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THE EFFECT OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) DISCLOSURE, AND GREEN ACCOUNTING ON STOCK RETURN: MODERATED BY INDEPENDENT BOARD OF COMMISSIONERS

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Abstract
The objective of this research is to analyze the effect of Environmental, Social, Governance (ESG) disclosure and green accounting on stock returns with independent board of commissioners as moderation variable. The population of this research is energy sector companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period. The sampling technique uses purposive sampling. Based on predetermined criteria, 135 research data were obtained. This type of research is quantitative and the data used is secondary data. The analytical method used is panel data regression analysis using EViews software version 13.0. The panel data regression model used is the Common Effect Model (CEM). The results of this research show that ESG has a positive effect on stock returns, green accounting has a negative effect on stock returns, IBC cannot strengthen the effect of ESG on stock returns, and IBC weakens the effect of green accounting on stock returns.

Keywords: ESG, Green Accounting, Stock Returns, Independent Board of Commissioners

1. Introduction

Extreme climate change conditions have serious impacts, not only threatening the survival of humanity, but also having a major impact on the global economy. Governments, companies, and civil organizations around the world are paying serious attention to the health, safety, and economic crises caused by climate change (Chen et al., 2022). Climate change conditions result in weather changes such as droughts, floods, storms and sea level rise which have the potential to result in large financial losses for companies due to disruption of national and international supply chains, which also has an impact on stock returns. When investing, investors certainly expect a return or profit on the funds they have invested. The profits that investors get include dividends and capital gains (Qodary & Tambun, 2021). Stock returns are often used by investors in comparing alternative investments in companies, and also help investors find out the company's success achievements before investing (Nabila & Wahyuningtyas, 2023).

Stock returns can be positive or negative, which of course is influenced by stock price movements. Capital gain is obtained if the price of the shares sold is higher than the purchase price, while capital loss is obtained if the price of the shares sold is lower than the purchase price. This can be seen in the stock movement on May 5 2023, the IHSG opened down 15.8 points (0.23%) to 6,828, the IHSG fell quite deeply in session I, Friday (5/5/2023). JCI session I closed down 93.48 points (1.37%) to 6,750.54. Almost all stock sectors fell and energy sector shares fell the most. A total of 101 shares recorded an increase, 408 shares were corrected, and 195 shares were stagnant. Energy sector shares fell the most compared to other stock sectors. This is because the energy sector fell 2.82%.

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Followed by a decline in the raw goods sector by 2.65%, the industrial sector by 2.46%, the primary consumer sector by 0.74%, and the non-primary consumer sector by 0.57% (Investor.id, 2023). If an investor sells his shares under these conditions and below the purchase price, will experience a loss.

The increase and decrease in share prices influenced by many factors, namely economics, politics, company policy, company profitability, financial performance, and others. This incident also occurred in the energy stock sector at the end of trading Friday (15/7/2022) which experienced quite a deep correction. The energy sector moved into the red zone with a correction of 2,87%. Meanwhile, energy sector stocks that were corrected quite deeply included, PT Sumber Global Energy which fell 7% at 1,130, PT Adaro Minerals Indonesia fell 6,93% at 1,545, and PT Harum Energy Tbk (HRUM) which was corrected by 6,73% at 1,385 (Indonesian Stock Exchange, 2022). The following is the history of HRUM share prices from 2018 to 2023.

Figure 1. HRUM Share Price History 2018-2023

Source: (Stockbit, 2023)

Based on the share price history of HRUM in Figure 1, it shows that the increase and decrease in share prices from 2018 to 2019 were not significant, but from 2019 to the end of 2020 they tended to be stable. However, from 2021 to early 2023, HRUM shares showed very volatile movements. Therefore, this increase and decrease is a question for the public, especially investors, about how stock returns are reflected in share prices. Because a decrease in share prices will have an impact on a decrease in stock returns.

