Determinants of Stock Returns: The Role of Financial Performance and Corporate Social Responsibility

Uswatun Hasanah[1]
Hendra Galuh Febrianto[2]
Dhea Zatira[3]
[1,2]Faculty of Economics and Business, Universitas Muhammadiyah Tangerang, Indonesia
Correspondences* **: lidzaha@gmail.com

ABSTRACT

This study aims to analyze the effect of Earnings Per Share (EPS), Return on Assets (ROA), Debt to Equity Ratio (DER), and Corporate Social Responsibility (CSR) on stock returns of companies included in the LQ45 Index during the 2020–2024 period. This study employed a quantitative approach using panel data regression analysis. The sample consisted of 15 companies with a total of 75 observations selected through purposive sampling. The data were obtained from annual reports, financial statements, sustainability reports, and stock price data, which were analyzed using EViews 13 software. The results indicate that EPS and ROA have a positive and significant effect on stock returns. DER does not have a significant effect on stock returns, while CSR has a negative and significant effect on stock returns. These findings indicate that investors tend to prioritize financial performance over corporate sustainability aspects in making investment decisions.

Keywords: Stock Returns; Earnings Per Share; Return on Assets; Debt to Equity Ratio; Corporate Social Responsibility

Faktor-Faktor yang Menentukan Return Saham: Peran Kinerja Keuangan dan Tanggung Jawab Sosial Perusahaan

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Earnings Per Share (EPS), Return on Assets (ROA), Debt to Equity Ratio (DER), dan Corporate Social Responsibility (CSR) terhadap return saham pada perusahaan yang tergabung dalam indeks LQ45 periode 2020–2024. Penelitian menggunakan pendekatan kuantitatif dengan metode analisis regresi data panel. Sampel penelitian terdiri atas 15 perusahaan dengan total 75 data observasi yang dipilih menggunakan teknik purposive sampling. Data penelitian diperoleh dari laporan tahunan, laporan keuangan, sustainability report, dan data harga saham yang dianalisis menggunakan software EViews 13. Hasil penelitian menunjukkan bahwa EPS dan ROA berpengaruh positif dan signifikan terhadap return saham. DER tidak berpengaruh signifikan terhadap return saham, sedangkan CSR berpengaruh negatif dan signifikan terhadap return saham. Temuan ini menunjukkan bahwa investor cenderung lebih mempertimbangkan kinerja keuangan dibandingkan aspek keberlanjutan perusahaan dalam pengambilan keputusan investasi.

Kata Kunci *Return Saham; Earnings Per Share; Return on Assets; Debt to Equity Ratio; Corporate Social Responsbility*

e-ISSN 2302-8556

Vol. 36 No. 6
Denpasar, 30 Juni 2026
Hal. 1326-1339

DOI:
10.24843/EJA.2026.v36.i06.p10

PENGUTIPAN:
Hasanah, U., Febrianto, H. G., & Zatira, D. (2026). Determinants of Stock Returns: The Role of Financial Performance and Corporate Social Responsibility *E-Jurnal Akuntansi*, 36(6), 1326-1339

RIWAYAT ARTIKEL:
Artikel Masuk:
29 Januari 2026
Artikel Diterima:
19 April 2026

Artikel dapat diakses : https://ejournal1.unud.ac.id/index.php/akuntansi/index

INTRODUCTION

The capital market constitutes one of the principal mechanisms within the financial system, channeling surplus funds from investors toward entities requiring capital for business development and investment activities (Haryanti, 2024). Within this context, investors allocate resources with the primary objective of achieving optimal stock returns. Stock return reflects the magnitude of profit earned by investors from their invested capital over a given period, making it a widely adopted benchmark for evaluating investment performance (Chandra & Darmayanti, 2022; Hidayat & Rikumahu, 2025). Fluctuations in stock returns signal how capital markets respond to information about a company's condition and future prospects, compelling companies to disclose credible and value-relevant information to sustain investor confidence and maintain the attractiveness of their shares in the market.

The LQ45 Index, comprising 45 stocks on the Indonesia Stock Exchange (IDX) selected based on high liquidity and substantial market capitalization, represents some of the most closely monitored blue-chip shares in Indonesia (Indonesia Investments, 2024). Despite their blue-chip status, the stock returns of LQ45 companies during the 2020–2024 period experienced substantial turbulence. Rizal Riadi et al. (2023) documented that the COVID-19 pandemic triggered pronounced investor overreaction in LQ45 stocks, with most issuers recording negative year-to-date corrections during 2020. During the economic recovery phase between 2021 and 2022, some issuers gradually improved; however, (Loupatty, 2024) observed that in the first half of 2023, several LQ45 stocks declined by more than 30%, partly driven by the end of the National Economic Recovery program and global stagflation concerns. Based on data from 15 companies selected as the research sample, approximately 60% experienced negative returns in 2020, the proportion declined to 46.7% in 2021, yet returned to approximately 66.7% annually during 2022–2024, with return values ranging from 0.711 to −0.486. These dynamics underscore that stock returns of LQ45 companies are simultaneously shaped by both financial and non-financial corporate factors.

