarding the role of sustainability disclosure in influencing investor responses under the GRI Standards 2021 framework and post-pandemic investment environment.

Accordingly, this study aims to examine the effect of financial performance on stock returns and investigate whether Corporate Social Responsibility Disclosure moderates the relationship in energy sector companies listed on the Indonesia Stock Exchange during 2022–2024.

Literature Review

Stakeholder Theory

This study is based on stakeholder theory, which explains that companies are not only responsible for maximizing shareholder wealth, but also for fulfilling the interests of other stakeholders such as investors, employees, governments, communities, and the environment (Freeman, 1984) [4]. According to this theory, companies that are able to maintain good relationships with stakeholders are more likely to gain legitimacy, improve their reputation, and maintain investor trust.

In the capital market context, stakeholder theory explains that investors today do not only pay attention to financial performance, but also consider non-financial information related to sustainability and social responsibility. Therefore, Corporate Social Responsibility Disclosure (CSR) becomes an important communication tool for companies to show transparency, accountability, and commitment toward sustainable business practices.

This theory is particularly relevant in the energy sector because energy companies are closely related to environmental and social issues such as carbon emissions, environmental damage, and resource exploitation. As a result, energy companies face greater pressure from stakeholders to disclose sustainability-related information. Companies with good financial performance and broader sustainability disclosure are generally expected to receive more positive responses from investors.

Stock Return

Stock return reflects the return obtained by investors from their investment activities in the capital market. Stock return is commonly used as an indicator to evaluate investment performance and market responses toward company performance. Higher stock returns generally indicate positive investor perceptions regarding the company's future prospects, while lower returns may reflect negative market responses.

In capital market studies, stock returns are influenced by various factors, including financial performance, market conditions, investor sentiment, and company disclosures. According to market efficiency theory, stock prices reflect information available in the market (Fama, 1972) [2]. Therefore, information disclosed by companies may influence investor decisions and ultimately affect stock return movements.

In recent years, investors have increasingly considered not only financial information but also non-financial information such as sustainability disclosure in evaluating investment decisions. This condition indicates that stock returns may reflect broader investor considerations regarding company performance and long-term sustainability.

Financial Performance

Financial performance reflects a company's ability to generate profit and manage its resources efficiently. One of the most widely used indicators of financial performance is Return on Equity (ROE), which measures the company's ability to generate earnings from shareholders' equity (Weygandt *et al.*, 2015) [14]. Higher ROE generally indicates better profitability and more effective management performance.

In investment evaluation, profitability is often viewed as a positive signal for investors because it reflects the company's ability to generate returns from invested capital. Companies with better financial performance are generally expected to attract stronger investor interest and produce higher stock returns.

Several previous studies found that financial performance positively affects stock returns. Hapsoro *et al.* (2020) [6], Sawitri (2022) [12], and Mansyur & Nurmuin (2022) [9] reported that profitability indicators such as ROE and ROA significantly influence stock returns. However, Firman & Rialdy (2024) [3] found different results and concluded that ROE does not significantly affect stock returns. These inconsistent findings suggest that financial performance alone may not fully explain stock return behavior, especially in sectors characterized by high volatility and environmental exposure.

Corporate Social Responsibility Disclosure (CSR)

Corporate Social Responsibility Disclosure (CSR) refers to the disclosure of company activities related to social, environmental, and economic responsibilities. CSR serves as a communication tool through which companies demonstrate transparency, accountability, and commitment toward sustainable business practices (Global Reporting Initiative, 2021).

The importance of sustainability disclosure has increased in recent years as investors and stakeholders become more aware of environmental, social, and governance (ESG) issues. Investors increasingly consider sustainability-related information because it may reflect company reputation, long-term business sustainability, and risk management quality.

This issue is particularly relevant in the energy sector because energy companies are closely associated with environmental and social issues such as carbon emissions, environmental damage, and natural resource exploitation. As a result, energy companies face greater pressure from stakeholders to disclose sustainability-related information more transparently.

The implementation of GRI Standards 2021 also encourages companies to provide more comprehensive sustainability reporting. Through broader sustainability disclosure, companies are expected to reduce information asymmetry and improve investor confidence.

Several previous studies found that CSR positively affects investor responses and stock returns. Ouyang *et al.* (2024) [11] found that CSR improves stock return resilience during periods of economic uncertainty, while Zakaria (2020) [15] reported that CSR disclosure positively influences stock returns. These findings indicate that sustainability disclosure increasingly functions as an important non-financial signal in investment decision-making.