Investors usually pay more attention to the economic aspects of a company, but now with extreme climate change conditions investors are considering environmental, social and corporate governance aspects when making investment decisions. The Minister of Finance explained that the Indonesian Government has committed to fighting climate change through the Paris Agreement by reducing 29% of CO_2 emissions by 2030 and establishing a green economy as one of the main strategies for economic transformation in the medium and long term (Bisnis.com, 2022). This strategy will also help Indonesia realize the Sustainable Development Goals (SDGs). Therefore, Environmental, Social and Governance (ESG) practices must be implemented in all business activities (Kemenko Perekonomian, 2021). In accordance with signal theory, by making this report it is hoped that it will provide a signal to investors regarding the company's prospects and provide benefits to investors as material for consideration in the investment decision making process.

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ESG disclosure serves as an important strategy to ensure sustainable corporate development (Li et al., 2021). This disclosure is in accordance with legitimacy theory because companies apply norms related to the environment and are criteria and strategies for investors to assess company behavior and financial performance in the future. Previous ESG research was conducted by Torre et al. (2020) who obtained results that ESG had a positive effect on stock returns, the results of this research are in line with research conducted by Yin et al. (2023). However, the results of this research contradict the research results of Qodary & Tambun (2021) and Luo (2022) that ESG has a negative effect on stock returns.

In addition to implementation ESG, green accounting also contributes to providing information that can be a positive signal for stakeholders. This is because when a company has implemented green accounting, the company is already thinking about the company's long-term impact. Research conducted by Sembiring & Yanti (2023) and Aminuddin et al. (2023) obtained that green accounting results had a positive effect on stock returns. However, the results of this research contradict Selfiani & Yunita (2021) and (Wulandari et al., 2022) that green accounting has no effect on stock returns. In addition to companies having to disclose environmental costs, in order to attract investor interest, companies also need to be supported by an independent board of commissioners to help monitor transactions with minority shareholders (Christa, 2018). The existence of good supervision from an independent board of commissioners can be a positive signal for investors so that it can increase stock returns in accordance with signal theory.

Furthermore, the difference between this research and previous research lies in the moderating variable, where no one has ever used commissioners as a moderating variable for the influence of ESG on stock returns, and the influence of green accounting on stock returns. This paper objective to present the results of research "The Effect of Environmental, Social, Governance (ESG) and Green Accounting Disclosures on Stock Returns Moderated by the Independent Board of Commissioners".

2. Theoretical Background

2.1 Signaling Theory

Signaling Theory was first discovered by Spence (1973). Spence defines signal theory as a theory that links two parties, namely management and investors, where management is the signal giver and investors are the signal recipient. Examples are sustainability reports and financial reports issued by companies. The announcement is expected to provide a signal to investors regarding the company's prospects and provide benefits to investors as material for consideration in the investment decision making process. Safriani (2020) stated that ESG is a positive signal for investors, as is Green Accounting. Signal theory indicates that companies provide signals to overcome information asymmetry, so that companies can increase company value which also has an impact on stock returns by reducing information asymmetry, namely by providing signals to outside parties in the form of reliable and reliable information so that it will minimize uncertainty regarding the company's condition.

2.2 Stakeholder Theory

Freeman & Phillips (2002) explain stakeholder theory, which argues that the rationality of various stakeholders has been recognized by law and reflected in certain policy regimes and legal provisions. Modern companies must be aware of the trends of the times and no longer limit themselves to the position of shareholders but also to

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stakeholders. Stakeholder theory says that a company is not an entity that operates for its own benefit but rather benefits its stakeholders. The support of stakeholders has a strong influence on the company's existence in improving its performance (Wulandari et al., 2022). Overall, stakeholder theory recognizes that a company is responsible not only to its shareholders but also to a number of other groups affected by its operations. By fulfilling their responsibilities towards these stakeholders, companies can build sustainable and ethical businesses that benefit everyone involved (Yin et al., 2023).

