Sustainability Reporting as a Moderator in the Relationship Between Financial Performance and Stock Prices: An Empirical Analysis

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ABSTRACT

Stock price fluctuations are inherently unpredictable and can occur at any time. In response to this volatility, the present study examines the influence of Net Profit Margin, Return on Assets, and Firm Size on Stock Prices, with Sustainability Reporting serving as a moderating variable. A quantitative research design is employed, focusing on financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. Using purposive sampling, a total of 16 companies were selected, resulting in 64 observations. The data analysis is conducted through moderation regression analysis, utilizing the E-Views version 12 software. The empirical results reveal that Net Profit Margin has a positive and significant effect on stock prices, whereas Return on Assets exhibits a negative influence. Firm Size does not demonstrate a statistically significant impact on stock prices. Moreover, the findings indicate that Sustainability Reporting strengthens the relationship between Net Profit Margin and stock prices. These results suggest that the disclosure of sustainability information can influence investment decision-making, offering insights that extend beyond traditional financial performance metrics.

Keywords: Stock Price; Net Profit Margin; Return on Asset; Sustainability Report; Company Size

Sustainability Report sebagai Moderasi dalam Hubungan Antara Kinerja Keuangan dan Harga Saham: Analisis Empiris

ABSTRAK

Fluktuasi harga saham pada dasarnya tidak dapat diprediksi dan dapat terjadi kapan saja. Menanggapi volatilitas ini, penelitian ini meneliti pengaruh Net Profit Margin, Return on Asset, dan Ukuran Perusahaan terhadap Harga Saham, dengan Sustainability Report sebagai variabel moderasi. Desain penelitian yang digunakan adalah kuantitatif, dengan fokus pada perusahaan sektor keuangan yang terdaftar di Bursa Efek Indonesia (BEI) dari tahun 2020 hingga 2023. Dengan menggunakan purposive sampling, total 16 perusahaan dipilih, menghasilkan 64 observasi. Analisis data dilakukan melalui analisis regresi moderasi, dengan menggunakan perangkat lunak E-Views versi 12. Hasil empiris mengungkapkan bahwa Net Profit Margin memiliki efek positif dan signifikan terhadap harga saham, sedangkan Return on Asset menunjukkan pengaruh negatif. Ukuran Perusahaan tidak menunjukkan dampak yang signifikan secara statistik terhadap harga saham. Selain itu, temuan menunjukkan bahwa Sustainability Report memperkuat hubungan antara Net Profit Margin dan harga saham. Hasil ini menunjukkan bahwa pengungkapan informasi keberlanjutan dapat memengaruhi pengambilan keputusan investasi, menawarkan wawasan yang melampaui metrik kinerja keuangan tradisional.

Kata Kunci: Harga Saham; Net Profit Margin; Return on Asset; Sustainability Report; Ukuran Perusahaan

Artikel dapat diakses : https://ojs.unud.ac.id/index.php/Akuntansi/index

INTRODUCTION

The development of the Indonesian economy has intensified competition among companies (Bustani et al., 2021). Heightened competition can significantly influence stock prices, as firms vie for market dominance (Sussanto & Nurliana, 2009). Stock price changes occur unpredictably and at any time (Rosyida et al., 2020), creating both substantial profit opportunities and considerable risks for investors (Oktavia, 2017). The resulting volatility increases uncertainty, making it more difficult for investors to accurately assess the future performance of their investments (Utami Putri & Kurniati, 2023). In response to this uncertainty, investors have become increasingly motivated to deepen their understanding of financial analysis (Hisam, 2024).

Prior research identifies several key factors influencing stock prices, including Net Profit Margin, Return on Assets (ROA), Firm Size, and Sustainability Reporting (Wardhana et al., 2024; Karlina & Hamdani, 2024; Thika Tri Aprilia & Susi Sarumpaet, 2023). Net Profit Margin is particularly important to investors as it indicates a company's profitability relative to its revenues. Higher net profit margins are generally associated with stronger financial health and greater investor confidence, which in turn positively influence stock prices (Mohamad Rafki Nazar & Mawarni, 2023). ROA measures a company's efficiency in utilizing its assets to generate earnings and has been shown to have a significant positive effect on stock price movements (Mohamad Rafki Nazar & Mawarni, 2023). Additionally, larger firms typically demonstrate more stable revenues (Apriliana & Krisnawati, 2024), which can enhance investor confidence and increase demand for their shares (Yusmaniarti et al., 2023).

