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The Effect Of Gender Diversity and Financial Performance On Stock Returns With Sustainability As An Intervening Variable

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Abstract

Sustainability and return on stock represent crucial factors in a company's development. Board gender diversity and financial performance can influence a company's Sustainability and return on stock. This study employs a quantitative research method analyzing data from 17 companies, utilizing financial reports from 2018 to 2021. The research findings indicate no significant influence of board gender diversity and financial performance on stock return through a company's Sustainability. These findings underscore the complexity of the dynamics between these factors, emphasizing the need for an integrated approach in corporate management to achieve an optimal balance between Sustainability, return on stock, and inclusive business practices.

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1. Introduction

Corporate Sustainability is a business paradigm that integrates and harmonizes economic, social, and environmental aspects of operational activities. (Tandon et al., 2024). Quoting the explanation of Bagh et al. (2024) in their research, on the economic dimension, this includes sustainable business growth, focusing on creating long-term value for shareholders, employees and other stakeholders. This involves transparent, ethical and financially responsible business practices, including fulfillment of tax obligations, payment of living wages and positive contribution to inclusive economic growth.

On the social side, corporate Sustainability emphasizes social responsibility, including social justice, human rights, and safe and fair working conditions for all employees. (Fernando et al., 2022). It also involves the active involvement of companies in strengthening local communities, through philanthropic programs, partnerships with non-governmental organizations, and other social initiatives that aim to improve the quality of life of the surrounding community.

In the environmental dimension, corporate Sustainability considers the impact of operational activities on the natural environment. (Appiah-Kubi et al., 2024). This includes reducing carbon footprints, efficient use of natural resources, protection of natural habitats, and responsible waste management. Sustainability-oriented companies also tend to implement environmentally friendly practices in their supply chains, prioritizing partners that adhere to high environmental standards.

The importance of corporate Sustainability has been further reinforced by demands from various stakeholders, including consumers who are increasingly environmentally conscious, investors who are mindful of social and environmental risks and opportunities, and governments pushing for stricter regulations related to responsible business practices. In this context, such as the spread of Mwesiumo et al. (2023), Sustainability is not only a moral obligation, but also a critical factor in ensuring company's long-term Sustainability and success amid increasingly complex global challenges.

The effect of stock returns on Sustainability is an important aspect of the link between corporate financial performance and social and environmental responsibility. Stock return is one of the key metrics used by investors to evaluate the financial performance of a company and measure the return on their investment. (Li et al., 2023). On the other hand, corporate Sustainability refers to integrating economic, social, and environmental aspects in business strategy and operations. At first glance, the relationship between stock returns and Sustainability may appear one-way, where companies that generate high stock returns are automatically considered companies that perform well in Sustainability. However, the actual dynamics are much more complex.

Stock return is a concept that plays a central role in investment analysis and financial decisions. (Venturini, 2022). More than just a number, stock returns describe the performance of a stock investment from various points of view, both from the perspective of individual investors and companies. First, stock return is a very important performance measure for investors as it shows

how effectively an investment in the stock generates profits. This can occur through two main ways: capital gains and dividends. Capital gains reflect the increase in the value of a stock from the time of purchase to sale, while dividends are the distribution of profits paid by the company to shareholders.

However, stock returns are not only important for investors, but also for the company itself. For companies, stock returns are an important measure in evaluating the performance and effectiveness of management in creating value for shareholders. A high level of stock return indicates that the company can generate adequate profits and provide shareholders a favorable return on investment. This can help strengthen investor confidence, enhance the company's reputation, and support long-term business growth. The resulting stock return rates can also provide valuable insights for financial analysts and other stakeholders in gauging market performance and investment trends. (Luo, 2022). In addition, stock returns can also be used as a comparison tool between various alternative investments, assisting investors in allocating their investment portfolios more efficiently according to their financial goals and risk tolerance.