CSR as Moderating Variable

Besides having a direct effect on investor responses, CSR is also expected to strengthen the relationship between financial performance and stock returns. Stakeholder theory explains that broader sustainability disclosure may increase corporate credibility and investor trust. Companies with good profitability supported by extensive sustainability

disclosure are generally perceived as more transparent, responsible, and sustainable.

Several previous studies support the moderating role of CSR. Hapsoro *et al.* (2020) [6], Mansyur & Nurmuin (2022) [9], and Nurfadila (2020) [10] found that CSR disclosure strengthens the relationship between financial performance and stock returns. These findings suggest that sustainability disclosure may increase the relevance of financial information in the eyes of investors.

However, some studies found contradictory results. Sowandito *et al.* (2023) [13] concluded that CSR disclosure does not significantly moderate the relationship between financial performance and stock returns. These inconsistent findings may be caused by differences in industry characteristics, market conditions, ESG awareness, and observation periods. In addition, many previous studies were conducted before the implementation of GRI Standards 2021 and mostly focused on manufacturing or mining companies. Therefore, research discussing the moderating role of CSR in Indonesian energy companies during the post-pandemic period remains limited.

Research Hypothesis

Financial Performance and Stock Returns

Financial performance is often used by investors to evaluate a company's ability to generate profit and provide returns for shareholders. In this study, financial performance is measured using Return on Equity (ROE), which reflects how effectively a company uses shareholders' equity to generate earnings. A higher ROE generally indicates better profitability and stronger company performance.

According to stakeholder theory and market efficiency theory, financial information disclosed by companies can influence investor perceptions and stock price movements (Fama, 1972) [2]. Companies with better profitability are usually viewed more positively by investors because they are considered capable of generating higher returns and maintaining business sustainability. As a result, companies with stronger financial performance are generally expected to produce higher stock returns.

Several previous studies support this relationship. Hapsoro *et al.* (2020) [6], Sawvitri (2022) [12], Mansyur & Nurmuin (2022) [9], and Ainiyah *et al.* (2021) [1] found that profitability indicators such as ROE and ROA positively affect stock returns. These findings indicate that investors consider profitability as an important factor in evaluating company performance and investment prospects.

Based on stakeholder theory and previous empirical findings, this study proposes the following hypothesis:

H1: Financial performance positively affects stock returns.

The Moderating Role of Corporate Social Responsibility Disclosure (CSR)

Besides financial information, investors also increasingly consider non-financial information in making investment decisions. One important form of non-financial information is Corporate Social Responsibility Disclosure (CSR), which reflects a company's transparency and responsibility regarding social and environmental activities.

Stakeholder theory explains that companies are expected to maintain good relationships with stakeholders, including investors, governments, communities, and environmental groups. Through broader sustainability disclosure, companies can demonstrate their commitment to responsible and sustainable business practices. This disclosure may

improve investor trust, reduce information asymmetry, and strengthen company credibility.

In the energy sector, sustainability disclosure becomes more important because energy companies are closely related to environmental and social issues such as carbon emissions, environmental damage, and resource exploitation. Investors may perceive companies with good profitability and broader sustainability disclosure as more responsible and sustainable, which can lead to more positive market responses.

Several previous studies support the moderating role of CSR. Hapsoro *et al.* (2020) [6], Mansyur & Nurmuin (2022) [9], and Nurfadila (2020) [10] found that CSR disclosure strengthens the relationship between financial performance and stock returns. However, other studies such as Sowandito *et al.* (2023) [13] found that CSR disclosure does not significantly moderate the relationship. These inconsistent findings suggest that the effectiveness of CSR as a moderating variable may depend on industry characteristics, market conditions, ESG awareness, and research periods.

Based on stakeholder theory and previous empirical findings, this study proposes the following hypothesis:

H2: Corporate Social Responsibility Disclosure strengthens the positive effect of financial performance on stock returns.

Research Method

Research Design

This study uses a quantitative research approach to examine the effect of financial performance on stock returns and the moderating role of Corporate Social Responsibility Disclosure (CSR). A quantitative approach is used because the variables in this study are measured numerically and analyzed statistically to test the proposed hypotheses (Sugiyono, 2023).

The study uses secondary data obtained from annual reports, financial statements, sustainability reports, and stock price data of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period.