The disclosure of sustainability reports also plays an increasingly critical role. Effective sustainability reporting, as part of good corporate governance practices, enhances a company's public image and stakeholder trust (Vishnuputri et al., 2019). By demonstrating a commitment to environmental and social issues, companies can build a positive reputation that attracts greater investor interest (Jao et al., 2020).

The financial sector was selected as the focus of this study because its markets are generally more informative than those of other sectors, meaning that stock prices in this sector better reflect publicly available information (Bai et al., 2012). Sustainability reports, especially in the financial sector, offer essential insights into a company's environmental, social, and governance (ESG) practices, which can significantly influence investor perceptions. Firms that provide transparent and comprehensive sustainability reports tend to exhibit better stock performance, as market reactions to such disclosures can meaningfully affect stock valuations (Du et al., 2017). Information asymmetry among market participants can further amplify the impact of sustainability reporting on investment decisions and stock price movements (Kurniawati, 2021).

Moreover, the financial sector plays a critical role in driving economic growth, underscoring the importance of understanding the relationship between financial sector development and broader economic expansion in Indonesia (Indrakusuma, 2020). Innovations in financial technology also continue to reshape how investors engage with markets, introducing new dynamics that can influence stock price behavior (Bussoli et al., 2023).
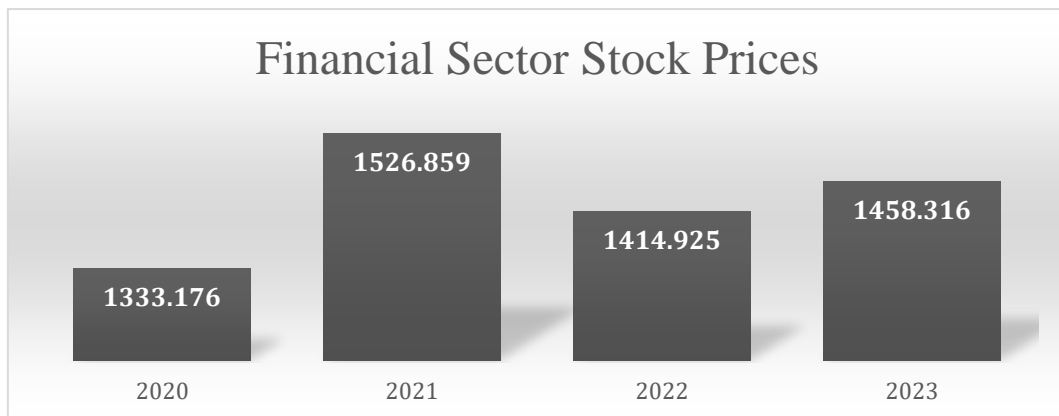
Figure 1. Financial Sector Stock Prices

Source: www.idx.co.id, 2025

Beyond the financial sector, the novelty of this study lies in its research period, specifically from 2020 to 2023. This timeframe captures the profound economic and financial disruptions caused by the COVID-19 pandemic, which began in 2020. Understanding the long-term impacts of the pandemic on the financial sector offers valuable insights into how companies adapt and survive under extraordinary conditions (Sharda, 2020). Investment decision-making has also evolved, no longer relying solely on traditional fundamental analysis. Increasingly, investors are considering broader factors, including sustainability aspects encompassing social, economic, environmental, legal, and governance dimensions (Nanda & Hayati, 2021; Hapsoro & Husain, 2019). In line with the goals of sustainable development, companies are expected to fulfill their responsibilities across these pillars, typically documented through sustainability reports.

Sustainability reporting is regarded as an essential expression of corporate responsibility, transparency, and accountability toward stakeholders (Asrori et al., 2019). It is also associated with improvements in corporate performance (Zhao et al., 2018). Firms that prioritize sustainability practices are more likely to achieve stronger long-term financial outcomes (Hamad & Cek, 2023). Enhanced sustainability disclosure provides additional non-financial information that can be reflected in stock prices (Grewal et al., 2021). Studies show that over 50% of investors and managers incorporate sustainability considerations to secure long-term benefits and bolster corporate reputation (Berg et al., 2022).