While stock returns are the main indicator in measuring stock investment performance, it is important to remember that stock investment also involves risk. Stock price fluctuations and market volatility can affect the return generated, requiring careful risk management. (Aswani et al., 2024). Therefore, investors need to conduct a comprehensive risk-return analysis before making an investment decision in stocks, considering factors such as individual risk profile, investment objectives, and prevailing market conditions. Thus, stock returns are not only a measure of performance but also a foundation for making wise and sustainable investment decisions.

Kungl (2024) argues that companies that implement sustainable business practices tend to have better financial performance in the long run. Quoting Helfaya et al. (2023), this phenomenon occurs because sustainable business practices can reduce operational risks, strengthen brand reputation, improve resource use efficiency, and increase attractiveness for investors who are increasingly paying attention to environmental, social, and corporate governance (ESG) factors in making their investment decisions. Companies that care about Sustainability can also generate better innovations in products and processes, which can create long-term competitive advantage (Rahman et al., 2019) (Fuadah et al., 2023).

However, on the contrary, Wang et al. (2024) argue that stock returns can influence a company's focus on Sustainability. When capital markets pressure companies to achieve high financial returns in the short term, companies may sacrifice Sustainability to meet market expectations. This could include sacrificing socially and environmentally responsible business practices to optimize profits or rapid growth. In this context, high stock returns in the short term can be an obstacle for companies to take sustainable and responsible actions in the long term.

Therefore, the relationship between stock returns and Sustainability is dynamic and mutually influential. Sustainability-oriented companies may experience short fluctuations in their stock returns due to their long-term commitment to sustainable business practices. However, in the long run, sustainable business practices can create significant added value for companies and

influence the market's perception of their long-term value, positively affecting their stock returns. Conversely, companies that ignore Sustainability may experience high stock returns in the short term, but face significant long-term risks due to potential negative reputational impacts, litigation and regulatory changes. Good corporate governance wich board diversity inside can control earnings management carried out by company management to do better (Sriyono et al., 2022).

The potential impact of Board Gender Diversity and financial performance on Sustainability and stock returns is an important concern in the context of inclusive and sustainable corporate management. First, Board Gender Diversity, which refers to the balanced representation of men and women in corporate decision-making structures, has been the focus of increasingly intense research in recent years. (Chu, 2024). Studies such as Bao & Li (2024), Zheng & Wang (2024) and Luong et al. (2023) show that gender diversity on boards can bring a variety of benefits, including better decision-making, broader perspectives, higher innovation and more effective risk management. With this diversity, boards are likely to reflect the broader interests of shareholders and society, which can improve a company's financial performance.

On the other hand, a company's financial performance can also affect Sustainability and stock returns. (Caferra et al., 2023; Vo & Mazur, 2023). Companies with strong financial performance tend to have more resources to invest in sustainable business practices, including investments in green technology, employee welfare programs, and involvement in social initiatives. In addition, good financial performance can also increase investor confidence and market trust, which can contribute to increased stock returns. However, it is important to remember that good financial performance does not necessarily guarantee Sustainability or gender diversity on the board of directors. Therefore, it is important to analyze the impact in an integrated manner.

In this context, board gender diversity can strengthen the link between financial performance and Sustainability, by providing a more diverse perspective in decision-making related to sustainable business practices. Gender diversity on boards can promote critical thinking and innovation, which can help companies identify new opportunities and manage risks associated with social and environmental issues. In addition, strong financial performance can also support the implementation of sustainability initiatives by providing the necessary resources for long-term investment in sustainable projects.