Population and Sample

The population of this study consists of energy sector companies listed on the Indonesia Stock Exchange during 2022–2024. The energy sector was selected because companies in this sector are closely related to environmental and social issues, making sustainability disclosure more relevant for investors and stakeholders. In addition, energy companies are highly affected by commodity price fluctuations, government regulations, and global economic conditions, which may influence both financial performance and stock return movements.

The sample was selected using purposive sampling based on the following criteria:

1. Energy sector companies listed on the Indonesia Stock Exchange during 2022–2024.
2. Companies that published complete annual reports and financial statements during the observation period.
3. Companies that disclosed Corporate Social Responsibility information based on GRI Standards 2021.

After excluding incomplete and outlier data, the final sample consisted of 73 firm-year observations.

Variable Measurement

Stock Return

Stock return is used as the dependent variable in this study. Stock return reflects the return obtained by investors from stock ownership during a certain period and represents market responses toward company performance and disclosed information (Hapsoro *et al.*, 2020)^[6].

Stock return is calculated using the capital gain formula as follows:

$$\text{Stock Return} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

where P_t represents the stock price in period t , while P_{t-1} represents the stock price in the previous period.

Financial Performance

Financial performance is the independent variable in this study and is measured using Return on Equity (ROE). ROE reflects the company's ability to generate net income from shareholders' equity and is commonly used as an indicator of profitability (Hapsoro *et al.*, 2020)^[6].

The ROE formula is expressed as follows:

$$\text{ROE } t-1 = \frac{\text{Net Income } t-1}{\text{Total Equity } t-1}$$

This study applies a time-lag approach, where financial performance in period $t - 1$ is expected to influence stock returns in period t .

Corporate Social Responsibility Disclosure (CSRSD)

Corporate Social Responsibility Disclosure (CSRSD) is used as the moderating variable in this study. CSRSD reflects the extent to which companies disclose information related to social and environmental responsibilities within sustainability reporting practices (Global Reporting Initiative, 2021).

CSRSD is measured using the Corporate Social Responsibility Disclosure Index (CSRDI) based on GRI Standards 2021. The measurement uses a dichotomous scoring approach, where disclosed items are given a score of 1 and undisclosed items are given a score of 0.

The CSRDI formula is expressed as follows:

$$\text{CSRDI } t-1 = \frac{\sum \text{Item CSRSD } t-1}{117 \text{ indicators } t-1}$$

The CSRDI value ranges from 0 to 1, where a higher value indicates broader sustainability disclosure.

Data Collection Method

Data in this study were collected using documentation and literature study methods. Financial statements, annual reports, sustainability reports, and stock price data were obtained from the official Indonesia Stock Exchange (IDX) website and the official websites of each company. Sustainability reports and annual reports were used to measure Corporate Social Responsibility Disclosure (CSRSD).

Data Analysis Technique

The hypotheses in this study were tested using Moderated Regression Analysis (MRA) with the assistance of SPSS statistical software. Before conducting hypothesis testing, classical assumption tests were performed, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to ensure that the regression model fulfilled the BLUE (Best Linear Unbiased Estimator) criteria (Ghozali, 2021)^[5].

The moderated regression model is formulated as follows:
 Stock Return = $\alpha + \beta_1\text{ROE} + \beta_2\text{CSRSD} + \beta_3(\text{ROE} \times \text{CSRSD}) + \varepsilon$

where:

α = constant,

β = regression coefficients, and ε = error term.

The significance of the interaction coefficient ($\text{ROE} \times \text{CSRSD}$) indicates whether CSRSD moderates the relationship between financial performance and stock returns. Hypothesis testing was conducted using a significance level of 5% (0.05).

Results And Discussion

Sample Selection

This study examines energy sector companies listed on the Indonesia Stock Exchange during 2022–2024. The sample was selected using purposive sampling based on the availability of annual reports, financial statements, and sustainability disclosures under GRI Standards 2021.

Initially, 90 firm-year observations met the sampling criteria. However, after outlier testing using the z-score method, 17 observations were removed, resulting in a final sample of 73 firm-year observations.

The limited number of companies disclosing sustainability information based on GRI Standards 2021 indicates that not all Indonesian energy companies have fully implemented comprehensive sustainability reporting practices.

Descriptive Statistics

Descriptive statistics were conducted to provide an overview of the characteristics and distribution of the research variables, including stock return, financial performance, and Corporate Social Responsibility Disclosure (CSRSD).