2.3 Legitimacy Theory

Legitimacy theory states that in carrying out its business in a sustainable manner, an entity must ensure that it complies with the norms that apply in society and that its activities must be accepted by outside parties (legitimized), so that the entity tries to obtain approval in order to avoid sanctions. Apart from that, legitimacy is considered as a reciprocal relationship between two parties, namely the company and the environment, so that legitimacy is useful and is a potential resource for the company to survive (Hendrawati & Uy, 2020). Based on this foundation, environmental management activities are a form of company attention to society and the environment in an effort to gain legitimacy from society. The implementation of Environmental, Social, Governance and green accounting is a company effort to encourage the community to be accepted by outside parties as a form of complying with social norms.

2.4 Stock Returns

According to Brigham & Houston (2011) return or rate of return is the difference between the amount received and the amount invested, divided by the amount invested. Stock returns are one of the factors that encourage investors to invest, as well as a reward for investors' courage to accept investment risks. Stock returns consist of two components, namely yield and capital gain (loss). Yield is a component of returns that describes a continuous stream of income earned from. Meanwhile, capital gain (loss) is the profit (loss) experienced by investors when they sell shares due to the difference between the purchase price and the sale price of shares (Qodary & Tambun, 2021). Public trust in the company can increase the value of the company, so over time the value of the company will increase along with the share price and share returns obtained (Kobar & Kusmana, 2020). The stability of industrial stock returns can increase investors' confidence in investing in these companies.

2.5 Environmental, Social, Governance (ESG)

ESG investing plays an increasingly important role in the world economy (Luo, 2022). There are 3 indicators of ESG, namely, environmental performance indicators, social performance indicators and governance performance indicators. Environmental indicators include the use of renewable energy sources by companies, waste management programs, deforestation issues, as well as attitudes and actions taken by companies in facing climate change issues. Social indicators cover a variety of potential issues and many separate social aspects of ESG, but basically, they are all about social relationships, such as relationships with employees, human rights, and governance indicators cover how a company is managed by those who work with it.

To calculate these 3 pillars in the disclosure using the indicators contained in the Global Reporting Initiative (GRI) Standards 2021. GRI Standards is the practice of creating a framework for reporting environmental, social and governance impacts to the

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public through standards that are recognized globally and developed by GRI. In the GRI disclosure, there are 31 environmental indicators, 36 social indicators and 13 governance indicators (Global Sustainability Standards Board, 2024).

Research conducted by Torre et al. (2020) and Bag & Mohanty (2021) obtained results that ESG had a positive effect on stock returns, in line with research by Yin et al. (2023). This is because if the company can implement and increase ESG disclosure which will indirectly improve the company's image towards stakeholders regarding the company's sustainability in the future so that it will also have a good impact on stock returns, which is in accordance with stakeholder theory. which says that a company is not an entity that operates for its own benefit but rather benefits its stakeholders. Based on this description, the author formulates the following hypothesis:

H1: Environmental, Social, Governance has a positive effect on stock returns.

2.6 Green Accounting

Green accounting is accounting that aims to integrate environmental aspects into budgets and business operations. Through green accounting, companies can improve environmental performance, control costs, invest in environmentally friendly technology, and promote environmentally responsible production processes. Green accounting provides opportunities to reduce energy use, conserve natural resources, reduce risks related to environmental health and safety, and increase the company's competitive advantage (Putri, 2019). Green accounting can be calculated using the disclosure level, namely the number of scores fulfilled in the green accounting indicators in a company divided by the maximum score. The implementation of green accounting by companies is a positive signal for investors and is a form of corporate responsibility to implement norms for sustainability.

Research conducted by Rosilawati et al. (2021) obtained results that green accounting had a positive effect on stock returns, in line with subsequent research conducted by Sembiring & Yanti (2023) and Aminuddin et al. (2023). This is because if a company can implement and increase disclosure of its environmental performance, it is included as one of the efforts to implement green accounting which will indirectly increase company share sales because it can provide a positive image and a sense of trust to stakeholders regarding the company's sustainability in the future so that it will have an impact. also good for stock returns, where this is in accordance with stakeholder theory which says that a company is not an entity that operates for its own benefit but is beneficial for its stakeholders. Based on this description, the author formulates the following hypothesis:

H2: Green Accounting Has a Positive Effect on Stock Returns.