2. Literature Review

Based on a review of the results of previous studies, the authors found inconsistencies in the effect of each company's financial ratio variable on stock returns, especially on the variables Return on Equity (ROE), Price Earnings Ratio (PER), Price to Book Value (PBV), and Net Profit Margin (NPM). Previous studies have shown that the profitability ratio (ROI) as a domain of short-term financial performance has no significant effect on stock prices in IDX-30 index companies (Husain, 2021), while Chol using ROI and ROE to examine financial performance (Chol et al., 2020). Other studies also show similar results where statistical analysis of company financial ratios shows that ROI has no significant effect on stock returns (Hertina & Saudi, 2019), (Saputra, 2022), (Susan, 2020). However, other studies have revealed

that ROI has a significant effect on stock prices (Ramli & Yusnaini, 2022). It is known that the PER has no significant effect on stock price movements in transportation subsector companies on the Indonesia Stock Exchange (Kohar Mudzakar, 2021). However, other studies in Turkey show that PER has a significant influence on stock prices and is used by investors as an indicator in predicting stock price movements (Aras & Yilmaz, 2008). A study of 12 food and beverage sector companies on the Indonesia Stock Exchange confirmed that (PBV has a significant effect on stock prices (Bustani et al., 2021) , as well as the LQ-45 index on the same exchange (Kusmayadi et al., 2018). A similar study in 2014 also showed the same result because PBV shows investors' high confidence in the value of a stock because of their willingness to pay for shares at a higher price than the actual share value (Dita & Murtaqi, 2014).

The results of previous research show that simultaneously there is a positive and significant effect of NPM, operating profit margin (OPM), and gross profit margin on stock prices in industrial goods companies listed on the Indonesia Stock Exchange (Mahdi & Khaddafi, 2020). However, other research shows that OPM does not have a significant influence on the stock prices of banking companies on the Indonesian Stock Exchange (Choiriyah et al., 2021). These various inconsistencies indicate the need for further studies on the effect of each of these ratio variables on company stock returns. The author uses ROE, PER, PBV, NPM, Gender diversity and Sustainability (ESG Risk Rating) as important components in proxies that have now begun to be implemented in all capital markets in the world. Previous research shows that return on assets and earnings per share have no effect on stock returns, while ROE and PER affect stock returns, simultaneously return on assets, ROE, earnings per share, and PER effect stock returns (Kohar Mudzakar, 2021). The current research shows that the findings from the descriptive analysis show that board diversity tends to be higher with banks that have low financial leverage and high assets. A regression model partially corroborates board gender diversity as a causative factor for corporate governance disclosures because, when board members are female, amounting to 22-50% of the board, a significant positive effect on the outcome level of ESG disclosure. However, at levels above 50%, the scale manifests negative results on ESG disclosure of women's board participation (Buallay et al., 2022). We propose our hypothesis as follows:

H1: Board Gender Diversity, Return on Equity, Price price-earnings ratio, Price to Book Value, and Net Profit Margin, influence the ESG Score.
H2: Board Gender Diversity, Return on Equity, Price Earnings Ratio, Price to Book Value, Net Profit Margin, influence Stock Returns.

3. Research Methods

This study adopts a quantitative research approach as the main framework for collecting, evaluating and interpreting data. The quantitative approach facilitates researchers in collecting data in numerical form and use statistical techniques to test hypotheses and analyze the relationship between the investigated variables. (Caroline, 2019). In this context, the analytical method applied is multiple linear regression. Multiple linear regression is a statistical technique used to understand and analyze the relationship between one dependent variable (the variable to be predicted) and two or more independent variables (variables used to make predictions). (Kusumastuti et al., 2020).

This research uses stock returns as the dependent variable, Gender Diversity and Financial Ratios as independent variables, and ESG scores as intervening variables. Stock return is the amount of shareholder income as a result of their investment in a particular company. Gender diversity is gender diversity in the composition of company directors and commissioners. ROE is a ratio value that shows a company's ability to generate net operating profit against its capital. The greater the ratio value indicates the good quality of a company in generating profits. PER is a ratio value showing the value of a share in the capital market with its actual value, whether over-value or under-value. The PER variable value is obtained from the price per share divided by earnings per share. PBV is a ratio that shows the book value per share with the actual price of shares on the capital market. The higher the PBV value, the higher investors value the company. NPM is a ratio that shows the percentage of each EAT from each sales result of a company. A high NPM value means that the company's net profit is also high. The ESG score is an index that shows the impact of a company's business activities on the environment, social society and corporate governance. In this study, the ESG score was taken from S&P Global data with the consideration that the institution provided ESG score data for the entire research sample. The higher the ESG score indicates the better a company's performance in activities related to the environment, social community and corporate governance. The data used in this study consists of financial reports from 17 companies covering the period from 2018 to 2021.