As sustainability disclosure increasingly becomes a critical indicator of corporate performance, sustainability reports have transitioned from being mere "additions" to becoming key sources of information for investment analysis (Malik & Kashiramka, 2024). The value of sustainable business information in investment decision-making is now widely recognized (Ito et al., 2019). Data suggest that 80% of companies implementing sustainability disclosures experience improved stock performance, which in turn attracts more investors (Al Faruq, 2021). Moreover, approximately 70% of investors are reported to make decisions based on sustainable investment criteria (Boffo, R, 2020).

Despite this growing importance, the level of sustainability disclosure in Indonesia remains moderate. Companies often focus more heavily on the economic dimension, while the environmental, social, and governance aspects receive comparatively less attention (Alfarisa, 2023). Nonetheless, research by Nanda & Hayati (2021) and Shahara & Fitri (2022) demonstrates that environmental and social disclosures have a significant effect on stock prices. In contrast, other studies (Yousefinejad et al., 2022; Akadiati, 2023) suggest that sustainability reports do not significantly impact stock prices, highlighting ongoing inconsistencies in empirical findings.

Previous studies investigating the relationship between financial performance, sustainability reporting, and stock prices have produced mixed results. Evidence suggests that when companies exhibit strong financial performance, the presence of sustainability reporting tends to positively correlate with stock price increases. This relationship is particularly salient for industries such as palm oil, where sustainability factors play a critical role. Given these inconsistencies and sector-specific considerations, further research is warranted, particularly studies that extend the research period, include sustainability reports as a moderating variable, and employ consistent measures.

Accordingly, the objective of this study is to analyze how financial performance indicators and firm size affect stock prices, while also examining the moderating role of sustainability reporting. Specifically, the study focuses on the effects of Net Profit Margin, Return on Assets, and Firm Size on stock prices, and investigates how sustainability reporting may strengthen these relationships.

This study is grounded in signaling theory, which posits that companies send signals to the market to reduce information asymmetry between firms and investors (Spence, 1973). Financial performance, such as Net Profit Margin, serves as a relevant signal, reflecting a firm's efficiency in generating net profit relative to its revenue. According to Kasmir (as cited in Sulistiawati et al., 2023), an increase in Net Profit Margin signals improved corporate prospects, encouraging investors to purchase shares at higher prices. Empirical evidence from studies by Prasetyo et al. (2021), Wardhana et al. (2024), and Fayanni & Soetedjo (2020) supports this view, demonstrating that higher Net Profit Margins are positively and significantly associated with stock price increases.

H_1: Net Profit Margin has a positive effect on stock prices.

Signaling theory also explains behavior under conditions of asymmetric information, where companies that possess favorable internal conditions send positive signals to investors (Lukman & Tanuwijaya, 2021). Return on Assets (ROA) reflects a firm's ability to efficiently manage its assets to generate profits (Zutter & Smart, 2019). Hanafi, as cited in Stephen Harlan & Henryanto Wijaya (2022), asserts that a high ROA indicates effective asset utilization, which can enhance investor confidence and ultimately drive stock prices upward. Studies conducted by Mohamad Rafki Nazar & Mawarni (2023), Nurkhasanah et al. (2025), and Sukesti et al. (2021) consistently demonstrate a positive relationship between ROA and stock prices among companies listed on the Indonesia Stock Exchange. Companies with higher ROA ratios are perceived as more attractive investment opportunities, given their ability to generate greater returns from their asset base.

H_2: Return on Assets has a positive effect on stock prices.

Signaling theory posits that high-quality companies intentionally send signals to the market to differentiate themselves from lower-quality firms (Thika Tri Aprilia & Susi Sarumpaet, 2023). Larger companies generally have easier access to capital markets and greater flexibility in securing funding, which increases investor demand for their shares. According to the law of supply and demand, increased demand for shares will push stock prices higher (Rosyida et al., 2020). Empirical evidence from studies by Wardhana et al. (2024), Chikita & Kartika (2023), Susila et al. (2020) supports the notion that firm size positively influences stock prices. Firms with substantial assets are perceived as more stable and possessing better future prospects, leading to lower investment risk and stronger investor appeal (Pradanimas & Sucipto, 2022).

H_3: Company size has a positive effect on stock prices.