Understanding these return dynamics requires a theoretical foundation. Signaling theory, as originally developed by Spence (1973) and elaborated by Connelly et al. (2011), posits that under conditions of information asymmetry, informed parties particularly corporate management transmit observable and credible signals to less-informed parties, such as investors, to convey the quality and prospects of their firms. In the capital market context, financial disclosures including earnings reports, profitability ratios, and leverage indicators serve as signals that allow investors to assess corporate health and future performance potential (Oroud et al., 2023, as cited in Spence, 2002). High-quality signals ones that are costly to imitate effectively reduce uncertainty, encourage investment demand, and ultimately influence stock returns. Complementing this, legitimacy theory posits that firms actively seek social approval by ensuring their operations conform to prevailing societal values and environmental norms (Bu & Chen, 2023). In this framework, Corporate Social Responsibility (CSR) disclosure functions as a legitimacy-building mechanism, projecting a favorable corporate image to

both investors and the broader public, which may subsequently affect a company's stock valuation.

Within the signaling theory framework, Earnings Per Share (EPS) serves as one of the most direct financial signals available to investors. EPS measures the net income attributable to each outstanding share, indicating the firm's capacity to generate per-share profit for shareholders (Dewanti, 2023). A higher EPS is interpreted by investors as a credible positive signal about the company's earning power, potentially stimulating demand for its shares and thereby elevating stock returns. Similarly, Return on Assets (ROA) signals a company's operational efficiency by measuring the proportion of net income generated relative to total assets (Madjid & Dhevyanto, 2025). Companies with higher ROA are perceived as more capable of deploying their asset base effectively, sending a positive signal regarding future profitability. (Atmariani, 2024) confirmed that ROA exerts a positive effect on stock returns, reflecting how profitability signals drive investor preferences. Debt to Equity Ratio (DER) captures the proportion of total liabilities relative to shareholders' equity (Suryawathy, 2025). Under signaling theory, moderate debt usage may signal managerial confidence in the firm's ability to service obligations and sustain growth; however, excessive leverage can induce investor concern about financial risk, creating an ambiguous signal to the market. Non-financial information, particularly CSR disclosure, connects to legitimacy theory: firms disclosing comprehensive CSR activities signal alignment with societal expectations, which can improve corporate image and, by extension, investor confidence (Horison, 2022). However, investors with short-term orientation may perceive CSR expenditure as cost-incurring rather than value-enhancing, potentially generating a negative signal in the short run.

Prior empirical investigations into the relationship between EPS and stock returns have produced conflicting outcomes. (Alduais, 2020); (Dewanti, 2023); (Ferniawan et al., 2024), and (Manik, 2026) found that EPS exerts a positive influence on stock returns, while (Yoewono, 2024) that EPS does not produce a statistically significant effect. Furthermore, (Atmariani, 2024) confirmed that earnings-based metrics, including EPS, remain key drivers of stock return in the Indonesian market context. These inconsistencies suggest that the EPS–stock return relationship warrants continued investigation, particularly in the context of the LQ45 index. Based on signaling theory and prior empirical evidence, the following hypothesis is proposed:

H_1: EPS has a positive effect on the stock returns of LQ45 companies.

Regarding ROA, studies by (Fama & French, 2015); (Rahmawati et al., 2022); (Sianipar, 2024), and (Atmariani, 2024) reported a positive and significant relationship between ROA and stock returns. In contrast, (Dewanti, 2023) and (Yoewono, 2024) found no significant association, signaling the need for further empirical scrutiny. Companies achieving higher asset profitability signal superior managerial effectiveness, which encourages investor interest, raises share demand, and consequently improves stock returns. Based on signaling theory and prior empirical studies, the following hypothesis is proposed:

H_2: ROA has a positive effect on the stock returns of LQ45 companies.

Concerning DER, (Sianipar, 2024) established a positive relationship between DER and stock returns, while (Andreas et al., 2023) and (Dewanti, 2023) reported a negative direction. Nurismalatri & Artika (2022, as cited in the analysis) and (Syarif, 2024) found that DER carries no statistically significant effect on stock returns in several Indonesian market contexts, further reflecting the indeterminate nature of leverage signals to investors. Based on signaling theory and prior empirical findings, the following hypothesis is proposed:
H_3: DER has a positive effect on the stock returns of LQ45 companies.

In addition to financial variables, Corporate Social Responsibility (CSR) has attracted growing investor attention as a non-financial performance indicator. CSR reflects a company's commitment to social and environmental responsibility in conducting sustainable business activities (Wicaksono et al., 2021). Under legitimacy theory, companies that actively implement and disclose CSR activities tend to cultivate stronger reputations and broader stakeholder trust (Bu & Chen, 2023). Research by Anantha & Jati (2025); (Friede et al., 2015); (Haryanto, 2025); and (Velte, 2017) found that CSR disclosure positively affects stock returns. However, studies by (MUNISAK, 2023) and (Fathihani et al., 2023) found no significant effect, while (Devi et al., 2020) noted that Indonesian investors remain primarily focused on fundamental financial signals rather than sustainability indicators during periods of economic uncertainty. These mixed results indicate that the CSR–stock return nexus requires further investigation, particularly in the post-pandemic recovery context. Based on legitimacy theory and prior empirical studies, the following hypothesis is proposed:
H_4: CSR has a positive effect on the stock returns of LQ45 companies.