2.7 Independent Board of Commissioners

An independent board of commissioners is a board that does not have any connection with other boards. The board of commissioners is not affiliated with the board of directors, other members of the board of commissioners including shareholders and other members. The board of commissioners is tasked with supervising the directors in managing the company, protecting the interests of minority shareholders, investors, stakeholders, and mediating when disputes occur within the company (Sari et al., 2020).

Before investing in a company, investors will look for all information about the company as a consideration for making investment decisions. One thing investors consider is whether the company applies ESG principles in its business practices. ESG research has been proven by Yin et al. (2023) who obtained the results that ESG has a

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positive effect on stock returns. Many factors influence stock returns, including the existence of an independent board of commissioners (Safira & Dillak, 2021). If the existence of an independent board of commissioners has good performance, then its existence is able to provide a level of supervision, one of which is related to ESG supervision implemented by the company, where this can have a good influence on the company because it creates and even increases investor confidence in the company to carry out investments. and causes an increase in the company's share price and will also have a good impact on the company's share returns. Based on this description, the author formulates the following hypothesis:
H3: The Independent Board of Commissioners Strengthens the Influence of Environmental, Social, Governance (ESG) on Stock Returns

The steps taken by companies to reduce environmental pollution are by implementing green accounting. Green accounting is accounting that identifies, measures, assesses and discloses costs related to company activities related to the environment as a form of the company's sense of responsibility and concern for the environment (Wulandari et al., 2022). Research on green accounting on stock returns was carried out by Sembiring & Yanti (2023) who obtained the results that green accounting had a positive effect on stock returns. In the previous discussion, it was explained that one of the factors that influences stock returns is an independent board of commissioners. If the existence of an independent board of commissioners has good performance, supervision from the independent commissioners regarding company activities, especially those implementing green accounting, will increase investors' purchasing power because this will attract investors' trust, which will have an impact on company revenues and influence stock returns. Based on this description, the author formulates the following hypothesis:
H4: The Independent Board of Commissioners Strengthens the Effect of Green Accounting on Stock Returns.

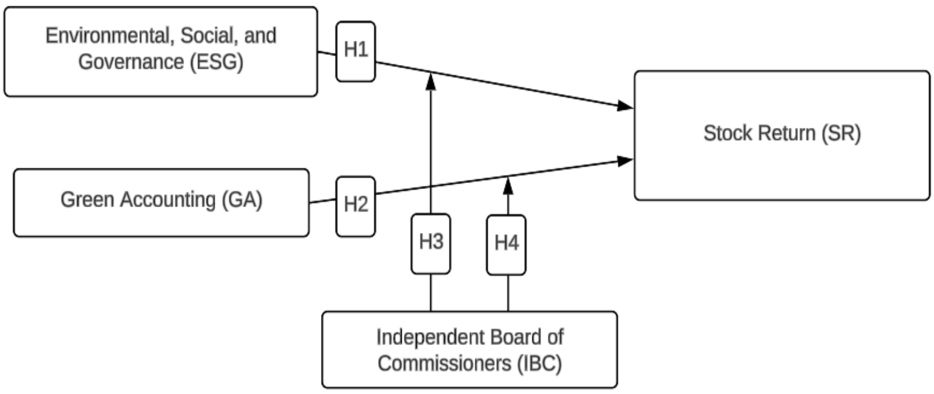

Figure 2. Theoretical framework
Source: Processed data (2024)

3. Methods

3.1 Population and Sample

This research uses quantitative methods, with the aim of examining "The Effect of Environmental, Social, Governance (ESG) Disclosures and Green Accounting on Stock Returns Moderated by the Independent Board of Commissioners". This research data uses secondary data and uses panel and cross section data, which includes Energy sector companies listed on the Indonesia Stock Exchange 2018-2022. Sample selection used the purposive sampling method.