According to signaling theory (Spence, 1973), companies communicate their internal conditions to investors by providing relevant information, typically derived from carefully prepared financial reports. These reports not only serve as indicators for investment decisions but also demonstrate a company's commitment to meeting stakeholder interests. Empirical studies by Luthfiyaningtyas and Widyawati (2022) find that Net Profit Margin (NPM), Return on Assets (ROA), and firm size significantly influence stock prices. Similarly, research by Wardhana et al. (2024) and Maryoso and Sari (2022) confirms the significant effects of financial performance indicators such as NPM and ROA on stock prices.

H_4: Net Profit Margin, Return on Assets, and Company Size have a positive effect on stock prices.

Beyond financial metrics, signaling theory also encompasses non-financial information, such as sustainability reporting (Spence, 1973). In line with legitimacy theory (Deegan & Gordon, 1996), companies are expected to fulfill societal expectations, which are closely linked to corporate social responsibility. Sustainability reports serve as important signals that can enhance investor trust by demonstrating efficient asset and social relationship management, ultimately influencing financial performance indicators such as NPM (Rosilawati & Nawirah, 2024).

Sustainability reports can moderate the relationship between NPM and stock prices by bolstering investor confidence, reducing perceived risk, and strengthening corporate reputation. Studies by Whetman (2017) and (Latifah (2017) find that sustainability disclosures positively impact NPM, suggesting that sustainability reports act as effective moderating variables. When a firm exhibits strong NPM alongside robust sustainability disclosure, the positive effect on stock prices is amplified. Further, Yousefinejad et al. (2022) demonstrate that sustainability reporting strengthens the link between financial performance and stock prices, contributing to enhanced corporate value.

H_5: Sustainability reporting moderates the effect of Net Profit Margin on stock prices.

Signaling theory (Spence, 1973) further suggests that companies with high ROA send strong positive signals to investors regarding their efficiency in asset utilization. Publishing sustainability reports reinforces this positive signal by showcasing a firm's commitment to sustainable business practices. According to

legitimacy theory (Deegan & Gordon, 1996), firms seek to secure legitimacy from stakeholders, and transparent sustainability reporting can enhance their reputation and investor trust. Empirical research by Safitri (2015), Suaidah (2020), and Putra and Subroto (2022) supports the finding that sustainability reporting strengthens the positive association between ROA and stock prices. Consistent with this, Yousefinejad et al. (2022) also find that sustainability disclosures enhance the relationship between financial performance and stock prices.

H_6: Sustainability reporting moderates the effect of Return on Assets on stock prices.

Similarly, signaling theory suggests that firm size can serve as a signal to investors regarding corporate stability and growth potential (Spence, 1973). Larger companies are generally perceived as more capable of maintaining consistent profitability, thereby attracting greater investor interest. When these companies also publish sustainability reports, they send an additional signal reflecting a commitment to social and environmental responsibility, further enhancing their attractiveness to investors. Legitimacy theory (Deegan & Gordon, 1996) underscores the importance of such disclosures in maintaining stakeholder approval.

Large firms are often associated with market power and sustainability (Wiralestari, 2019), and sustainability reporting can further reinforce their legitimacy and reputation (Diantimala, 2018). Research by (Yousefinejad et al. (2022) and Fadillah and Susilowati (2023) indicates that sustainability reporting can strengthen the relationship between firm size and stock prices.

H_7: Sustainability reporting moderates the effect of Company Size on stock prices.
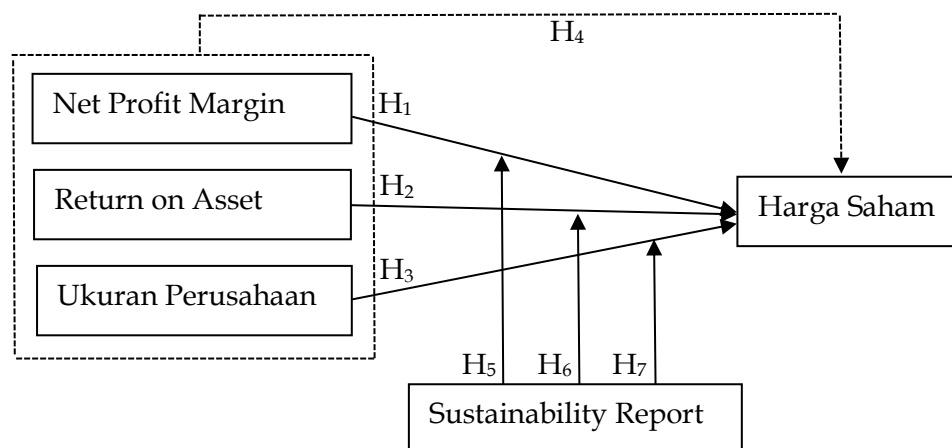
Figure 2. Research Model