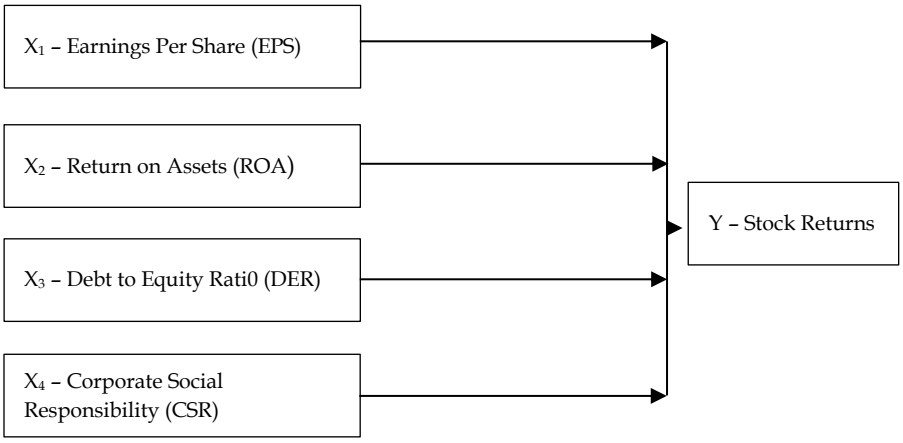

Figure 1. Conceptual Framework
Source: Research Data, 2026

RESEARCH METHOD

This study adopted a quantitative research design with an associative approach, aimed at examining the influence of financial and non-financial factors on the stock returns of companies listed on the Indonesia Stock Exchange. The research population comprised 45 companies consistently included in the LQ45 Index during the 2020–2024 observation period. Purposive sampling was applied to select companies meeting predefined

criteria aligned with the research objectives: (1) consistent listing in the LQ45 Index throughout the entire observation period; (2) publication of complete annual financial statements covering the 2020–2024 period; (3) disclosure of sustainability reports as evidence of CSR activities; and (4) absence of net financial losses in any year within the observation period. These criteria were applied to ensure that the selected companies provide complete, comparable, and consistently reported data across all research variables. The justification for focusing exclusively on LQ45 companies rather than the entire IDX population lies in their high liquidity, large market capitalization, and regular financial disclosures, which ensure data reliability and representativeness for studying the relationship between financial performance, CSR, and stock returns. Based on these criteria, 15 companies were selected, yielding a balanced panel dataset of 75 observations.

Secondary data were obtained from annual reports, financial statements, sustainability reports, and stock price records accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official websites of each respective company.

The operational definitions of the research variables are presented in Table 1.

Table 1. Operational Definition

Variable	Definition	Indikator/Formula	Scale
EPS (Dewanti et al., 2023)	Net income allocated per outstanding share.	$\text{EPS} = \frac{Net\ Income}{Number\ of\ Outstanding\ Shares}$	Ratio
ROA (Wicaksono & Krisnawati, 2021)	Profit generated from total asset utilization.	$\text{ROA} = \frac{Net\ Income}{Total\ Assets}$	Ratio
DER (Suryawathy & Dewi, 2025)	Proportion of total liabilities relative to equity.	$\text{DER} = \frac{Total\ Debt}{Total\ Equity}$	Ratio
CSR (Horison & Sitinjak, 2025)	A company's responsibility toward social and environmental aspects as a form of compliance and business sustainability.	$\text{CSRDI} = \frac{\sum X_i}{\text{n}}$	Ratio
Return Saham (Umdiana et al., 2021)	The level of return earned by investors from stock investments, derived from dividends and capital gains/losses.	$R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$	Ratio

Source: Research Data, 2026

Panel data regression analysis was conducted using EViews 13 software, with model selection determined through three sequential tests. The

Chow test compared the Common Effect Model (CEM) against the Fixed Effect Model (FEM), assessing whether individual-specific effects are significant across firms. The Hausman test subsequently compared the Fixed Effect Model against the Random Effect Model (REM), evaluating whether firm-specific effects are correlated with the independent variables. The Lagrange Multiplier test was then applied to compare the Common Effect Model against the Random Effect Model, determining whether individual effects are significantly present in the data. These three tests collectively identify the most appropriate estimation model for the panel dataset.

Prior to hypothesis testing, classical assumption tests were conducted to verify that the regression model satisfies the criteria of the Best Linear Unbiased Estimator (BLUE). Specifically: the multicollinearity test assessed whether unacceptably high correlations exist among the independent variables, with values below 0.80 indicating the absence of multicollinearity; the heteroscedasticity test examined whether the variance of residuals remains constant across observations, with a probability value above 0.05 confirming homoscedasticity; and the autocorrelation test, using the Durbin-Watson statistic, verified that residuals are not systematically correlated across time periods, with a value approaching 2.0 indicating no autocorrelation. Hypothesis testing was carried out using the coefficient of determination test (Adjusted R^2), the simultaneous significance test (F-test), and the partial significance test (t-test).