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev.
Stock Return	73	-0.88	0.88	-0.0090	0.35151
ROE	73	-0.25	1.25	0.1468	0.19364
CSRSD	73	0.22	0.97	0.5763	0.21720
Valid N (listwise)	73				

The descriptive statistics show that stock returns have a minimum value of -0.88 and a maximum value of 0.88, with an average of -0.0090 and a standard deviation of 0.35151. The relatively high standard deviation indicates fluctuating stock returns among energy companies during the observation period.

Financial performance measured by Return on Equity (ROE) has a minimum value of -0.25 and a maximum value of 1.25, with an average of 0.1468 and a standard deviation of 0.19364. Negative ROE values indicate that several

companies experienced losses, while the variation reflects differences in profitability among firms.

Meanwhile, CSRD has a minimum value of 0.22 and a maximum value of 0.97, with an average of 0.5763 and a standard deviation of 0.21720. The lower standard deviation compared to the mean suggests that sustainability disclosure among companies tends to be relatively stable.

Classical Assumption Tests

Before testing the hypotheses, classical assumption tests were conducted to ensure that the regression model met the BLUE (Best Linear Unbiased Estimator) criteria. The tests included normality, multicollinearity, autocorrelation, and heteroscedasticity tests.

Normality Test

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residual		
N		73
Normal Parameters ^{a,b}	Mean	0.000000
	Std. Deviation	0.32651779
Most Extreme Differences	Absolute	0.077
	Positive	0.077
	Negative	-0.076
Test Statistic		0.077
Asymp. Sig. (2-tailed) ^c		.200 ^d

The normality test was conducted using the One-Sample Kolmogorov–Smirnov Test. The test produced an Asymp. Sig. value of 0.200, which is greater than 0.05. This result indicates that the residual data are normally distributed after the removal of outlier data.

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1	ROE	0.853
	CSRD	0.853

The multicollinearity test shows tolerance values of 0.853 and VIF values of 1.173 for both ROE and CSRD variables. Since the tolerance values are above 0.10 and the VIF values are below 10, the regression model does not have multicollinearity problems.

Autocorrelation Test

Unstandardized Residual	
Test Value ^a	-0.01981
Cases < Test Value	36
Cases >= Test Value	37
Total Cases	73
Number of Runs	40
Z	0.591
Asymp. Sig. (2-tailed)	0.554

The autocorrelation test was conducted using the Runs Test. The result shows an Asymp. Sig. value of 0.554, which is greater than 0.05. This indicates that there is no autocorrelation problem in the regression model.

Heteroscedasticity Test

		ROE	CSRD	Residual
ROE	Sig. (2-tailed)		0.001	0.547
CSRD	Sig. (2-tailed)	0.001		0.781

The heteroscedasticity test was conducted using Spearman’s rho. The significance values for all independent variables are above 0.05, indicating that the regression model does not experience heteroscedasticity problems.

Overall, the classical assumption test results indicate that the regression model is appropriate for further analysis using Moderated Regression Analysis (MRA).

Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA) was used to examine the effect of financial performance on stock returns and the moderating role of Corporate Social Responsibility Disclosure (CSRD).

Variable	B	Std. Err.	Beta	t	Sig.
Constant	-0.289	0.131		-2.200	0.031
ROE	-0.169	0.744	-0.093	-0.228	0.821
CSRD	0.624	0.222	0.386	2.808	0.006
ROE x CSRD	-0.548	0.958	-0.249	-0.572	0.569

The regression equation is presented as follows:

$$\text{Stock Return} = -0,289 - 0,169 \text{ ROE} + 0,624 \text{ CSRD} - 0,548 (\text{ROE} \times \text{CSRD}) + \varepsilon$$

The regression results show that ROE has a coefficient value of -0.169 with a significance value of 0.821, indicating that financial performance does not significantly affect stock returns. Meanwhile, CSRD has a positive coefficient value of 0.624 with a significance value of 0.006, indicating that sustainability disclosure positively affects stock returns.

In contrast, the interaction variable between ROE and CSRD has a significance value of 0.569, which indicates that CSRD does not moderate the relationship between financial performance and stock returns.

Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.376 ^a	0.141	0.104	0.33275

The coefficient of determination test shows an Adjusted R Square value of 0.104. This result indicates that financial performance, CSRD, and the interaction variable are able to explain 10.4% of the variation in stock returns. Meanwhile, the remaining 89.6% is explained by other factors outside the research model, such as macroeconomic conditions, commodity price fluctuations, government regulations, and market sentiment.