Source: Research Data, 2025

RESEARCH METHODS

This study employs a quantitative research approach with a causal research design, aiming to examine the influence of independent and moderating variables on the dependent variable. The research focuses on financial sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2023. A purposive sampling technique was utilized, with selection criteria requiring

companies to have consistently published both annual reports and sustainability reports throughout the study period.

To ensure the quality and credibility of the sustainability reports analyzed, the study requires that these reports adhere to internationally recognized standards. Among the various institutions setting such standards, the Global Reporting Initiative (GRI) is one of the most widely adopted frameworks globally. GRI, a non-profit organization established in 1997, develops comprehensive standards for corporate sustainability reporting, covering economic, environmental, and social indicators. According to KPMG (2022), approximately 78% of the world's largest companies, known as the G250, have adopted GRI standards in the preparation of their sustainability reports. This widespread adoption underscores the GRI's reputation as a leading authority in the development of high-quality, globally recognized sustainability reporting standards.

Table 1. Sample Selection Results

No	Sample Criteria	Amount
1	Population Size	104
2	Companies that do not publish annual reports and *sustainability reports* in 2020-2023	(88)
	Number of company samples	16
	Research year	4
	Data Observation	64

Source: Research Data, 2025

During the period from 2020 to 2023, there were 104 financial sector companies listed on the Indonesia Stock Exchange (IDX), but only 16 companies consistently published both annual reports and sustainability reports throughout the entire period. These 16 companies form the sample for this study.

This study measures the relationship between independent and dependent variables, incorporating a moderating variable to assess its influence. The operational definitions and measurements of the variables used in this research are detailed below.

Stock price serves as the dependent variable. It is widely regarded as a reflection of a company's financial performance and overall market valuation, where a higher stock price indicates a stronger company valuation and vice versa (Firmansyah & Maharani, 2021). In this study, the stock price is measured by the closing price at the end of each year:

Stock price is the dependent variable of this study. Stock price is a reflection of the company's financial performance which functions to determine the value of the company. The higher the stock price indicates that the company's value is better and vice versa. In this study, the stock price used is the closing stock price ……………………………………………………………………………………...(1)

Net Profit Margin (NPM) is an independent variable that reflects the ratio of net income after tax to total sales. This metric measures a company's efficiency in converting sales into net income (Seviani & Budiwinarto, 2021), and is calculated as:

$$NPM = \frac{Laba\ Bersih}{Penjualan} \text{...(2)}$$

Return on Assets (ROA) evaluates the profitability of a company's total assets in generating net income. A higher ROA indicates more efficient use of assets and is typically associated with a positive impact on stock prices, making the firm more attractive to investors (Mohamad Rafki Nazar & Mawarni, 2023). ROA is calculated as:

$$ROA = \frac{Laba\ Bersih}{Total\ Aset} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (3)$$

Firm Size (SIZE) is another independent variable. Larger firms tend to experience more stable profits, which enhances their attractiveness to investors. As investor confidence increases, so does the demand for shares, ultimately boosting stock prices and company value (Yusmaniarti et al., 2023). Firm size is measured using the natural logarithm of total assets:

$$SIZE = Ln(Total\ Assets) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (4)$$

The moderating variable in this study is Sustainability Reporting, measured using the Sustainability Report Disclosure Index (SRDi) based on the GRI-G4 standards (Hardi, 2019).The GRI-G4 framework outlines 91 indicators categorized into three areas: nine economic indicators, 48 social indicators, and 34 environmental indicators. SRDi evaluates how comprehensively a company discloses its economic, environmental, and social impacts to stakeholders, and is calculated as:

$$SRDi = \frac{Total\ Indikator\ Diungkapkan}{Total\ Indikator\ Sesuai\ GRI-G4} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (5)$$