4. Results

Based on the analysis conducted, the R Square value is 0.214. This indicates that the independent variable contributes 21.40% of the influence on the dependent variable. In other words, about 21.40% of the variation in the dependent variable can be explained by variations in the independent variables as can be seen in Table 6.

Table 1. Model Summary Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463	.214	.139	10.0087

Source: Research Data

In addition, based on the test, it was also found that the value of e1 is equal to $\sqrt{(1-0{,}214)} = 0{,}8866$. So, based on these calculations and as listed in Table 7, the model one path diagram can be seen in Figure 1.

Table 2. Coefficient Testing Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	38.229	3.590		10.650	.000
BDG	-46.469	18.231	-.346	-2.549	.014
PBV	2.324	1.295	.269	1.795	.079
PER	-.188	.112	-.234	-1.674	.100
ROE	-34.873	17.212	-.285	-2.026	.048
NPM	-.264	13.454	-.003	-.020	.984

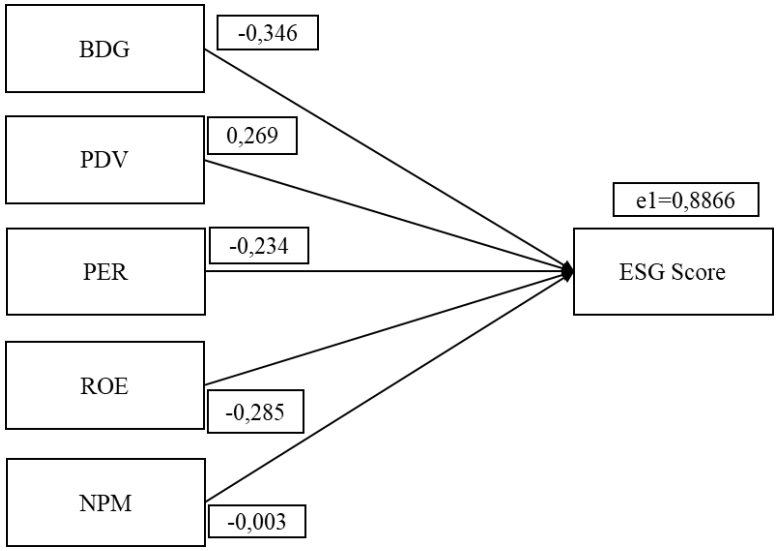

Figure 1. Model 1 Path Diagram

In addition, based on the analysis results contained in Table 7, it can be concluded that only Board Gender Diversity and ROE variables have a significant influence on ESG Score or Sustainability. Furthermore, it can be observed that the relationship between Board Gender Diversity and ESG Score is negative. That is, the higher the level of gender diversity on the board of directors, the lower the stock returns achieved. Meanwhile, in the ROE variable, ROE also has a negative relationship with ESG Score, so the higher the ROE value, the lower the ESG Score the company achieves.

So, based on this analysis, it is found that the Multiple Linear Regression formula in model 1 is as follows

$$Y = 38{,}229 + -46{,}469X_1 + 2{,}324X_2 + -0{,}188X_3 + -34{,}873X_4 + -0{,}264X_5$$

Model 2 Path Output

From the results of the data analysis that has been carried out, the R Square value is 0.178. This indicates that the independent variables, namely Board Gender and Financial Performance, as well as the Sustainability variable, contribute 17.80% on Stock Returns as seen in table 8.

Table 3. Model Summary Analysis Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.422	.178	.081	.2131837369

Source: Research Data

So, looking at the results of this analysis, the e2 value found in this test is equal to $\sqrt{(1-0{,}178)} = 0{,}4129$. Based on these calculations, and as the data listed in table 9, the second model path diagram can be seen in Figure 2.