The panel data regression equation employed in this study is as follows:

$$Yit = \alpha + \beta 1EPSit + \beta 2ROAit + \beta 3DERit + \beta 4CSRit + \varepsilon it \quad \text{.....(1)}$$

Where: Yit = Stock Return of company i in period t; α = constant; β1, β2, β3, β4 = regression coefficients; EPSit = Earnings Per Share of company i in period t; ROAit = Return on Assets of company i in period t; DERit = Debt to Equity Ratio of company i in period t; CSRit = Corporate Social Responsibility index of company i in period t; εit = error term.

RESULT AND DISCUSSION

Descriptive statistics were used to provide an overview of the characteristics of the research variables as reflected in the minimum value, maximum value, mean, and standard deviation. The results of the descriptive statistical analysis are presented in Table 2.

Tabel 2. Descriptive Statistics

	Stock Returns	EPS	ROA	DER	CSR
Mean	−0.010	247.305	0.064	2.561	0.411
Median	−0.046	209.495	0.048	1.092	0.385
Maximum	0.711	1392.313	0.282	16.079	0.747
Minimum	−0.486	5.280	0.004	0.170	0.176
Std. Dev.	0.243	244.792	0.057	3.479	0.153

Source: Research Data, 2026

The stock return variable exhibits a mean of −0.010, indicating that the

average sampled company generated a marginally negative return during the observation period. This outcome aligns with the broader market conditions affecting LQ45 companies during the 2020–2024 timeframe, particularly the adverse impact of the COVID-19 pandemic on investor sentiment and market liquidity (Rizal Riadi et al., 2023). The standard deviation of 0.243 reflects a moderately high degree of dispersion around the mean, with returns ranging from a maximum of 0.711 to a minimum of −0.486. Such a wide range suggests that individual company returns varied considerably, implying that firm-specific financial signals rather than broad market conditions alone played a meaningful role in shaping investor returns.

The EPS variable records a mean of 247.305 with a standard deviation of 244.792, reflecting substantial variability across firms. The large standard deviation relative to the mean implies that earnings capacity per share differs markedly across LQ45 companies, with some firms generating disproportionately higher per-share earnings than others. The minimum value of 5.280 and maximum of 1,392.313 further underscore the heterogeneity of earnings performance within the sample.

ROA displays a mean of 0.064, suggesting that, on average, sampled companies generated a profit of approximately 6.4% relative to their total asset base. The standard deviation of 0.057 and the range from 0.004 to 0.282 indicate moderate but notable differences in asset utilization efficiency across firms, consistent with varying sectoral compositions within the LQ45 index.

The DER variable reflects a mean of 2.561, indicating that sampled companies carried, on average, approximately 2.56 times as much debt as equity. The high standard deviation of 3.479 and a maximum of 16.079 suggest that several companies maintained substantially elevated leverage levels, which may have introduced financial risk signals into investor assessments. The minimum value of 0.170 suggests that certain firms maintained conservative capital structures throughout the period.

Finally, CSR discloses a mean of 0.411, consistent with a moderate level of sustainability reporting among the sampled LQ45 firms. The standard deviation of 0.153 and range from 0.176 to 0.747 reflect meaningful variation in CSR disclosure practices, with some companies achieving high transparency and others remaining below average, which may have differentially influenced investor perceptions of corporate social legitimacy.

Panel Data Regression Model Selection

The results of the panel data regression model selection tests are reported in Table 3.

Tabel 3. Results of Selection of Panel Data Regression Model

No.	Method	Testing	Prob. Value	Conclusion
1	Chow Test	CEM vs FEM	0.304	CEM
2	Hausman Test	REM vs FEM	0.457	REM
3	Lagrange Multiplier Test	CEM vs REM	0.143	CEM

Source: Research Data, 2026

The Chow test yielded a probability value of 0.304, exceeding the 0.05

significance threshold, indicating that individual fixed effects are not statistically significant across firms; accordingly, the Common Effect Model (CEM) is preferred over the Fixed Effect Model. The Lagrange Multiplier test produced a probability value of 0.143, likewise above 0.05, confirming the absence of significant random individual effects and reinforcing the selection of CEM as the most appropriate estimation model for this dataset.

Prior to hypothesis testing, classical assumption diagnostics were conducted to verify that the panel data regression model satisfies the Best Linear Unbiased Estimator (BLUE) criteria meaning the estimators are unbiased, consistent, and efficient. The BLUE conditions require the model to be free from multicollinearity (excessive linear relationships among independent variables), heteroscedasticity (non-constant residual variance), and autocorrelation (systematic relationship among residuals across time). The multicollinearity test revealed that all inter-variable correlation coefficients among EPS, ROA, DER, and CSR remained below the threshold of 0.80, confirming that no problematic collinearity exists among the predictors. The heteroscedasticity test produced a probability value of 0.127, comfortably above 0.05, confirming constant residual variance across observations. The Durbin-Watson statistic of 2.112 fell within the acceptable range for the absence of autocorrelation, indicating that residuals are not systematically related across time periods. With all three diagnostic conditions satisfied, the regression model is deemed appropriate and reliable for hypothesis testing.