Data analysis for this study is conducted using EViews version 12. The analysis employs panel data regression to explore the effects of the independent variables on the dependent variable, both individually and collectively. The analytical process includes descriptive statistics, panel data regression model estimation, model selection, multiple linear regression testing, hypothesis testing, and Moderated Regression Analysis (MRA) testing. The multiple linear regression model is applied to examine the influence of Net Profit Margin, Return on Assets, and Firm Size on stock prices, with Sustainability Reporting acting as a moderating variable. The panel regression model is formulated as follows:

Model 1

Y = α+β1X1it+ β2X2it+ β3X3it + β4X1...(6)

Where:

Yit = Stock Price
A = Constant
β1-3 = Regression Coefficient
X1 = Net Profit Margin
X2 = Return on Asset
X3 = Company Size
E = Standard Error
I = Company Data
T = Time Period Data

The panel regression model to test the impact of *net profit margin, return on assets*, and company size through *sustainability reports* as moderating variables on stock prices is formulated as follows:

Model 2

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(7)$$

Where:

Y = Stock Price
A = Constant
β1-6 = Regression Coefficient
X1 = Net Profit Margin
X2 = Return on Asset
X3 = Company size
Z = Sustainability Report
X1Z = Interaction between net profit margin and sustainability report
X2Z = Interaction between return on assets and sustainability report
X3Z = Interaction between company size and sustainability report
E = Standard Error
I = Company sample data
T = Time period data

RESULTS AND DISCUSSION

Descriptive statistics refer to statistical analysis techniques used to organize, summarize, and present data systematically. This method structures data into a more interpretable format, offering a detailed overview of the characteristics of the data distribution and highlighting trends and variations within the dataset. Key indicators generated through descriptive statistics include measures such as the mean, standard deviation, maximum, and minimum values. In this study, descriptive statistical information is summarized and presented in the following table.

Table 2. Descriptive Statistics

	N	Mean	Min	Max	Std. Dev.
Net Profit Margin (NPM)	64	2.943	0.100	50.800	6.233
Return on Assets (ROA)	64	2.330	0.007	5.600	1.365
Company Size (SIZE)	64	33.320	30.400	37.340	1.584
Stock Price (HS)	64	3,655.422	69.000	33,850.000	4,716.639
Sustainability Report (SRDi)	64	0.304	0.100	0.700	0.138

Source: Research Data, 2025

Table 2 presents the descriptive statistics, summarizing the average, maximum, minimum, and standard deviation values for the variables used in this study. The profitability variable, measured by Net Profit Margin (NPM), across a sample of 16 financial sector companies from 2020 to 2023, shows a considerable range of variation. The maximum recorded NPM was 50.800, while the minimum was 0.100. The average NPM over the study period was 2.943, reflecting the companies' ability to convert sales into net profit. A standard deviation of 6.233 suggests a relatively high dispersion of NPM values among the sampled companies.

Similarly, the profitability variable measured by Return on Assets (ROA) exhibited variation across the same sample and period. The highest ROA recorded was 5.600, with a minimum value of 0.007. The mean ROA was 2.330, indicating the companies' efficiency in generating profit from their asset base. The standard

deviation of 1.365 points to a moderate distribution of ROA values among the sample.

Firm size, operationalized as SIZE and measured as the natural logarithm of total assets, also displayed variation among the sample companies. The maximum firm size value was 37.340, and the minimum was 30.400. The mean firm size was 33.320, suggesting the average scale of assets managed by these companies during the period. The standard deviation of 1.584 indicates a moderate spread in firm size across the sample.

The dependent variable, stock price, measured using the closing price, also revealed significant variability. The highest closing price recorded was 33,850, while the lowest was 69.000. The mean closing price was 3,655, with a standard deviation of 4,716, suggesting substantial fluctuations in stock prices over the study period.

The moderating variable, sustainability reporting, measured using the Sustainability Report Disclosure Index (SRDi), showed a maximum SRDi value of 0.700 and a minimum of 0.100. The average SRDi was 0.303, indicating that, overall, the level of sustainability disclosure among financial sector companies during 2020–2023 remained relatively low to moderate. The standard deviation of 0.138 reflects a moderate degree of variation in sustainability reporting practices across the sample.