Table 4. Test Results of Path Coefficient 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.133	.136		-.975	.334
BDG	-.607	.412	-.219	-1.473	.147
PBV	.007	0.28	.042	.262	.795
PER	.002	.002	.126	.847	.401
ROE	-.215	.381	-.085	-.566	.574
NPM	.643	.287	.328	2.245	.029
ESG Score	.005	.003	.242	1.686	.098

Source: Research Data

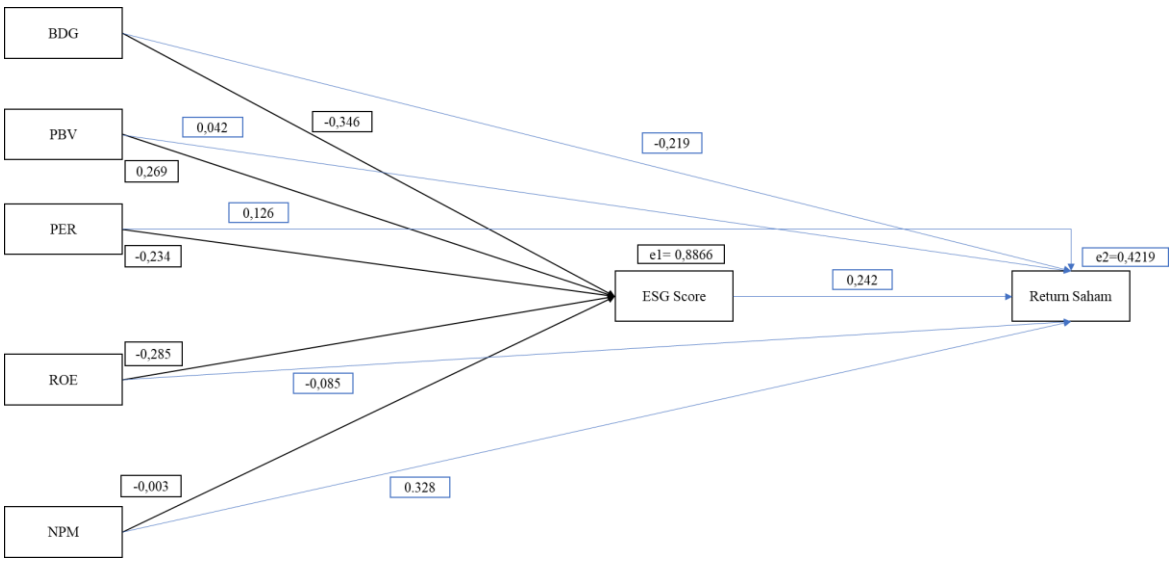

Figure 2. Model 2 Path Diagram

Based on the analysis results in Table 4, it can be concluded that of all the variables studied, only the NPM variable significantly influences the Stock Return variable. Furthermore, it can be observed that the relationship between BDG and Stock Return has a positive nature. This indicates that the higher the level of NPM, the higher the value of Stock Return the company achieves. So, based on this analysis, it is found that the Multiple Linear Regression formula in model 2 is as follows

$$Y = -0{,}133 + -0{,}607X_1 + 0{,}007X_2 + 0{,}002X_3 + -0{,}215X_4 + 0{,}643X_5$$

Sobel Test Analysis

The Effect of Board Gender Diversity Through Sustainability on Stock Returns. From the sobel test analysis conducted by researchers, the effect of Board Gender Diversity through Sustainability on Stock Returns can be seen in Table 10, as follows:

Table 5. Sobel Test Analysis Results

Board Gender Diversity		Test Statistic	P-Value
a	-46,469	-1,39492979	0,16303701
b	0,005		
Sa	18,231		
Sb	0,003		

Source: Research Data

Based on the results of the Sobel test calculation, it is found that BDG through Sustainability does not have a significant relationship with Stock Returns. This can be seen from the P-value of 0.16303701, greater than the significance threshold of 0.05.