The panel data regression analysis results are presented in Table 4.

Tabel 4. Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Decision
C	−0.024	0.077	−0.317	0.752	
EPS	0.000	0.000	2.567	0.012	Accepted
ROA	1.418	0.584	2.427	0.018	Accepted
DER	0.008	0.008	1.000	0.321	Rejected
CSR	−0.427	0.167	−2.548	0.013	Accepted
R-squared	0.292	Adjusted R-squared	0.252		
F-statistic	7.216	Durbin-Watson stat	2.112		
Prob(F-statistic)	0.000				

Source: Research Data, 2026

The resulting regression equation is:

$$Yit = -0.024 + 0.000EPSit + 1.418ROAit + 0.008DERit - 0.427CSRit + \varepsilon it \ldots\ldots (2)$$

The constant of −0.024 indicates a slightly negative baseline stock return when all independent variables are held at zero, consistent with the overall negative mean observed in the descriptive statistics. The Adjusted R-squared of 0.252 implies that approximately 25.2% of the variation in stock returns across the sample is collectively explained by EPS, ROA, DER, and CSR, while the remaining 74.8% is attributable to factors not captured in this model, such as macroeconomic variables, market sentiment, and governance quality. The F-statistic of 7.216 with a probability of 0.000 confirms that the model as a whole is statistically significant, indicating that the four independent variables jointly exert a meaningful influence on stock returns.

The partial significance test (t-test) was conducted at a 5% significance level to evaluate each hypothesis individually.

EPS produced a positive coefficient with a t-statistic of 2.567 and a probability of 0.012, falling below the 0.05 threshold; therefore, H1 is accepted. This result indicates that an increase in per-share earnings is associated with a measurable upward movement in stock returns among LQ45 companies. From the perspective of signaling theory, high EPS represents a credible positive signal regarding the firm's capacity to generate shareholder wealth, prompting investors to raise their valuation and increase demand for the company's shares, thereby elevating returns. Investors interpret elevated EPS as evidence that corporate earnings are sufficient to reward shareholders, creating a feedback loop of increased investment confidence and rising stock prices. These findings align with those of (Alduais, 2020) (Dewanti, 2023); (Atmariani, 2024); and Ferial (Ferniawan et al., 2024), all of whom documented a positive EPS–stock return relationship. The result diverges, however, from (Yoewono, 2024), who found no statistically significant association, potentially due to differences in sectoral composition and observation period.

ROA demonstrated a positive coefficient of 1.418, with a t-statistic of 2.427 and a probability of 0.018, confirming that H2 is accepted. This outcome signals that companies with superior asset utilization efficiency generate higher stock returns, as investors perceive high profitability as evidence of effective management and sustainable operational performance. Under signaling theory, a strong ROA transmits an unambiguous message to market participants: the company is converting its asset base into profits efficiently, reducing perceived investment risk and stimulating buying interest. This heightened investor confidence translates into greater demand for the company's shares and subsequent upward pressure on returns. The finding corroborates prior studies by Eugene F & Kenneth R (2015); Rahmawati & Putra (2022); Sianipar et al. (2024); and Atmariani & Agustia (2024), who consistently established a positive ROA-to-return relationship. The result contrasts with (Dewanti, 2023) and (Yoewono, 2024), who did not identify significant ROA effects, differences likely attributable to variations in sample period, industry scope, and the economic conditions prevailing during those respective observations.

DER yielded a positive but statistically insignificant coefficient of 0.008, with a t-statistic of 1.000 and a probability of 0.321 well above the 0.05 threshold resulting in the rejection of H3. This finding suggests that the leverage ratio does not constitute a primary determinant in investor decision-making within the LQ45 sample during this period. Rather than interpreting debt levels as meaningful signals of financial risk or growth confidence, investors appear to prioritize earnings-based metrics such as EPS and ROA when allocating capital. The ambiguous nature of debt as a signal may explain this outcome: while moderate leverage can signal managerial confidence in future cash flows, high leverage simultaneously raises default risk concerns, causing the two effects to partially offset one another. (Syarif, 2024) similarly found that DER does not exert a statistically significant impact on returns in Indonesian listed companies, and the findings of Habibah & Heruwanto (2023) support this interpretation, with investors placing greater weight on profitability and growth prospects than on capital structure characteristics.

The result diverges from Andreas et al. (2023) and (Dewanti, 2023), who documented a negative DER effect, possibly reflecting different market conditions and sectoral risk profiles.