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3.2 Definition and Measurement of Variable

Tabel 1. Definition and Measurement of Variable

Variable	Definition	Measurement	Scale
Dependent Variable: Stock Return (SR)	The level of profit obtained by investors on the investments they make	$R_T = \frac{P_T - P_{T-1}}{P_{t-1}}$ Description: Pt = Stock price in period t Pt-1 = Stock price in the previous period (t-1) (Nabila & Wahyuningtyas, 2023)	Ratio
Independent Variable: Environmental, Social, Governance (ESG)	A standard in environmental, social and governance aspects related to company operations and also criteria that effect sustainable investors in making investment decisions.	$\text{Score} = \frac{n}{k}$ Description: n = Number of Items disclosed by the company. k = Number of items expected according to GRI (80 items: 31 environmental indicators, 36 social indicators, 13 governance indicators) (Global Sustainability Standards Board, 2024)	Ratio
Independent Variable: Green Accounting (GA)	Corporate or government agency accounting practices as a management communication tool for internal business decisions that refer to the inclusion of environmental costs.	Disclosure Level = Number of scores fulfilled/Maximum number of scores (6) (Pratama & Susi Dwi Mulyani, 2024)	Ratio
Moderating Variable: Independent Board of Commissioners (IBC)	A board that has no connection whatsoever with other boards.	$IBC = \frac{\Sigma IBC}{\Sigma BC}$ Description: IBC = Independent Board of Commissioners BC = Board of Commissioners	Ratio

3.3 Data Collection Procedures

The type of data used in this research is secondary data. In collecting data, researchers used a documentation method which was carried out by collecting information from annual financial reports and sustainability reports of energy sector companies listed on the Indonesian Stock Exchange for 2018-2022 which were obtained from the official website of the Indonesian Stock Exchange and website of the company. The population in this study includes all energy sector companies listed on the Indonesia Stock Exchange in 2018-2022. Sample selection in this research was carried out using purposive sampling technique. The samples to be used must meet the following criteria:

1) Energy sector companies listed on the Indonesia Stock Exchange 2018-2022
2) Energy sector companies that publish audited financial reports for 5 consecutive years from 2018-2022.

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3.4 Panel Data Analysis Techniques

In this study, the data analysis technique used was panel data regression analysis with the help of statistical software EViews version 13.0. By using the panel data regression model which is formulated as follows:

$$\boxed{SR = \alpha + \beta_1 ESG_{it} + \beta_2 GA_{it} + \beta_3 ESG_{it} * IBC_{it} + \beta_4 GA_{it} * IBC_{it} + \varepsilon}$$

Description:

SR = Stock Return
α = Constanta
$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Direction Coefficient
ESG = Environmental, Social, Governance
GA = Green Accounting
IBC = Independent Board of Commissioners
i = Company
t = Time
ε = Error rate

4. Results and Discussion

Based on purposive sampling techniques, the sample used in this research was 135. Researchers have carried out several tests on the hypotheses that have been formulated using EViews 13.0 software. Below are presented the results of the tests carried out by researchers.

4.1 Descriptive Statistical Test

Descriptive statistical processing has been carried out to provide a detailed picture of the research data which is reflected in the minimum, maximum, average and standard deviation values. The following are the results of descriptive statistical analysis obtained from this research:

Table 2. Descriptive Statistical Test Results

	SR	ESG	GA	IBC
Mean	0,079301	0,587593	0,690123	0,409630
Median	0,000000	0,575000	0,666670	0,400000
Maximum	1,412980	0,962500	1,000000	0,750000
Minimum	-0,871790	0,175000	0,166670	0,250000
Std. Dev.	0,476900	0,195241	0,212740	0,099647

Source: Processed data (2024)

The SR variable has a minimum value of -0,871790 and a maximum value of 1,412980. This minimum value means that of the 135 research samples there are samples that have a negative SR. This is because share prices in the period studied experienced a decline from share prices in the previous period. The average SR value was 0,079301, indicating that the overall sample had a positive SR in the research period.