The Effect of PBV Through Sustainability on Stock Returns. From the sobel test analysis conducted by researchers, the effect of PBV through Sustainability on Stock Returns can be seen in Table 11, as follows:

Table 6. Sobel Test Analysis Results

Price to Book Value		Test Statistic	P-Value
a	2,234	1,19863565	0,23066965
b	0,005		
Sa	1,295		
Sb	0,003		

Source: Research Data

Based on the results of the Sobel test calculation, it was found that PBV through Sustainability does not have a significant relationship with Stock Returns. The P-value obtained is 0.23066965, which exceeds the significance threshold of 0.05. This finding indicates that in the context of the influence of PBV on Stock Return through Sustainability, there is insufficient evidence to confirm a significant relationship.

The Effect of PER Through Sustainability on Stock Returns. From the sobel test analysis conducted by researchers, the effect of PER through Sustainability on Stock Returns can be seen in Table 7:

Table 7. Sobel Test Analysis Results

Price Earnings Ratio		Test Statistic	P-Value
a	-0,188	-1,1826978	0,23692894
b	0,005		
Sa	0,112		
Sb	0,003		

Source: Research Data

The results of the Sobel test calculation show that the PER through Sustainability does not have a significant relationship with Stock Returns. The P-Value obtained is 0.23692894, exceeding the significance threshold of 0.05. This finding indicates that in the context of the effect of PER on Stock Return through Sustainability, there is not enough evidence to support a significant relationship.

The Effect of ROE Through Sustainability on Stock Returns

From the sobel test analysis conducted by researchers, the effect of ROE through stock returns on Sustainability can be seen in Table 8, as follows:

Table 8. Sobel Test Analysis Results

Return on Equity		Test Statistic	P-Value
a	-34,873	-1,28713476	0,19804732
b	0,005		
Sa	17,212		
Sb	0,003		

Source: Research Data

Based on the results of the Sobel test calculation, it was found that ROE through Sustainability does not have a significant relationship with Stock Returns. The P-value obtained is 0.19804732, which exceeds the significance threshold of 0.05. This result indicates that in the context of the effect of ROE on stock returns through Sustainability, there is not enough evidence to confirm a significant relationship.

The Effect of NPM Through Stock Return on Sustainability

From the sobel test analysis conducted by researchers, the effect of NPM through Sustainability on Stock Returns can be seen in Table 9, as follows:

Table 9. Sobel Test Analysis Results

Net Profit Margin		Test Statistic	P-Value
a	-0,264	-0,01962106	0,98434566
b	0,005		
Sa	13,454		
Sb	0,003		

Source: Research Data

The results of the Sobel test calculation show that NPM through Sustainability does not have a significant relationship with Stock Returns. The P-value obtained is 0.98434566, which exceeds the significance threshold of 0.05. This finding indicates that in the context of the effect of NPM on Stock Return through Sustainability, there is not enough evidence to support a significant relationship.

Robust Test

Robustness testing is an important step in validating the results of the analysis and testing the reliability of the findings of a study. In this context, researchers tested robustness by removing the 2020 and 2021 data from the analysis. This decision was based on the understanding that these periods were characterized by turmoil in the stock market induced by the spread of the

COVID-19 pandemic. The pandemic triggered extreme uncertainty and volatility in global financial markets, which could affect the relationship between the variables under study (Agusti et al., 2021). By omitting data from these years, researchers sought to ensure that the analysis results were not affected by the unstable market conditions of the period. This step aims to strengthen the reliability of the findings and increase the validity of the research results, allowing more accurate conclusions about the relationship between the variables under study without interference from external factors that might affect the results.