CSR generated a negative and statistically significant coefficient of −0.427, with a t-statistic of −2.548 and a probability of 0.013; consequently, H4 is accepted but with a direction opposite to the hypothesis. This negative relationship implies that higher levels of CSR disclosure are associated with lower stock returns among the sampled LQ45 companies, suggesting that investors in this market context perceive CSR expenditure as a short-term cost burden rather than a long-term value driver. This finding diverges from the predictions of legitimacy theory, which posits that CSR disclosure enhances corporate credibility, builds stakeholder trust, and ultimately raises firm value. The discrepancy may be attributed to the predominantly short-term investment orientation of market participants in Indonesia's capital market, where immediate profitability signals carry greater weight than sustainability disclosures in shaping investment decisions. Devi et al. (2020) noted that during periods of economic disruption such as the COVID-19 pandemic and its aftermath Indonesian investors tend to revert to fundamental financial metrics, deprioritizing non-financial disclosures. Furthermore, the evidence from (Atmariani, 2024) reinforces that financial performance indicators remain the dominant driver of stock returns in the Indonesian equity market context. These results align with the work of (Dewanti, 2023); Fathihani et al. (2023); Fitriani et al. (2021); and Haryanto et al. (2025), who also found that CSR does not produce the anticipated positive effect on stock returns. The broader implication is that CSR activities in Indonesia have not yet reached sufficient maturity in investor consciousness to be systematically priced into equity returns, a pattern consistent with findings from emerging market studies suggesting that the link between sustainability practices and market returns depends heavily on investor sophistication and institutional CSR literacy (Olateju et al., 2021).

Taken collectively, these findings reinforce the dual theoretical framework underpinning this study. Signaling theory is supported through the positive effects of EPS and ROA, both of which function as credible financial signals that investors use to assess firm quality and future earnings potential. Legitimacy theory, however, receives only partial empirical support: rather than reinforcing CSR as a positive signal, the results reveal that Indonesian equity investors in the LQ45 segment remain primarily anchored to financial performance in their valuation decisions, treating CSR disclosure as insufficiently consequential or even cost-imposing in the short term.

CONCLUSION

This study investigated the determinants of stock returns among LQ45-listed companies on the Indonesia Stock Exchange over the 2020–2024 period, with particular emphasis on the role of financial performance indicators and corporate social responsibility disclosure. The empirical results demonstrate that Earnings Per Share (EPS) and Return on Assets (ROA) both exert positive and statistically significant effects on stock returns. This implies that investors in the LQ45 segment assign considerable weight to firm-level earnings signals:

companies generating higher per-share profits and demonstrating superior asset utilization efficiency are rewarded with stronger stock returns, consistent with signaling theory's prediction that credible financial disclosures positively shape investor sentiment and capital allocation decisions. Debt to Equity Ratio (DER) produced no statistically significant effect on stock returns, indicating that the capital structure of LQ45 companies measured through the debt-to-equity relationship does not constitute a decisive consideration in investor decision-making, possibly because leverage signals are ambiguous when both growth potential and financial risk are simultaneously communicated. Corporate Social Responsibility (CSR) disclosure, contrary to the hypothesis derived from legitimacy theory, demonstrated a negative and significant effect on stock returns. This finding reflects a market environment in which investors remain principally oriented toward short-term financial returns, perceiving CSR expenditure as an immediate cost rather than a long-term value enhancer, and suggesting that the sustainability-to-return link has not yet been fully internalized by market participants in Indonesia's emerging capital market context.

This study is subject to several limitations. The sample is confined to 15 companies and spans five years, which constrains the generalizability of the findings to the broader IDX-listed population and to longer economic cycles. Additionally, the Adjusted R-squared of 25.2% indicates that a substantial proportion of stock return variation remains unexplained by the four variables examined, suggesting the presence of influential omitted factors. Future research is recommended to expand both the sample size and the observation horizon, and to incorporate additional explanatory variables including macroeconomic conditions, corporate governance quality, market sentiment indicators, and sector-level heterogeneity, in order to develop a more comprehensive model of stock return determinants in the Indonesian capital market.

REFERENCE

Alduais, F. (2020). An empirical study of the earnings – returns association : an evidence from China ' s A - share market. *Future Business Journal*, *6*(1), 1–12. https://doi.org/10.1186/s43093-020-0010-8

Anantha, I. G. A. W., & Jati, I. K. (2025). Exploring The Impact Of Liquidity, Profitability, And Triple Bottom Line Disclosure On Company Stock Returns. *E-Jurnal Akuntansi*, *35*(8). Https://Doi.Org/10.24843/Eja.2025.V35.I08.P13

Andreas, R. B., Bachtiar, Y., Koroy, T. R., & Haryanto, S. (2023). Financial Performance: Is It Managerial Capability That Investors Respond To. *Afre Accounting And Financial Review*, *6*(1), 86–94. Https://Doi.Org/10.26905/Afr.V6i1.9720

Chandra, A. A., & Darmayanti, N. P. A. (2022). Pengaruh Profitabilitas, Likuiditas, Penilaian Pasar, Dan Ukuran Perusahaan Terhadap Return Saham. *E-Jurnal Manajemen Universitas Udayana*, *11*(2), 358. Https://Doi.Org/10.24843/Ejmunud.2022.V11.I02.P08

Dewanti, E. N. P., Anton, & Erawati, K. (2023). The Influence Of Eps, Der, Roa, And Csr On Stock Returns (Case Study Of Lq45 Company On Bei Pengaruh Eps, Der, Roa, Dan Csr Terhadap Return Saham (Studi Kasus Perusahaan Lq45 Di Bei). *Journal Of Social And Economics Research*, *5*(2). Https://Idm.Or.Id/Jser/Index.