The ESG variable has a minimum value of 0,175000 and a maximum value of 0,962500. This minimum value means that there are samples that do not apply or disclose ESG indicators as a whole. Meanwhile, the average value of 0,587593 indicates that the overall sample had positive ESG in the research period.

The GA variable has a minimum value of 0,166670 and a maximum value of 1,000000. This minimum value means that there are samples that do not apply or express GA indicators. Meanwhile, the average value of 0,690123 indicates that the overall sample had a positive GA in the research period.

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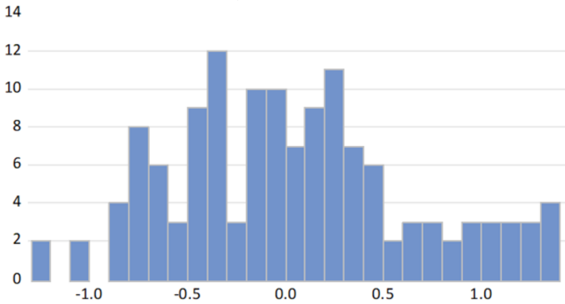
The IBC variable has a minimum value of 0,250000 and a maximum value of 0,750000. This minimum value means that the IBC in the company has a composition that is less than that of the board of commissioners, while the average value of 0,409630 indicates that the overall sample had a positive IBC in the research period.

4.2 Normality Test

This test is used to test whether the regression model of the independent variable and dependent variable is normally distributed or not.



Jarque-Bera	3,740258
Probability	0,154104

Figure 3. Normality Test Results
Source: Processed data (2024)

The method used is the Jarque Bera Test method. The assumption used is that the data is normally distributed if the p-value is more than or equal to 0.05. Based on the normality test results, the probability value is 0.154104 > 0.05. So, it can be concluded that the residuals are normally distributed.

4.3 Multicollinearity Test

In this research, a multicollinearity test was carried out to determine the existence of a relationship or influence between the independent variables and the moderating variable. The decision is based on a limit of 0.90, so if the correlation value between variables is lower than 0.90, it can be concluded that there is no multicollinearity in that variable.

Table 3. Multicollinearity Test Results

	ESG	GA	IBC
ESG	1,000000	0,512007	0,159129
GA	0,512007	1,000000	0,196349
IBC	0,159129	0,196349	1,000000

Source: Processed data (2024)

Based on the table, the results of the multicollinearity test show that:

a. The correlation coefficient between ESG and GA is 0.512007 < 0.9
b. The correlation coefficient between ESG and IBC is 0.159129 < 0.9
c. The correlation coefficient between GA and IBC is 0.196349 < 0.9

So, it can be concluded that the data in this study is free from multicollinearity.

4.4 Autocorrelation Test

The disclosure of the results of the autocorrelation test in this research can be seen through the use of the Durbin-Watson statistical value in the CEM test. Complete information regarding the results of the autocorrelation test in the context of this research can be found in the following table.

Table 4. Autocorrelation Test Results

dL	dU	4-DU	DW	Conclusion
1,70397	1,73379	2,26621	1,898490	There is no autocorrelation

Source: Processed data (2024)

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Based on the results of the autocorrelation test above, it is known that the Durbin Watson value is 1,898490 and is located between 1,73379 < 1,898490 < 2,26621, in accordance with the criteria dU < dW < 4-dU, which means there is no autocorrelation.

4.5 Heteroscedasticity Test

Researchers use Harvey in the heteroscedasticity test to detect whether heteroscedasticity occurs. If Prob-Value > 0,05 then there is no heteroscedasticity problem.

Table 5. Heteroscedasticity Test Results

F-ststistic	2,077003	Prob. F(2,132)	0,1294
Obs*R-Squared	4,118797	Prob. Chi-Square(2)	0,1275
Scaled explained SS	3,846616	Prob. Chi-Square(2)	0,1461

Source: Processed data (2024)

Based on the results of the heteroscedasticity test, the probability value is 0,1275 > 0,05, it can be concluded that there is no heteroscedasticity problem.

