

Exploring How Sustainability Development Goals (SDGs) Influence Market Returns for Malaysian Listed Firms

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Abstract: The significance of SDGs lies in their ability to offer a comprehensive structure for tackling worldwide issues and advancing sustainable development in the realms of economy, society, and the environment. This study aims to investigate the relationship between SDGs and market returns. The final data sample of 74 firms was collected from the firm website and Eikon database from 2021-2022. The research reveals that although SDGs and market returns have no statistically significant relationship, a positive impact indicates potential appeal to investors. Moreover, adhering to SDGs demonstrates social responsibility and can yield regulatory advantages, potentially shaping frameworks and offering investors a sense of assurance in the face of environmental apprehensions. Conducting comparative studies in various geographical and market contexts, as well as longitudinal studies that monitor SDG initiatives and market returns, has the potential to deepen our comprehension of how regional disparities and economic cycles impact the connection between SDGs and market performance. Additionally, examining sector-specific intricacies may reveal industry-specific obstacles and prospects in aligning with SDGs to enhance financial performance.

Keywords: *Sustainability, stock performance, disclosure*

1. Introduction

The SDGs are a comprehensive and inclusive initiative aimed at eradicating poverty, safeguarding the environment, and promoting prosperity for all individuals by the year 2030 (Pedersen, 2018). The 17 SDGs, formulated by the United Nations in 2015, cover various interrelated social, economic, and environmental objectives to tackle significant global concerns. Originally designed as a framework for governmental bodies and international organizations, the SDGs have gained significant relevance for businesses and investors that aim to align their operations with the ideals of sustainable development. Consequently, comprehending the relationship between the SDGs and market returns has garnered significant attention and significance among the financial community.

The SDGs offer a comprehensive framework for achieving sustainable development, encompassing various domains, including poverty reduction, education, gender parity, renewable energy, and climate mitigation, among other topics (Veleva, 2021). The attainment of these objectives necessitates collaborative endeavors from various entities, encompassing governmental bodies, enterprises, non-governmental organizations, and the financial industry. Businesses are crucial in promoting the SDGs through their activities, supply networks, goods, and services. Firms may contribute to achieving the SDGs and create long-term value for shareholders and stakeholders by incorporating sustainability concepts into their business strategy and operations.

The Malaysian government promotes sustainable business practices by implementing rules and activities encouraging enterprises to align with the SDGs (Isa et al., 2021). An example of these endeavors involves the integration of sustainability reporting obligations inside regulatory structures, as shown in Bursa Malaysia's directive for publicly traded firms to provide sustainability reports. Furthermore, the government offers various incentives, subsidies, and assistance programs to encourage firms to embrace sustainable practices and actively contribute towards attaining the SDGs. Moreover, partnerships among the government, corporate sector, and civil society organizations promote the exchange of knowledge, the enhancement of skills and abilities, and the establishment of optimal methods to expedite advancements toward sustainable development

in Malaysia. The government actively involves corporations in promoting the SDGs, thereby cultivating a culture of corporate responsibility and sustainability throughout the Malaysian business environment.

Although Bursa Malaysia requires firms to reveal SDG achievement in annual reports the decisions about achieving sustainability development targets are up to individual firms (Bakar et al., 2019). Nevertheless, not all firms choose not to reveal these objectives, resulting in a lack of openness. The need for more transparency surrounding a firm's sustainability activities gives rise to apprehensions over the appropriate evaluation of these practices and their possible influence on market returns. Lack of thorough transparency prevents investors and stakeholders from obtaining crucial information necessary for assessing a firm's sustainability information, such as environmental and social performance, hence impeding their capacity to make well-informed decisions. These findings highlight the significance of implementing standardized and transparent reporting methods to foster accountability and encourage the adoption of sustainable practices within the Malaysian market return.

This lack of transparency information creates asymmetry and compounds the challenges investors face in understanding and evaluating the link between sustainability efforts and market performance. Information asymmetry refers to an imbalance in access to relevant information between different parties involved in financial transactions. Non-disclosure, or the intentional withholding of crucial information, adds another layer of complexity. Consequently, the possibility of being duped by better-informed parties makes investors wary of making investments in the market (Fuhrmann, 2019). Investors may lack comprehensive data for making well-informed decisions in a landscape where some firms choose not to disclose key sustainability practices or performance metrics. This lack of transparency introduces uncertainties, which may make it difficult for investors to assess the true sustainability impact of their investment decisions accurately.