Elfiswandi, Sanjaya, S., Pratiwi, N., Yulia, Y., & Ramadhan, M. F. (2020). Macroeconomic Factors, Energy Consumption And Firms Performance On Stock Return Of Mining And Energy Sector: Evidence From Indonesia. International Journal Of Energy Economics And Policy, 10(6), 229–234. Https://Doi.Org/10.32479/Ijeep.10207

Eugene F, F., & Kenneth R, F. (2015). A Five Factor Asset Pricing Model. *Journal Of Financial Economics*, *116*(1).

Fathihani, Randyantini, V., Saputri, I. P., & Wijayanti, F. A. K. (2023). Pengaruh Pengungkapan Corporate Social Responsibility, Struktur Modal, Dan Financial Distress Terhadap Return Saham Perusahaan Manufaktur Yang Terdaftar Di Bei Tahun 2017-2021. *Jurnal Samudra Ekonomi Dan Bisnis*, *14*(1), 15–24. Https://Doi.Org/10.33059/Jseb.V14i1.6046

Ferial Ferniawan, M., Kusumawati, A., & Madein, A. (2024). The Influence Of Earnings Per Share (Eps), Price Earnings Ratio (Per), Price To Book Value (Pbv), And Debt Equity Ratio (Der) On The Stock Return. *Akrual: Jurnal Bisnis Dan Akuntansi Kontemporer*, 114–130. Https://Doi.Org/10.26487/Akrual.V17i01.32073

Fitriani, N., Sadikin, A., & Wahyuni, A. (2021). Analisis Pengaruh Corporate Social Responsibility Terhadap Return Saham Dengan Roe Sebagai Variabel Moderating Pada Indeks Lq-45. *Jurnal Komunikasi Bisnis Dan Manajemen*, *8*(1). Www.Menlh.Go.Id

Friede, G., Busch, T., & Bassen, A. (2015). Esg And Financial Performance: Aggregated Evidence From More Than 2000 Empirical Studies. *Journal Of Sustainable Finance And Investment*, *5*(4), 210–233. Https://Doi.Org/10.1080/20430795.2015.1118917

Habibah, U., & Heruwanto, J. (2023). Kinerja Keuangan Dalam Mempengaruhi Return Saham Perusahaan Lq45 Di Bursa Efek Indonesia. *Ekomabis: Jurnal Ekonomi Manajemen Bisnis*, *3*(02), 181–190. Https://Doi.Org/10.37366/Ekomabis.V3i02.505

Haryanti, E. (2024). Investment Strategy In The Capital Market. *Jam Journal Of Accounting And Management*, *1*, 31–40. Https://Doi.Org/10.37676/Jam.V1i2

Haryanto, H., Kelvin, K., & Hesniati, H. (2025). The Influence Of Corporate Social Responsibility To Stock Return. *Jurnal Maksipreneur: Manajemen, Koperasi, Dan Entrepreneurship*, *14*(2), 492–500. Https://Doi.Org/10.30588/Jmp.V14i2.1759

Hidayat, F. M., & Rikumahu, B. (2025). Analyzing The Impact Of Financial And Macroeconomic Factors On Stock Returns And Firm Value In The Indonesia's

Consumer Cyclicals Sector. *International Journal Of Finance & Banking Studies (2147-4486)*, *14*(1), 30–45. Https://Doi.Org/10.20525/Ijfbs.V14i1.3687

Horison, I., & Sitinjak, E. L. M. (2025). Effect Of Eva, Mva, And Esg Score On Stock Return. *Jurnal Riset Akuntansi Dan Keuangan*, *13*(3), 599–616. Https://Doi.Org/10.17509/Jrak.V13i3.89210

Madjid, N., & Dhevyanto, B. (2025). Involvement Of Roa, Eps, And Der To Stock Prices In Listed Coal Mining Sub-Sector On Idx 2020-2024. *Al-Mashrof: Islamic Banking And Finance*, *6*(1). Https://Doi.Org/Https://Doi.Org/10.24042/Rzapy473

Manik, A. S., & Panjaitan, R. (2026). Pengaruh Price To Earnings Ratio (Per) Dan Earnings Per Share (Eps) Terhadap Return Saham Pada Perusahaan Lq45 Di Bursa Efek Indonesia Periode 2020–2024. *Neraca Akuntansi Manajemen, Ekonomi (Musytari)*, (2). Https://Doi.Org/10.8734/Mnmae.V1i2.359

Mudzakar, M. K., & Wardanny, I. P. (2021). The Effect Of Return On Asset, Return On Equity, Earning Per Share, And Price Earning Ratio Toward Stock Return (Empirical Study Of Transportation). In *Turkish Journal Of Computer And Mathematics Education* (Vol. 12, Number 8). Www.Idx.Co.Id