Table 3. Results of Panel Data Regression Model Selection

Model Specification	Statistics	P-Value	Model
Chow Test	Chi-square Prob	0.000	FEM
Hausman test	Random cross-section probe Cross-	0.095	REM
LM Test	section Prob	0.000	REM

Source: Research Data, 2025

In panel data estimation, three modeling approaches are commonly employed: the Common Effect Model (CEM), the Random Effect Model (REM), and the Fixed Effect Model (FEM). To determine the most appropriate model, the Chow test, Hausman test, and Lagrange Multiplier (LM) test are typically utilized.

Table 3 presents the results of the model selection tests. The Chow test yields a Chi-Square probability value of 0.000, which is below the 0.05 significance threshold, indicating that the Fixed Effect Model is preferred. However, the Hausman test shows a random cross-sectional probability value of 0.095, exceeding the 0.05 threshold. This suggests that, according to the Hausman test, the Random Effect Model is more appropriate. Further, the LM test results in a probability value of 0.000, which is below 0.05, again favoring the Random Effect Model.

Based on these findings, the Random Effect Model was selected twice during the model evaluation process, providing strong justification for adopting it as the most appropriate estimation model for this study.

Table 4. Results of Regression Analysis

Variables	Coefficient	Std. Error	Prob.
C	-2,833.000	5,830.000	0.628
NPM	555.300	30.130	0.000
ROA	-357.700	159.000	0.028
SIZE	174.600	175.000	0.322
R-squared		0.858	
Prob(F-statistic)		0.000	

Source: Researcher Data, 2025

The coefficient of determination test is conducted to assess the extent to which the independent variables explain variations in the dependent variable. This test uses the R-squared (R^2) statistic, which measures the proportion of the variance in the dependent variable that is predictable from the independent variables (Basuki & Prawoto, 2019). As shown in Table 4, the R-squared value is 0.858, indicating that Net Profit Margin (NPM), Return on Assets (ROA), and Firm Size collectively explain 85.79% of the variation in stock prices. The remaining 14.21% is attributed to other factors not included in the model.

Table 4 also shows that the Net Profit Margin variable has a positive and significant effect on stock prices, as evidenced by the probability value being below the 5% significance threshold. Thus, Hypothesis 1 (H_1) is supported. This finding confirms that an increase in net profit margin is associated with an increase in stock prices. In line with signaling theory, a high net profit margin acts as a positive signal to investors, indicating strong company performance and promising growth prospects. Investors perceive a high net profit margin as an indicator of efficient management and future profitability, thereby increasing demand for the company's shares and, consequently, driving up stock prices. These findings are consistent with previous studies by Wardhana et al. (2024), Prasetyo et al. (2021), and Fayanni and Soetedjo (2020).

Return on Assets, however, shows a significant negative effect on stock prices, as indicated by a coefficient value of -357.700 and a probability value of 0.028, which is below the 5% threshold. This result contradicts the initial expectation that ROA would have a positive effect on stock prices. A possible explanation is that companies with lower ROA but high NPM may be pursuing strategies focused on long-term growth, prioritizing cost control and future profitability over immediate asset efficiency (Fusecfo, 2024). Such strategies may still attract investors who prioritize future potential over current asset returns. Additionally, excessively high ROA values could signal inefficient asset management, which may deter investors and lead to stock price declines. These results are supported by findings from Stephen Harlan and Henryanto Wijaya (2022), Ekawati (2020), and Hamid and Dailibas (2021).

The Firm Size variable yields a coefficient value of 174.600 with a significance level of 0.322, exceeding the 5% threshold. Thus, Hypothesis 3 (H_3) is rejected, indicating that firm size does not have a significant effect on stock prices. This finding suggests that investors in the financial sector do not rely solely on company size when making investment decisions. In line with signaling theory, it appears that investors prioritize fundamental factors such as profitability, growth potential, and risk over sheer company size. These findings are consistent with

studies by Karlina and Hamdani (2024), Wehantouw et al. (2017), and Vini Alvianita and Muhammad Rivandi (2023), which similarly found that firm size does not significantly influence stock prices.