Table 10. Robust Test on Variable X with Y

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.067	.066		1.026	.316
BGD	-1.022	.330	-.555	-3.097	.005
PBV	-.002	.023	-.017	-.089	.930
PER	.002	.002	.234	1.322	.200
ROE	-.038	.313	-.023	-.121	.905
NPM	.379	.231	.302	1.642	.115

Source: Research Data

The robust test analysis produces interesting findings, especially regarding the effect of ROE on Stock Returns. When the 2020 and 2021 data is retained, ROE is shown to significantly influence Stock Returns. However, in the robustness test after removing the data from those years, the findings show that ROE no longer significantly influences Stock Return. This discrepancy is interesting to note as the other variables in the analysis remain consistent in showing a significant relationship or lack of relationship to Stock Return. This indicates that the ROE test results are heavily influenced by the presence of data from 2020 and 2021. From this, it can be concluded that the data obtained by researchers is not affected by external conditions, especially the turmoil caused by the COVID-19 pandemic in those years. This analysis confirms the reliability and validity of the data used in this study, as it eliminates external factors that could affect the analysis results.

5. Conclusion and Suggestion

Based on the analysis results contained in Table 2, it can be concluded that only BDG and NPM variables have a significant influence on stock returns. Furthermore, it can be observed that the relationship between Board Gender Diversity and stock returns is negative. That is, the higher the level of gender diversity on the board of directors, the lower the stock returns achieved. Meanwhile, in the NPM variable, NPM has a positive relationship with stock returns, so the higher the NPM value, the higher the stock return achieved by the company.

Based on the analysis results contained in Table 4, it can be concluded that of all the variables studied, only the BDG variable has a significant influence on the intervening variable, namely ESG Score. Furthermore, it can be observed that the relationship between BDG and ESG Score has a negative nature. This indicates that the higher the level of gender diversity on the board of directors, the lower the ESG Score achieved by the company.

In the analysis of model 1, there are interesting findings that show that BDG and NPM have a significant effect on Stock Return. The significant effect of these two variables indicates that gender diversity on the board of directors and corporate profitability, as reflected in NPM, play an important role in determining the stock return performance of a company.

First, the significant effect of Board Gender Diversity BDG indicates that the presence of gender diversity on the board of directors has a significant impact on the financial performance of the company, which is reflected in Stock Return. The principles of inclusion and strong representation within the board of directors can bring diverse perspectives to decision-making, which in turn can influence market and investor confidence, as well as the overall financial performance of the company.

Secondly, the significant effect of NPM confirms the importance of firm profitability in influencing stock return performance. NPM reflects a firm's operational efficiency and ability to generate net profit from revenue, which in turn affects the market's perception of a firm's value and its stock performance.

In the analysis of model 2, the researcher conducted an in-depth search to identify the factors that affect the Sustainability of the company. An interesting finding is that of the observed variables, only Board Gender Diversity has a significant influence on Sustainability, while financial performance (represented by Stock Return) shows no significant influence on Sustainability. This finding implies complexity in the relationship between financial and non-financial factors in the context of corporate sustainability performance.

First, the found significant effect of Board Gender Diversity highlights the importance of gender inclusion on boards in the context of corporate sustainability. The presence of gender diversity on boards can create a more inclusive decision-making environment that is responsive to sustainability issues, such as environmental, social and corporate governance. The various perspectives offered by BDG can assist in the identification of sustainability-related risks and opportunities, as well as in designing and implementing more effective sustainability strategies.

Furthermore, the finding that financial performance has no significant influence on Sustainability highlights the complexity in the linkage between financial performance and sustainability performance. While financial performance is often the main focus in assessing corporate health and success, these results suggest that non-financial factors, such as BDG, may have a greater impact in the context of corporate sustainability. This confirms the importance of considering non-financial dimensions in the analysis of corporate sustainability performance.

The results of the Sobel test analysis conducted by researchers provide a fairly comprehensive picture of the relationship between several key variables, namely Board Gender Diversity, PBV, PER, ROE, and NPM, with Sustainability through Stock Returns. From these results, it can be concluded that these variables have different influences on Sustainability, and some of them do not show a significant relationship.

