

TABLE OF CONTENT

APPROVAL OF THESIS	ii
THESIS EXAMINATION APPROVAL	iii
STATEMENT OF THESIS ORIGINALITY	iv
ABSTRACT	v
<i>ABSTRAK</i>.....	vi
MOTTO AND DEDICATIONS	vii
FOREWORDS	viii
TABLE OF CONTENT	xii
LIST OF TABLES.....	xvi
LIST OF FIGURES	xvi
APPENDIX	xvii
CHAPTER I INTRODUCTION.....	1
1.1 Background	1
1.2 Research Questions	8
1.3 Research Objectives	9
1.4 Research Contributions	9
1.4.1 Theoretical contributions	10
1.4.2 Empirical contributions	10
1.4.3 Practical contributions	10
1.5 Systematics of Writing	10
CHAPTER II LITERATURE REVIEW	12
2.1 Theoretical Foundation	12
2.1.1 Modern Portfolio Theory	12
2.1.2 Efficient Market Hypothesis	13
2.1.3 Capital Asset Pricing	15
2.1.4 Fama-French Three-Factor Model	17

2.1.5	Stakeholder Theory	18
2.1.6	Environmental, Social, and Governance (ESG).....	18
2.1.7	ESG Disclosure Score	19
2.1.8	ESG in Asset Pricing.....	20
2.2	Previous Research	22
2.3	Conceptual Framework	29
2.4	Hypothesis.....	30
2.4.1	Market Risk Premium and Excess Stock Return	30
2.4.2	Size Factor (SMB) and Excess Stock Return.....	31
2.4.3	Value Factor (HML) and Excess Stock Return	32
2.4.4	ESG Factor and Excess Stock Return	33
CHAPTER III RESEARCH METHODS.....		35
3.1	Research Variables and Operational Definition	35
3.1.1	Dependent Variable	35
3.1.1.1	Excess Stock Return.....	35
3.1.2	Independent Variable.....	36
3.1.2.1	ESG Disclosure Score	36
3.1.3	Control Variable	37
3.1.3.1	Market Risk Premium	37
3.1.3.2	Size Factor (SMB)	37
3.1.3.3	Value Factor (HML).....	39
3.1.3.4	Country Dummy	39
3.2	Population and Research Sample	40
3.3	Types and Sources of Data	41
3.4	Data Collection Methods.....	41
3.5	Data Analysis	42
3.5.1	Descriptive Statistical Test.....	42
3.5.2	Model Significant Test	42
3.5.2.1	Chow Test.....	43

3.5.2.2	Lagrange Multiplier (LM).....	43
3.5.2.3	Hausman Test	44
3.5.3	Classic Assumption Test.....	44
3.5.3.1	Multicollinearity Test	44
3.5.3.2	Heteroscedasticity Test.....	45
3.5.3.3	Autocorrelation Test.....	45
3.5.3.4	Normality Test.....	46
3.5.4	Panel Data Regression Analysis.....	47
3.5.5	Robust Standard Error.....	48
3.5.6	Hypothesis Test	48
3.5.6.1	t-Test.....	48
3.5.6.2	F-Test.....	49
3.5.6.3	Coefficient of Determination (R² and Adjusted R²)	49
CHAPTER IV RESULTS AND ANALYSIS.....		50
4.1	Description of Research Objects.....	50
4.2	Data Analysis	52
4.2.1	Descriptive Statistical Test Analysis	52
4.2.2	Model Significance Test.....	53
4.2.3	Classical Assumption Test Analysis.....	54
4.2.3.1	Multicollinearity Test (Variance Inflation Factor)	54
4.2.3.2	Heteroskedasticity Test	55
4.2.3.3	Autocorrelation Test.....	56
4.2.3.4	Normality Test.....	57
4.2.4	Panel Data Regression.....	58
4.2.5	Hypothesis Test	61
4.2.5.1	F-test.....	61
4.2.5.2	t-test.....	62
4.2.5.3	Coefficient of Determination (R² and Adjusted R²)	64

4.3	Interpretation of Research Results	65
4.3.1	The Effect of MRP, SMB, and HML on Excess Stock Return	65
4.3.2	The Effect of ESG Disclosure after Accounting for MRP, SMB, and HML 66	
4.3.3	The Contribution of ESG Disclosure to the Explanatory Power of the Fama–French Three-Factor Model	67
CHAPTER V CONCLUSION AND SUGGESTION		70
5.1	Conclusions	70
5.2	Limitations	71
5.3	Suggestions	72
REFERENCES		73
APPENDIX		76