Although the explanatory power of the model is relatively low, this condition is common in capital market studies because stock returns are influenced by many dynamic internal and external factors.

Hypothesis Testing

F-Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.256	3	0.419	3.782	.014 ^b
Residual	7.640	69	0.111		
Total	8.896	72			

The F-test result shows a significance value of 0.014, which is below 0.05. This result indicates that the regression model is statistically significant and suitable for explaining stock returns simultaneously.

t-Test

Variable	B	Std. Err.	Beta	t	Sig.
Constant	-0.289	0.131		-2.200	0.031
ROE	-0.169	0.744	-0.093	-0.228	0.821
CSRD	0.624	0.222	0.386	2.808	0.006
ROE x CSRD	-0.548	0.958	-0.249	-0.572	0.569

The t-test results show that ROE does not significantly affect stock returns because the significance value of 0.821 is higher than 0.05. Therefore, the first hypothesis is rejected. This finding indicates that investors in the Indonesian energy sector may not rely only on profitability information when making investment decisions.

One possible reason is that the energy sector is highly influenced by external factors such as commodity price fluctuations, government policies, and global economic conditions. As a result, company profitability alone may not be strong enough to explain stock return movements. In addition, the high volatility of stock returns in the energy sector may weaken the role of ROE as a signal for investors. This finding is consistent with Firman and Rialdy (2024) [3], Sowandito *et al.* (2023) [13], and Mansyur and Nurmuin (2022) [9], which found that profitability does not always significantly affect stock returns. However, this result differs from Hapsoro *et al.* (2020) [6], who found that ROE positively affects stock returns. These differences may be caused by variations in industry characteristics, observation periods, and market conditions.

Meanwhile, CSRD has a positive and significant effect on stock returns, as shown by the significance value of 0.006. This finding indicates that investors increasingly pay attention to sustainability disclosure and company transparency when evaluating company prospects. Companies with broader sustainability disclosure are generally viewed as more responsible and sustainable, which may lead to more positive investor responses.

However, the interaction variable between ROE and CSRD has a significance value of 0.569, which means that CSRD does not moderate the relationship between financial performance and stock returns. Therefore, the second hypothesis is rejected.

This result suggests that investors tend to evaluate sustainability disclosure as an independent source of information rather than as a factor that strengthens the effect of profitability on stock returns. In other words, CSRD may directly influence investor perceptions, but it does not necessarily strengthen the relationship between ROE and stock returns.

This finding is consistent with Sowandito *et al.* (2023) [13] and Mansyur and Nurmuin (2022) [9], which found that CSR disclosure does not significantly moderate the relationship between financial performance and stock returns. However, this result differs from Hapsoro *et al.* (2020) [6], who found that CSRD strengthens the relationship between profitability and stock returns. These differences may be influenced by variations in industry characteristics, sustainability reporting practices, and market conditions during the observation period.

Conclusion

This study examines the effect of financial performance on stock returns and the moderating role of Corporate Social Responsibility Disclosure (CSRD) in energy sector companies listed on the Indonesia Stock Exchange during 2022–2024.

Based on the research results, several conclusions can be drawn. First, financial performance measured by Return on Equity (ROE) does not significantly affect stock returns. This finding indicates that profitability is not the main factor considered by investors in evaluating energy sector companies. Investors may also consider other factors such as market conditions, commodity price fluctuations, sustainability issues, and non-financial information when making investment decisions.

Second, Corporate Social Responsibility Disclosure (CSRD) is not proven to moderate the relationship between financial performance and stock returns. This result indicates that sustainability disclosure does not strengthen the effect of profitability on stock returns. Investors may view sustainability disclosure as separate information rather than as a factor that increases the relevance of financial performance.

Third, CSRD has a positive and significant direct effect on stock returns. This finding shows that investors respond positively to companies with broader sustainability disclosure and better transparency regarding social and environmental responsibility. Therefore, sustainability disclosure has become an important non-financial consideration in investment evaluation, especially in the energy sector.

The relatively low Adjusted R Square value indicates that stock returns are influenced by many other factors outside the research model, such as macroeconomic conditions, commodity price changes, government regulations, and market sentiment. Even so, this study contributes to the literature by providing empirical evidence regarding the role of sustainability disclosure in Indonesian energy companies under the GRI Standards 2021 framework during the post-pandemic period.

Overall, the findings suggest that investors in the Indonesian energy sector increasingly pay attention to sustainability disclosure and other non-financial information, rather than relying only on profitability indicators in making investment decisions.

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