4.6 Panel Data Regression Analysis

After carrying out the Chow test, Hausman test and Lagrange Multiplier test, the most appropriate estimation method used in this research is the Common Effect Model (CEM).

Table 6. Panel Data Regression Analysis Test Results

Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	-0,183140	0,033567	-5,455913	0,0000
ESG	0,153441	0,032601	4,706617	0,0000
GA	-0,107196	0,042901	-2,498707	0,0137
ESG*IBC	0,068778	0,043476	1,581957	0,1888
GA*IBC	-0,117935	0,037998	-3,103666	0,0361

Source: Processed data (2024)

Based on the regression testing table produced in the table above, the calculation of the regression equation carried out is:

SR = -0,183140 + 0,153441ESG – 0,107196GA + 0,068778ESG*IBC – 0,117935GA*IBC + ε

Description:

SR = Stock Return

ESG = Environmental, Social, Governance

GA = Green Accounting

IBC = Independent Board of Commissioners

ε = Error rate

The regression coefficient from the equation above shows that the constant value is -0,183140. This means that if the ESG, GA, ESG*IBC, and GA*IBC coefficient values are zero, then the stock return coefficient value is -0,183140 units. The ESG coefficient value is 0,153441. This means that if there is an increase in ESG by one unit assuming the other variables are zero, it will increase stock returns by 0,153441 units. The GA coefficient value is -0,107196. This means that if there is an increase in GA by one unit assuming the other variables are zero, it will reduce the stock return value by 0,107196 units. The coefficient value for the ESG variable with IBC as a moderating variable (ESG*IBC) is 0,068778. This means that if there is an increase in ESG*IBC by one unit assuming the other variables are zero, it will increase stock returns by 0,068778 units.

The coefficient value for the GA variable with IBC as a moderating variable (GA*IBC) is -0,117935. This means that if there is an increase in GA*IBC by one unit assuming the other variables are zero, it will reduce stock returns by 0,117935 units.

4.7 R-Square Test

The coefficient of determination test uses the R-Square value, which ranges from 0 to 1. If the R-square value is close to or equal to 1, this indicates that the ability of the independent variable to influence the dependent variable is getting higher.

Table 7. R-Square Test Results

R-Squared	0,146923

Source: Processed data (2024)

Based on this table, it can be seen that the R-squared value is 0,146923, so it can be concluded that the ESG and Green Accounting variables can explain the stock return variable of 14,69%. Meanwhile 85,31% is explained by other variables.

4.8 F-Test

The simultaneous significance test or F test was carried out to assess whether the independent variables in this study had a simultaneous influence on the dependent variable.

Table 8. F Test Results

Prob(F-statistic)	0,000028

Source: Processed data (2024)

Based on the table above regarding the F test results, it can be seen that the probability value of the F-statistic is 0,000028 < 0,05. So, from these results, ESG and green accounting influence stock returns simultaneously.

4.9 t-Test

In this research, researchers carried out tests aimed at evaluating the influence of each independent variable on the dependent variable individually and the moderating variable on the dependent variable.

Table 9. T Test Results

Variable	Predic-tion	Coeffi-cient	Std. Error	t-stat.	Prob. (Twotail)	Prob. (Onetail)	Conclusion
C		-0,183	0,033	-5,455	0,000	0,0000	
ESG	+	0,153	0,032	4,706	0,000	0,0000	H1 is accepted
GA	+	-0,107	0,042	-2,498	0,026	0,0137	H2 is rejected
ESG*IBC	+	0,068	0,043	1,581	0,376	0,1888	H3 is rejected
GA*IBC	+	-0,117	0,037	-3,103	0,072	0,0361	H4 is rejected

Source: Processed data (2024)

4.9.1 The Effect of Environmental, Social, Governance (ESG) on Stock Returns

Based on the t test results in table 9 above, it is known that the value of Prob. the ESG variable is 0,0000 <0,05 and the ESG coefficient value is 0,153. This shows that ESG has a positive influence on Stock Returns. So, the hypothesis in this research is accepted. The results of this research support the signaling theory, that ESG disclosure is seen as a form of positive signal that produces a positive response from shareholders thereby increasing stock returns. The results of this research are also in line with stakeholder theory which

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focuses on company stakeholders. Support from stakeholders can increase profitability so that it has an impact on increasing stock returns. By implementing ESG practices, companies carry out social norms that are developing in society so that stakeholders support the company's operational activities which have an impact on the high profits generated and have a good impact on the company's stock returns. This statement is in accordance with legitimacy theory. These results are in line with research by Torre et al. (2020), Bag & Mohanty (2021) and Yin et al. (2023) which states that ESG has a positive effect on stock returns.