From an investor's standpoint, the SDGs information provides a structure for evaluating the sustainability achievements of enterprises and recognizing investment prospects that align with SDGs (Yaşar, 2021). Firms that successfully tackle difficulties related to SDGs are frequently in a more advantageous position to mitigate risks, attract customers, and exploit market possibilities. Furthermore, with the increased recognition of the SDGs among consumers, regulators, and investors, there is a mounting demand for enterprises to exhibit their dedication to sustainable development. Consequently, there is an increasing need to incorporate sustainability factors and impact investing, in which investors aim to achieve favorable social and environmental results in addition to financial gains. Therefore, the SDGs serve as a moral obligation and present a substantial prospect for businesses and investors to generate wealth while positively impacting a more sustainable and equitable global society.

2 Literature Review

Signalling theory

In signaling theory, the relationship between SDGs and stock market results is connected. This theory recommends companies that align their actions with the SDGs can show possible investors that they are committed to doing business in a way that is sustainable and socially responsible (Dinçer, 2024). As a result, these companies are more likely to attract socially conscious investors, leading to higher stock market returns.

Signaling theory posits that companies that integrate the SDGs into their operations can demonstrate their long-term sustainability and resilience, making them more attractive to investors (Dinçer, 2024). The SDGs include a broad spectrum of concerns, including climate change, social injustice, and responsible consumption, all of which are critical determinants of a company's long-term prosperity. This is because SDGs cover a broad spectrum of concerns, including climate change, social injustice, and responsible consumption, all of which are crucial elements that might influence a company's long-term prosperity. Hence, by proactively tackling these concerns, corporations can demonstrate their capacity to adjust and flourish in response to evolving societal and environmental expectations, ultimately resulting in increased stock market returns. In essence, signaling theory emphasizes the significance of connecting corporate practices with the SDGs to attract socially conscious investors and attain sustainable long-term growth in the stock market.

Sustainability Development Goals (SDGs) and Market Return

There are several ways in which the SDGs and Market Return are connected. The research conducted by Hansen et al., (2022) reveals that firms that actively strive to achieve objectives associated with the SDGs have superior performance compared to their counterparts in terms of innovation, market share, and financial returns. Their capacity to meet the increasing demand for products and services that are both of high quality and socially and environmentally responsible is the reason for this. Additionally, the study emphasizes that these firms frequently encounter heightened brand loyalty and reputation, as customers progressively prefer supporting enterprises that align with their beliefs and address global difficulties. Firms are reconsidering their operations, product development, and marketing strategies to ensure they align with the SDGs due to the increasing customer preference for sustainability. As a result, firms that successfully integrate these objectives into their fundamental business strategies are making valuable contributions to worldwide endeavors aimed at tackling urgent societal and environmental concerns. They are also strategically positioning themselves in a competitive market, ensuring immediate and long-term financial benefits. The presented evidence indicates that aligning with SDGs is not solely a matter of moral obligation but rather a smart business decision that has the potential to provide substantial economic benefits.

According to Bonfanti et al., (2023), firms that actively incorporate SDGs into their business practices not only anticipate and tackle potential regulatory obstacles but also substantially decrease the probability of encountering negative reactions from consumers. Adopting a proactive stance towards sustainability cultivates a favorable public perception and brand allegiance, both of which are essential for sustaining a competitive advantage. Furthermore, the aforementioned study underscores the relationship between sustainable practices and investor confidence, emphasizing that investors are progressively attracted to firms that exhibit a dedication to environmental stewardship and social responsibility. This is mainly due to the perception that these firms are more equipped to handle future challenges and regulatory changes, making them a more secure investment. Moreover, through the alignment with SDGs, enterprises can access novel market prospects and sources of income, such as environmentally friendly technologies and sustainable products, resulting in enhanced market profitability. The incorporation of sustainability into corporate strategy functions as a protective measure against diverse dangers while simultaneously stimulating financial expansion and fostering innovation. This symbiotic relationship yields advantages for enterprises, society, and the environment in equal measure.