When looking at the effect of Board Gender Diversity through Stock Return on Sustainability, the Sobel test results showed that no significant relationship was found. The P- value of

0.19389, exceeding the significance threshold of 0.05, signifies that while BDG may play a role as a mediator, the relationship is not significantly proven in this analysis. Although gender diversity on boards has been the focus of increasing attention in business practice and academic research, the results of this analysis suggest that the relationship between BDG and corporate sustainability performance, as reflected in stock returns, is not always as direct or clear-cut as expected. There are several arguments that explain this finding.

The first possibility, as outlined by Mukherjee & Krammer (2024) is that while there is evidence to suggest that gender diversity on boards can bring benefits in decision-making by bringing a broader and more diverse perspective, its direct impact on a firm's financial performance and sustainability is not always immediate. Other factors beyond board composition, such as business strategy, market conditions, regulation, and internal organizational dynamics, can also affect corporate performance and sustainability.

Another possibility is that the effects of gender diversity on the board of directors may take time to be reflected in overall firm performance. (Saona et al., 2024).. The effect of changes in board composition on strategic decisions and corporate policies may take time to adjust and implement, and the impact may not be immediately apparent in the short-term financial statements.

Furthermore, when evaluating the effect of PBV, PER, ROE, and NPM through Stock Return on Sustainability, the Sobel test results show that no significant relationship was found for these variables. The P-Values obtained all exceeded the significance threshold of 0.05, indicating that in the context of the influence of these variables on Sustainability through Stock Return, there was insufficient evidence to assert a significant relationship.

The study found that financial performance does not significantly affect corporate sustainability. This finding may be explained by several relevant arguments. First, the focus of financial performance that is primarily fixated on stock returns may not fully reflect aspects of corporate sustainability such as social responsibility, environment, and good governance. Stock returns tend to focus more on purely financial aspects and can be affected by fluctuating market factors and do not necessarily reflect broader sustainability performance. (X. Li & Xing, 2023).

Second, non-financial factors, such as sustainable corporate governance practices, environmental policies, and corporate social responsibility, based on Hoang et al. (2023) have a greater influence on sustainability than financial performance alone. In this context, good financial performance may be a prerequisite, but not a guarantee for a company's long-term sustainability in non-financial aspects.

Third, stock return analysis may not be able to capture the long-term effects of a company's sustainable practices that may take time to be reflected in financial performance. For example, investments in sustainability and corporate social responsibility may require significant upfront costs with no immediately visible financial returns, but may provide significant long-term benefits in terms of reputation, access to capital, and stakeholder relationships.
The analysis of the first model shows interesting findings that highlight the significant influence of Board Gender Diversity and NPM on the company's stock return. Gender diversity

on the board of directors and corporate profitability appear to play a crucial role in determining stock performance. Gender diversity on the board of directors brings diverse perspectives to decision-making, which can affect market and investor confidence and overall financial performance. On the other hand, corporate profitability, reflected in NPM, reflects the company's operational efficiency and ability to generate net income, which affects the market's perception of the company's value.

The analysis of the second model highlights the findings that show that of the observed variables, only Board Gender Diversity has a significant influence on corporate sustainability. The presence of gender diversity on the board of directors creates a more inclusive decision-making environment that is responsive to sustainability issues. However, financial performance, represented by stock returns, does not show a significant influence on sustainability. This finding illustrates the complexity in the relationship between financial and non-financial factors in the context of corporate sustainability performance.

The results of the Sobel test analysis show that variables such as Board Gender Diversity, PBV, PER, ROE, and NPM have different effects on Sustainability. However, through Stock Return, no significant relationship with Sustainability was found. This suggests that not all financial and non-financial factors have a uniform impact on Sustainability, and perhaps a deeper understanding of the dynamics is needed.

In addition, the finding that financial performance has no significant effect on corporate sustainability indicates that non-financial factors may have a greater role in influencing sustainability. The focus on stock returns may not fully reflect aspects of sustainability such as social responsibility, environment and good governance. This emphasizes the importance of considering non-financial factors in the analysis of corporate sustainability performance

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