Munisak, W., & Arifin, Z. (2022). *Pengaruh Pengungkapan Corporate Social Responsibility Terhadap Return Saham Dengan Jenis Industri Sebagai Variabel Moderasi* (Vol. 01, Number 06). Https://Journal.Uii.Ac.Id/Selma/Index

Rahmawati, S. D., & Putra, F. I. F. S. (2022). Stock Return Content Analysis Based On Ratio Method: Case Study On Infrastructure, Utilities And Transportation Companies Listed On Idx In 2018-2020. *Asian Management And Business Review*, 53–62. Https://Doi.Org/10.20885/Ambr.Vol2.Iss1.Art5

Sianipar, L. L. R., Saragi, D. R. R., & Siahaan, A. M. (2024). Upaya Roa, Eps, Dan Der Mempengaruhi Return Saham Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia. *Sebatik*, *28*(1). Https://Doi.Org/10.46984/Sebatik.V28i1.2327

Solechah, U., Noviani Hanum, A., Alwiyah, A., Ery Wibowo, R., Ekonomi, F., & Muhammadiyah Semarang, U. (2020). Faktor-Faktor Yang Mempengaruhi Return Saham: Studi Industri Barang Konsumsi Yang Listing Di. *Kedungmundu, Kec. Tembalang*, *10*(2), 50273. Https://Jurnal.Unimus.Ac.Id/Index.Php/Max

Suryawathy, I. G. A., & Dewi, K. S. (2025). Current Ratio, Der, Roa, Eps, Dan Per Sebagai Determinan Return Saham Pada Perusahaan Sektor Properti Dan Real Estat Di Indonesia. *Emas*, *6*(7), 1708–1728. Https://Doi.Org/10.36733/Emas.V6i7.12263

Umdiana, N., Kodriyah, & Sefty Framita, D. (2021). Analisis Pengungkapan Corporate Social Responsibility Dalam Laporan Tahunan Terhadap Abnormal Return. *Akuisisi | Jurnal Akuntansi Online*, *17*, 56–63. Http://Dx.Doi.Org/10.24217

Velte, P. (2017). Does Esg Performance Have An Impact On Financial Performance? Evidence From Germany. *Journal Of Global Responsibility*, *8*(2).

Wicaksono, S. K., & Krisnawati, A. (2021). The Influence Of Csr Disclosure Towards Return On Assets: Study From Indonesia Banking Companies. *Afre Accounting And Financial Review*, *4*(2), 186–193. Https://Doi.Org/10.26905/Afr.V4i2.6283

Wild, J. J., Subramanyam, K. R., & Halsey, R. F. (2021). *Financial Statement Analysis* (12th Ed.). Mcgraw-Hill.

Winata, R. (2023). Analisa Pengaruh Csr, Gcg, Dan Roe Terhadap Return Saham Perusahaan Perbankan. *Open Journal Systems*, *17*(8).

Yoewono, H. (2024). Pengaruh Profitabilitas, Leverage, Earnings Per Share, Dan Tax Planning Terhadap Return Saham. *Owner*, *8*(2), 1451–1464. Https://Doi.Org/10.33395/Owner.V8i2.1961

Atmariani, A. A. R., & Agustia, D. (2024). Return on assets, return on equity, earnings per share, dividend yield, and book-to-market ratio's effects on stock return. SOSIOHUMANIORA: Jurnal Ilmiah Ilmu Sosial Dan Humaniora, 10(1), 30–45. https://doi.org/10.30738/sosio.v10i1.15870

Bu, X., & Chen, L. (2023). From efficiency to legitimacy: the changing logic of internal CSR in emerging multinationals during internationalization. Asian Business & Management, 22, 1418–1453. https://doi.org/10.1057/s41291-022-00213-2

Devi, S., Warasniasih, N. M. S., Masdiantini, P. R., & Musmini, L. S. (2020). The impact of COVID-19 pandemic on the financial performance of firms on the Indonesia Stock Exchange. Journal of Economics, Business, & Accountancy Ventura, 23(2), 226–242. https://doi.org/10.14414/jebav.v23i2.2313

Loupatty, G. (2024). Indonesian capital market reactions post COVID-19 pandemic to national political events. Jurnal Akuntansi Indonesia, 13(1), 1–20. https://doi.org/10.30659/jai.13.1

Rizal Riadi, D., Garnia, E., & Tahmat, T. (2023). Impact of the COVID-19 pandemic: Is there overreaction in LQ-45 stock? Jurnal Manajemen dan Keuangan, 12(1), 178–194.

Roor, J., & Maas, K. (2024). A critical review of the application of the legitimacy theory to corporate social responsibility. ResearchGate. https://doi.org/10.26686/wgtn.25497584

Syarif, A. H., & Murdiansyah, I. (2024). The effect of current ratio and debt to equity ratio on return on assets in food sub-sector companies and the beverages listed in Indonesian Stock Exchange 2018–2022. East Asian Journal of Multidisciplinary Research, 3(6), 2079–2088. https://doi.org/10.55927/eajmr.v3i6.9792