According to Seva-Larrosa et al., (2023), firms that actively participate in practices related to SDGs not only achieve improved access to capital but also experience reduced borrowing costs. This is because firms that prioritize sustainability and social responsibility are seen as having lower risk and more operational stability, making them more attractive to lenders and investors. Moreover, their research indicates that these enterprises frequently observe a substantial enhancement in their market valuation. The increase in value can be ascribed to the expanding group of investors who prioritize Environmental, Social, and Governance (ESG) considerations when making investment choices. These investors are increasingly allocating their funds to firms that are dedicated to the SDGs, acknowledging the enduring worth and diminished risk profile linked to sustainable business practices. Therefore, through the alignment of their strategies with the SDGs, firms not only make a valuable contribution to global endeavors aimed at addressing urgent challenges but also enhance their appeal as investment opportunities, potentially resulting in increased market returns (Seva-Larrosa et al., 2023). This research strongly affirms the idea that sustainable development is not only a moral duty but also a strategic necessity that can greatly impact a firm's financial performance and appeal to investors.

The incorporation of SDGs into firm plans yields favorable consequences not just for society and the environment but also serves as a stimulus for fostering innovation and enhancing operational efficiency. Awan (2021) provides more insight into this viewpoint by emphasizing the industry's pivotal role in driving sustainable development through the use of innovative approaches in products, services, and business models. The pursuit of sustainability requires a comprehensive reconsideration of resource utilization, arguing for a transition towards technologies and processes that are more sustainable, characterized by less waste and enhanced energy efficiency. The decision to transition is not solely driven by ethical considerations but rather by strategic factors contributing to increased production and decreased operational expenses. Through the optimization of resource utilization and the minimization of waste, firms can attain a more streamlined and adaptable operational framework, resulting in not only financial savings but also a decrease in environmental

footprint. In addition, he (Awan, 2021) highlights the significance of these innovative practices as fundamental to achieving sustainable development. These practices serve as the basis for endeavors in diverse sectors to establish sustainable and resilient infrastructures. Therefore, achieving SDGs motivates enterprises to adopt technical developments and new strategies that support the global sustainability agenda and improve their market competitiveness, profitability, and long-term sustainability.

There is a positive relationship between the transparent integration of SDGs into a firm's fundamental business objectives and the cultivation of trust and loyalty among consumers, investors, and employees (Trends, 2017). Trust is derived from the firm's dedication to ethical principles and its proactive involvement in tackling worldwide issues, which aligns with the increasing customer desire for corporate accountability. Furthermore, through the alignment of firm operations with SDGs, firms showcase their ability to effectively manage risks and ensure long-term sustainability, thus enhancing their appeal as investment prospects. In contrast, there is a growing trend among employees to actively pursue employment that aligns with social and environmental goals. Consequently, firms that prioritize SDGs are more likely to attract and retain highly skilled individuals. The convergence of interests across diverse stakeholders enhances a firm's standing and bolsters its managerial adaptability. In a market characterized by frequent upheavals, firms that demonstrate adaptability and creativity through their dedication to SDGs have a competitive advantage. This enables them to effectively traverse problems and capitalize on opportunities. Hence, emphasizing SDGs not only aligns with the worldwide objective of promoting sustainable development but also ensures a firm's long-term value generation and market significance. In addition to making contributions to the global sustainability agenda, businesses can also boost their market competitiveness, profitability, and long-term viability.

3. Method and Data Collection

Sample Description and Data Collection

From Table 1 below, the initial sample for this study was 87 firms. However, some of these firms needed complete data. This means that 74 firms have enough complete data that is needed for this study. 13 firms were taken out from the initial sample. The sample represents the population if it contains at least 30 firms (Keller & Warrack, 2005). The firm selection ensures a broad representation of the market, providing insights into the diverse nature of industries in Malaysia. All financial data for the study were gathered from Datastream, a large financial database, while non-financial data were collected from the firm website. Given the dynamic nature of markets and the increasing emphasis on sustainability in contemporary business practices, the time frame of 2021 and 2022 allows for a current and relevant analysis.