4.9.2 The Effect of Green Accounting on Stock Returns.

Based on the t test results in table 9 above, the value of Prob. the Green Accounting variable is 0,0137 <0,05 and the GA coefficient value is -0,107. This shows that green accounting has a negative influence on stock returns. This result is in contrast to the research of Sembiring & Yanti (2023) and Aminuddin et al. (2023) which states that GA has a positive effect on stock returns. These results are not in line with signaling theory, where the theory emphasizes that GA disclosure is seen as a positive signal that will produce a positive response from investors. In contrast to this theory, the research results show that GA has a negative effect on stock returns, in accordance with what was stated by Friedman (1962), which states that the main goal of a company is solely to increase the wealth of its stakeholders, and other non-financial goals will be making the company less effective.

4.9.3 The Effect of ESG on Stock Returns Moderated by Independent Board of Commissioners

Based on the t test results in table 9 above, the value of Prob. ESG*IBC is 0,1888 > 0,05, it can be concluded that IBC cannot strengthen the influence of ESG on stock returns. The existence of an independent board of commissioners cannot be a positive signal for investors, so it cannot increase stock returns, this is not in line with signal theory. Then the existence of an independent board of commissioners in the company is considered not to be doing its job, namely encouraging the implementation of corporate governance principles by carrying out supervisory duties and providing advice to managers effectively and providing added value to the company. This is because there are still many companies in Indonesia that do not pay enough attention to corporate governance, so that when selecting an independent board of commissioners it is not in accordance with their actual qualifications and only fulfills minimal compliance (Andrima Putri & Mulyana Dali, 2022).

4.9.4 The Effect of Green Accounting on Stock Returns Moderated by Independent Board of Commissioners

Based on the t test results in table 9 above, the value of Prob. GA*IBC is 0,0361 < 0,05 and the GA*IBC coefficient value is -0,117, so it is described as weakening the effect of green accounting on stock returns. The existence of an independent board of commissioners cannot be a positive signal for investors, thereby reducing stock returns, this is not in line with signal theory. This can happen because the role of IBC is not being able to improve the quality of shares through monitoring functions in financial reporting and also because there is low awareness of the importance of the GCG system in increasing the quality of company value. The concept based on the formation of independent commissioners is based on the principles of Independence and Accountability, if supervision from the IBC is lacking there could be several irregularities committed by investors.

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5. Conclusion

Based on all the tests that have been carried out, it can be concluded that ESG has a positive influence on stock returns, so this shows that by implementing ESG in companies, stock returns will increase, ESG disclosure is a form of company compliance with social norms and can provide a positive signal. positive so that it has a positive impact on stock returns. Furthermore, green accounting has a negative influence on stock returns, this shows that the main goal of a company is solely to increase the wealth of its stakeholders, and other non-financial goals will make the company less effective. IBC cannot strengthen the influence of ESG on stock returns. The existence of an independent board of commissioners cannot be a positive signal for investors, so it cannot increase stock returns and IBC weakens the influence of green accounting on stock returns. The existence of an independent board of commissioners cannot be a positive signal for investors, thereby reducing stock returns.

This research has limitations, the sample in this research is still relatively small, future researchers can expand the scope of the research population, so that more samples are used, because the closer the sample is to the population, the better the research results. The variables used in this research to determine their effect on stock returns are only a few. In the future researchers can use other variables that can influence stock returns such as Green Intellectual Capital and Cash Holding.

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