The results of the F-test reveal that Net Profit Margin, Return on Assets, and Firm Size, when considered collectively, have a significant effect on stock prices in the financial sector. Therefore, Hypothesis 4 (H_4) is accepted, confirming that these financial indicators jointly play an important role in explaining stock price variations. This finding aligns with the research conducted by Luthfiyaningtyas and Widyawati (2022), Mohamad Rafki Nazar and Mawarni (2023), and Seviani and Budiwinarto (2021), which similarly emphasized the combined impact of financial performance indicators on stock prices in the financial sector.

Table 5. MRA Test Results

Variables	Coefficient	Std. Error	Prob.
C	4,395.000	10,933.000	0.689
NPM	344.700	111.000	0.003
ROA	-157.300	502.400	0.755
SIZE	-18.880	324.500	0.953
SRDi	-2,708.000	3,245.000	0.407
NPM*SRDi ROA*SRDi	194.100	95.290	0.046
SIZE*SRDi	5.643	120.800	0.962
	57.680	98.820	0.583
R-squared		0.876	
Prob(F-statistic)		0.000	

Source: Research Data, 2024

The results of this study indicate that sustainability reports significantly moderate the effect of Net Profit Margin (NPM) on stock prices, as evidenced by a significance value of 0.046, which falls below the 0.05 threshold. This finding supports the fifth hypothesis, which posits that sustainability reporting strengthens the relationship between NPM and stock prices, a conclusion further reinforced by the positive coefficient observed. These results align with signaling theory and legitimacy theory, suggesting that sustainability disclosures enhance investor confidence in a company's ability to manage both its financial and social-environmental responsibilities.

NPM measures a company's efficiency in generating profit from revenue. When a company complements its financial performance with a strong sustainability report, it signals to investors a dual commitment to profitability and long-term societal stewardship. Such signals attract investors who value not only financial returns but also corporate responsibility, thereby contributing to increases in stock prices. These findings are consistent with prior research by Whetman (2017) and Latifah (2017), which demonstrated the positive impact of sustainability reports on financial performance, including NPM. The results are also supported by Yousefinejad et al. (2022), who found that sustainability reports strengthen the relationship between financial performance and stock prices.

However, the analysis reveals a significance value of 0.962 for the interaction between Return on Assets (ROA) and sustainability reports, exceeding the 0.05 threshold. This result indicates no moderating effect, leading to the

rejection of the sixth hypothesis. Contrary to signaling theory and legitimacy theory, the findings suggest that ROA, as a direct and transparent indicator of financial efficiency, provides investors with sufficient information. Consequently, the additional information from sustainability reports does not significantly influence investors' perceptions when ROA is already available. This finding is inconsistent with the conclusions of Yousefinejad et al. (2022), who found that sustainability reporting could moderate the relationship between ROA and stock prices.

Similarly, the analysis yields a significance value of 0.561 for the interaction between Firm Size and sustainability reporting, again exceeding the 0.05 threshold. Thus, the seventh hypothesis is also rejected. These results suggest that sustainability reporting does not moderate the relationship between firm size and stock prices. This outcome aligns with the understanding that large companies often possess established legitimacy in the market, being generally perceived as socially and environmentally responsible. Consequently, sustainability disclosures do not substantially alter investor perceptions regarding large firms. This result is consistent with findings from Yousefinejad et al. (2022), who also concluded that sustainability reports do not moderate the effect of firm size on stock prices.

CONCLUSION

Based on the analyses conducted in this study, it is concluded that Net Profit Margin has a significant positive partial effect on stock prices, while Return on Assets has a significant but negative partial effect. Firm Size, however, does not significantly influence stock prices. Additionally, sustainability reporting is found to moderate the relationship between Net Profit Margin and stock prices but does not moderate the relationships between Return on Assets or Firm Size and stock prices within financial sector companies.

This study acknowledges several limitations. First, the analysis is limited to a specific period, and unobserved external variables may influence the findings. Second, the disclosure of sustainability reports remains voluntary in Indonesia, leading to varying levels of disclosure quality across firms. As a result, the findings may not fully generalize across all sectors. Future research is encouraged to expand the sample size, include additional variables, and extend the analysis to other industries to enhance generalizability.

The practical implications of this study suggest that sustainability disclosures play an increasingly important role in investors' decision-making processes, extending beyond traditional financial metrics. Companies are encouraged to consistently and comprehensively disclose their sustainability practices, as investors now consider transparency and accountability in social, economic, environmental, legal, and governance dimensions critical elements of corporate evaluation.

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