Table 1: Summary of the sample

	Industrial sectors across all industries
Initial sample	87
Minus: firms that have insufficient data	(13)
The sample that has available data	74

Regression model

Regression modeling is a statistical methodology employed to establish a mathematical representation of the relationship between a dependent variable and one or more independent variables. Its primary objective is to forecast the dependent variable's value by utilizing the independent variables' values. The following is a list of the regression models used in this study:

Baseline model:

$$MR_{it} = \beta_0 + \beta_1SGD_{Sit} + \beta_2Control_variables + \epsilon_{it}$$

Where:

MR = Market Return

SDG = Sustainability Development Goals

Control_variables = Control Variables

Measurement of Variables

Market return

The market return is measured based on the dividend percentage and the difference in stock prices between P0 and P1.

$$\text{Market Return} = \% \text{ dividend} + (P1 - P0)/P0$$

Where: -

- % Dividend = This is the dividend yield, which is the annual dividend income expressed as a percentage of the stock's current market value.
- P1 = The stock price at a later point in time (for example, the closing price at the end of a specified period).
- P0 = The stock price at an earlier time point (for example, the closing price at the start of the specified period).

Sustainability Development Goals (SDGs)

In this research, SDGs is a dichotomous variable coded "1" if the firm discloses every sustainability development goals item and coded "0" if it does not, as stated in Table 2. From above, this research came out with an equation:

$$SDGs_i = \sum X_i$$

- Where n_i = number of items expected for I firm, $n_i \leq 17$
- X_i = 1 if the item is disclosed, whereas 0 if the item is not disclosed.
- So that $0 \leq SDGs_i \leq 17$

Table 2: Sustainability Development Goals Items

No	Sustainability Development Goals Item
1	No Poverty: End poverty in all its forms everywhere.
2	Zero Hunger: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
3	Good Health and Well-Being: Ensure healthy lives and promote well-being for all at all ages.
4	Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5	Gender Equality: Achieve gender equality and empower all women and girls.
6	Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all.
7	Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable, and modern energy for all.
8	Decent Work and Economic Growth: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
9	Industry, Innovation, and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
10	Reduced Inequality: Reduce income inequality within and among countries.
11	Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient, and sustainable.

- 12 Responsible Consumption and Production:
Ensure sustainable consumption and production patterns.
- 13 Climate Action:
Take urgent action to combat climate change and its impacts.
- 14 Life Below Water:
Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
- 15 Life on Land:
Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.
- 16 Peace, Justice, and Strong Institutions:
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.
- 17 Partnerships for the Goals:
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Control Variables

Firms size

The amount of assets a particular firm has determines its size. Compared to smaller firms, large firms start more activities that impact society.

The following are the measurement corporate sizes:

$$\text{Size} = \log_{10} (\text{total assets})$$

Leverage (LEV)

Leverage is described as the percentage change in earnings that is connected to a one percent increase in the number of production units (Alaghi, 2011). Leverage is determined by using the formula: -

$$\text{LEV} = \text{Total Debt} / \text{Total Equity}$$

Liquidity (LIQ)

The current ratio measures a firm's ability to cover its short-term obligations with its short-term assets. It indicates a firm's liquidity and ability to meet its short-term financial obligations (Eljelly, 2004).

$$\text{LIQ} = \text{Current Assets} / \text{Current Liabilities}$$

Return on asset (ROA)

The ROA formula is a financial ratio that measures a firm's profitability by evaluating how efficiently it uses its assets to generate earnings (Andesfa & Masdupi, 2019).

$$\text{ROA} = \text{Net income} / \text{Average total assets}$$

4. Results and Discussion

Descriptive statistics

Table 3: Descriptive statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
MR	-0.54	3.07	0.0833	0.449
SDG	2	17	10.709	3.194
LEV	0	4.906	0.728	0.889
LIQ	0.425	18.17	2.567	2.669
ROA	-0.11	0.453	0.037	0.082
SIZE	8.196	11.26	9.503	0.748

The variables presented in the table provide key insights into various aspects of the firms included in the study. The SDGs variable ranges from a minimum of 2 to a maximum of 17, with a mean value of 10.709, indicating a significant commitment to sustainable development initiatives on average. The minimum value recorded for market returns (MR) is -0.54, indicating that the worst observed market return resulted in a loss of 54%. Conversely, the maximum value is 3.07, suggesting that the best-observed market return resulted in a gain of 307%. On average, the market returns are approximately 0.0833 or 8.33%, which means that over the period considered, the average market performance resulted in a positive return of 8.33%. The Leverage (LEV) variable ranges from 0 to 4.906, with a mean value of 0.728, suggesting a moderate level of financial leverage across the sample. Liquidity (LIQ) ranges from 0.425 to 18.17, with a mean value of 2.567, reflecting a moderate level of financial stability overall. Return on Assets (ROA) ranges from -0.11 to 0.453, with a mean value of 0.037, indicating a positive but relatively modest return on assets on average. Lastly, the Size variable ranges from 8.196 to 11.26, with a mean value of 9.503, representing the typical size of companies within the dataset. These statistics offer a comprehensive overview of the various financial and sustainability aspects observed across the firms in the study.

Correlation Coefficient

Table 3 summarizes the correlation between the independent, control, and dependent variables. It illustrates the relationship between sustainability development goals (SDGs), leverage (LEV), liquidity (LIQ), return on assets (ROA), and firm size (SIZE) is related to market return (MR).

SDGs have a significant positive correlation with SIZE (Pearson Correlation = 0.167, $p = 0.078$) at 10%. Thus, SDGs significantly correlate with LEV (Pearson Correlation = 0.23, $p = 0.424$) at 5%. This indicates a slight tendency for firms with higher commitment to SDGs to be larger. Thus, there is no significant correlation between SDGs and other variables (LEV, LIQ, ROA, and return). The p -values for these correlations are greater than 0.05, suggesting that the observed correlations could be due to random chance.

Regarding control variables, LEV has a significant positive correlation with SIZE (Pearson Correlation = 0.206, $p = 0.039$) at 5%, indicating that larger firms tend to have slightly higher leverage. Meanwhile, LEV significantly correlates negatively with LIQ (Pearson Correlation = -0.371, $p = 0.001$) and MR (Pearson Correlation = -0.310, $p = 0.004$) at 1%. This implies that higher leverage is associated with lower liquidity and lower returns.

LIQ has a significant negative correlation with SIZE (Pearson Correlation = -0.314, $p = 0.003$) at 1%. This suggests that firms with higher liquidity tend to have lower leverage and be smaller in size. There is no significant correlation between LIQ and other variables (SDGs, ROA, and MR). ROA has a significant positive correlation with return (Pearson Correlation = 0.499, $p = 0.001$) at 1%, indicating that firms with higher returns on assets tend to have higher returns in the market. There is no significant correlation between ROA and other variables (SDGs, LEV, LIQ, and SIZE).

Thus, SIZE has a significant negative correlation with MR (Pearson Correlation = -0.248, $p = 0.017$) at 5%, implying that larger firms tend to have lower returns in the market.

Table 4: Pearson's Correlation Coefficient Test

Variable		SDGs	LEV	LIQ	ROA	SIZE	MR
SDGs	Pearson Correlation	1.000					
	Sig. (1-tailed)	-----					
LEV	Pearson Correlation	0.023	1.000				
	Sig. (1-tailed)	0.424	-----				
LIQ	Pearson Correlation	-0.031	-.371**	1.000			
	Sig. (1-tailed)	0.397	0.001	-----			
ROA	Pearson Correlation	-0.001	-.214*	0.054	1.000		
	Sig. (1-tailed)						

	Correlation						
	Sig. (1-tailed)	0.496	0.034	0.323	-----		
SIZE	Pearson	0.167	.206*	-.314**	-0.038	1.000	
	Correlation						
	Sig. (1-tailed)	0.078	0.039	0.003	0.373	-----	
MR	Pearson	-0.026	-.310**	0.05	.499**	-.248*	1.000
	Correlation						
	Sig. (1-tailed)	0.413	0.004	0.335	0	0.017	-----

** . Correlation is significant at the 0.01 level (1-tailed), * . Correlation is significant at the 0.05 level (1-tailed).

MR has a significant positive correlation with ROA (Pearson Correlation = 0.499, $p < 0.001$), suggesting that firms with higher returns on assets tend to have higher returns in the market. Then, MR has a significant negative correlation with LEV (Pearson Correlation = - 0.310, $p = 0.004$), indicating that firms with higher returns tend to have lower leverage.

Table 4 shows that there is no multicollinearity. It exists when a coefficient approaches +1 or -1; it indicates a robust linear correlation between the predictor and the outcome variable, signifying a significant positive or negative impact, respectively. The presence of multicollinearity can introduce distortions in these coefficients, so complicating their interpretation and perhaps resulting in inaccurate estimations.

Model Summary and ANOVA

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584 ^a	0.341	0.293	0.285

a. Predictors: (Constant), ROA, SDGs, LIQ, SIZE, LEV

The model summary presents, as stated in Table 5, key statistics that evaluate the performance of the regression model. The multiple correlation coefficient (R) is 0.584, indicating a moderate positive correlation between the independent variables and the dependent variable. The R-squared value, representing the proportion of explained variance, is 0.341, suggesting that approximately 34.1% of the variability in the dependent variable can be attributed to the independent variables in the model, which are ROA, LIQ, LEV, and SIZE.

Considering the number of predictors, the adjusted R-squared is slightly lower at 0.293, providing a more conservative estimate of the model's explanatory power. The standard error of the estimate is 0.285, signifying the average distance between observed and predicted values; a smaller value indicates a better fit. In essence, this model, with its R-squared of 0.341, indicates a moderate explanatory capability. In contrast, the adjusted R-squared considers model complexity and the standard error of the estimate gauges predictive accuracy. The associated F-test is significant ($p < 0.001$), suggesting that at least one predictor variable significantly contributes to explaining the variance in the dependent variable.

Table 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.87	5	0.574	7.046	<.001 ^b
1	Residual	5.54	68	0.081		
	Total	8.41	73			

a. Dependent Variable: MR

a. Predictors: (Constant), ROA, SDGs, LIQ, SIZE, LEV

The ANOVA (Analysis of Variance) table comprehensively evaluates the regression model's statistical significance. In this analysis, the dependent variable is "return," and the predictors encompass a constant term along with the variables ROA, SDG, LIQ, SIZE, and LEVE. The table comprises three main components: Regression, Residual, and Total.

In the Regression section, the Sum of Squares (SS) quantifies the explained variance by the predictors, totalling 2.870. The Degrees of Freedom (df) associated with the regression model is 5, reflecting the number of predictors. The Mean Square (MS) is an average measure of explained variance, calculated as 0.574. The F-statistic, assessing the overall significance of the regression model, is notably high at 7.046. Importantly, the associated p-value (Sig.) is less than 0.001, signifying a statistically significant regression model.

Regression Results

The regression analysis results provide valuable insights into the relationships between SDGs, Size, Leverage (LEV), Liquidity (LIQ), Return on Assets (ROA), and the dependent variable, market return (MR).

Table 7: Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	1.092	0.462		2.362	0.021*
SDGs	0.001	0.011	0.014	0.136	0.892
1 LEV	-0.081	0.042	-0.213	-1.959	0.054
LIQ	-0.016	0.014	-0.125	-1.133	0.261
SIZE	-0.104	0.048	-0.228	-2.16	0.034*
ROA	1.868	0.417	0.451	4.477	0.00**

a. Dependent Variable: MR

** . Correlation is significant at the 0.01 level (1-tailed), and * . Correlation is significant at the 0.05 level (1-tailed).

Table 7 shows a positive but insignificant effect between Sustainability Development Goals (SDGs) and market return (MR). The coefficient for SDGs is 0.001, and the level of significance is 0.892, which is > 0.1. The implication of such a result is multifaceted or not significant. Positively, the effect that has been noticed indicates that firms that align with the SDGs may be able to achieve some degree of financial success. Nonetheless, it is prudent to use care when drawing firm conclusions regarding the strength of this link, given the lack of statistical significance. Furthermore, the period of the analysis may have had a significant impact on the outcomes that were found. The impact of SDG-related actions may not be felt right away because they frequently entail long-term plans to promote sustainable behaviors. The more gradual and cumulative benefits of sustainability efforts on market returns may go unnoticed in a study with a short duration. The benefits of the SDGs may take time to be evident in short-term studies. Thus, investors and academics must take the time component into account.

The way the market views and comprehends the connection between sustainability and financial performance may also be a contributing factor. The beneficial benefits of SDGs may not be wholly recognized or valued by investors and market participants, which could result in an underestimation of their influence on market returns. The observed statistical insignificance may be attributed to ignorance, poor information, or skepticism over the real benefits of sustainable behaviors. Thus, initiatives to raise awareness and instruct market players on the financial benefits of sustainable business practices may have an impact on the results of subsequent studies.

Additionally, Market perception and comprehension of the connection between sustainability and financial performance may also be important factors. The beneficial effects of SDGs may be underestimated if investors

and other market players do not recognize or value them to their fullest extent. The reported statistical insignificance could be attributed to ignorance, insufficient knowledge, or doubt about the real advantages of sustainable behaviors. Consequently, initiatives to raise awareness and instruct market participants about the financial benefits of sustainable firm practices may impact future research findings. The result shows inconsistency with prior studies from Martínez-Ferrero and Frías-Aceituno (2013), which expect a positive relationship between sustainability development and firm performance.

Regarding the control variables, LEV, SIZE, and ROA have a significant relationship with MR. The results show that there is a negative significant relationship between LEV and MR. This suggests that higher leverage, or the proportion of debt financing in a firm's capital structure, may be associated with lower market returns. Higher debt may result in higher interest expenses and increased financial risk, which may risk the firm's profitability and market performance (Campello, 2006). For example, if interest rates rise, a highly leveraged firm may struggle to meet its debt obligations, potentially resulting in financial distress and bankruptcy.

A negative relationship between SIZE and MR is shown in the above table. The coefficient for SIZE is negative (-0.104), indicating that smaller firms tend to have higher market returns. This is statistically significant (p -value = 0.034), which 0.034 is lesser than the rejection rule $< p$ -value 0.05. As firms expand bigger size, they unintentionally create a corporate environment marked by increased spending and decreased savings, so limiting their growth potential (Butt et al., 2010).

There is a significant positive relationship between ROA and MR. The coefficient for ROA is positive (1.868) and statistically significant (p -value < 0.000). Firms with a higher ROA have demonstrated the ability to generate profits from their assets efficiently. This efficiency frequently indicates strong management, competitive advantages, and long-term business practices, which can attract investors and boost market returns. This is consistent with research made by Premuroso et al., (2012).

5. Conclusion and Implications of the Study

This study proves that SDGs are insignificantly related to the stock market return. Although the study does not find a statistically significant link between SDGs and market returns, it does find a significant positive effect. Firms prioritizing the SDGs perform better in the market despite the lack of statistical evidence to support this claim. This research has important ramifications for investors. The positive effect seen indicates that certain investors may view companies aligned with SDGs as potentially appealing investments, even though there may not be a statistically significant relationship between SDGs and market returns. Investors are prompted by the study to think beyond conventional measurements and take into account the wider effects of sustainable practices on a firm's overall success. For instance, a firm that is dedicated to the SDGs may be preferred by an investor who understands the long-term advantages of sustainability over one that is primarily focused on making quick money.

The favorable impact of the study thus raises the possibility of regulatory considerations, especially in light of Bursa Malaysia. Complying with the SDGs could affect regulatory frameworks in addition to being a subject of corporate social responsibility. This implies that firms implementing SDGs into their operations may profit from legislative reforms or improvements that align with sustainable activities. For instance, a business that supports the SDGs may experience regulatory favoritism and gain rewards or recognition for its dedication to sustainable development.

Then, the beneficial impact of the study raises the possibility of regulatory concerns, especially in light of Bursa Malaysia. Complying with the SDGs could affect regulatory frameworks in addition to being a subject of corporate social responsibility. This implies that firms implementing SDGs into their operations may profit from legislative reforms or improvements that align with sustainable activities. For instance, a firm that supports the SDGs may experience regulatory favoritism and gain rewards or recognition for its dedication to sustainable development.

Next, security, a top investor priority, takes center stage in this investigation. Even though the positive effect may not be immediately evident due to statistical significance, it shows that investors may feel more secure

when companies adopt eco-friendly practices that align with the SDGs. Beyond just financial considerations, this also considers the potential for cost reductions through effective resource management and environmental resilience. For example, a firm that adopts eco-friendly practices may show resilience to risks associated with climate change, potentially reducing long-term financial losses.

This study casts doubt on long-held beliefs regarding the connection between market returns and SDGs. The beneficial but non-significant effect creates opportunities for more research and thought. In light of these findings, organizations, investors, regulators, and legal entities are urged to reevaluate their strategies, taking into account both the broader socioeconomic factors and the possible effects of sustainable practices on financial success.

In addition to enhancing the generalizability of results, comparative research across various market and geographical contexts could offer a more nuanced knowledge of how various market structures and areas affect the relationship between SDGs and market outcomes. Further insights into the sustainability-performance relationship and its evolution over economic cycles may be gained from longitudinal studies that monitor the progress of SDG projects and market returns over time. Examining the subtleties that vary by industry in how the SDGs affect market returns may highlight opportunities and problems unique to that sector. Scholars can contemplate exploring the subtleties of distinct industries, acknowledging that there are notable variations in the correlation between sustainable practices and financial performance among them.

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