

Profitability of Sustainable Stocks in the Stock Exchange of Thailand (SET ESG)

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Abstract— This research aimed to analyze the list of sustainable stocks on the stock exchange. This study aimed to study the profitability ratio of sustainable stocks on the stock exchange and to analyze the impact of profitability ratios on the sustainability of sustainable stocks on the stock exchange. The study utilized quantitative data, financial reports, and Form 56-1 of companies listed on the list of sustainable stocks (ESG Investment) based on the ESG assessment results for 2024, from 2022 to 2024, covering a total of three accounting periods. A total of 162 companies were sampled. Companies with SET ESG Ratings AAA were selected. Statistics used for data analysis included means, standard deviations, maximums, minimums, and Pearson's correlation coefficients, as well as multiple regression analysis. Major Findings: 1) From the analysis of the list of sustainable stocks on the stock exchange, It was found that there were 162 companies that passed the SET ESG Ratings assessment in 2024 and received the SET ESG Rating at the AAA level. There were 146 companies that passed the assessment every year from 2022 to 2024, and there were 16 companies that did not pass the assessment every year from 2022 to 2024. 2) The profitability ratio of listed sustainable stocks had a minimum gross profit margin of 0.49, a maximum of 19.03, and a standard deviation of 20.251. The net profit margin was a minimum of -10.01, a maximum of 81.96, and a standard deviation of 12.718. The return on assets (ROA) was a minimum of -5.55, a maximum of 87.01, and a standard deviation of 4.494. 3) The multiple regression analysis found that the return on assets (ROA) was significantly related to the sustainability of securities according to market demand at the 0.05 level. The relationship between the variables by the Correlate command, the independent variable, the return on assets (ROA), and the dependent variable. The sustainability of securities according to market demand found that the independent return on assets (ROA) had a value of -.167, which is a negative value. Therefore, it can be interpreted that the independent return on assets (ROA) has a relationship with the sustainability of securities according to market demand and has an inverse relationship at the level of 0.05 with statistical significance.

Keywords— Profitability, Sustainable Stocks, SET ESG Rating.

I. INTRODUCTION

When discussing the value of investment securities, investors must understand that all types of investment assets share a common valuation approach. The maximum value an investor is willing to pay today is calculated by calculating the present value of the sum of the cash flows an investor expects to receive from the investment over the life of the asset (Rungkiat Rattanabanchuen, 2021). Investors must assess factors such as the economic situation, the company's competitiveness, its cost structure, and its capital structure, which determine the level of future cash flow a company will generate and determine the expected rate of return investors

require from the company each year. These factors can be analyzed in conjunction with environmental, social, and corporate governance criteria. Integrating ESG criteria can range from analyzing the economic situation to analyzing the expected rate of return investors desire. Phakorn Peetathawatchai (2023) stated that the Stock Exchange of Thailand encourages businesses to operate responsibly towards stakeholders, taking into account the environment, society, and corporate governance. (Environmental, Social, and Governance: ESG) to foster strength and sustainable growth. The Stock Exchange of Thailand (SET) has announced the THSI Sustainability Stocks (SUS) since 2015, and the number of listed companies voluntarily participating in the assessment and passing the assessment continues to increase each year, reflecting the company's emphasis on sustainable business operations. Meanwhile, stakeholders in the capital market are increasingly prioritizing and incorporating ESG information into their investment analysis and considerations, alongside financial data. Currently, ESG factors, such as corporate governance, climate change risks, human rights issues within organizations, and supply chains, all impact business operations. Investors need information to understand how listed companies manage these risks. ESG information is therefore crucial and a key factor in investor considerations. Upgrading the SET ESG Ratings to a rating format will provide investors, investment analysts, and fund managers with more robust data for analysis and investment decision-making. It can also serve as a baseline for further investment product development. Listed companies can use this information as a benchmark for improving their ESG performance, further enhancing investor appeal and increasing access to funding.

ESG issues have become widely recognized in the investment community through the United Nations (UN) Principles for Responsible Investment (PRI), which were launched in April 2006. The PRI is a voluntary initiative consisting of six principles. Its primary goal is to help investors integrate ESG factors into their investment decisions and shareholder engagement, resulting in higher long-term returns for beneficiaries. To date, over 2,300 signatories have invested over USD80 trillion and the number continues to grow. The six Principles for Responsible Investment include: integrating ESG issues into investment analysis and decision-making; actively exercising shareholder rights and incorporating ESG issues into policy-making and shareholder rights practices; encouraging companies in which we invest to disclose ESG information; promoting ESG adoption and

implementation within the investment industry; cooperating in the adoption of responsible investment principles; and reporting on progress made on the implementation of these principles. In accordance with the principles of responsible investment, in 2015 the UN announced 17 Sustainable Development Goals (SDGs) which will be binding for the 193 member states that have endorsed them (including Thailand). These Sustainable Development Goals will be used as a guide for development in Thailand and the world from now until 2030, covering a period of 15 years, with each goal

From the study, the researcher recognized the importance of this and therefore conducted a study on the profit quality of sustainable stocks on the Stock Exchange of Thailand (SET ESG). The objectives were to analyze the list of sustainable stocks on the stock exchange, to study the profitability ratio of sustainable stocks on the stock exchange, and to analyze the profitability ratio that affects the sustainability of sustainable stocks on the stock exchange. The benefits are to know the profitability ratio that affects the sustainability of sustainable stocks on the stock exchange and to use it as information for studying securities information for investment.

II. METHODOLOGY

A. Research objectives

1. Analyze the list of sustainable stocks on the stock exchange.
2. To study the profitability ratio of sustainable stocks in the stock market,
3. To analyze the profitability ratio that affects the sustainability of sustainable stocks in the stock market.

B. How to conduct research

This quantitative study examines the profit quality of sustainable stocks on the Stock Exchange of Thailand (SET ESG). The study utilized financial data, financial reports, and Form 56-1 of 264 businesses listed on the ESG Investment list based on the 2024 ESG assessment, spanning three fiscal years from 2022 to 2024.

The population used in this research was businesses listed on the ESG Investment list based on the 2024 ESG assessment.

The sample consisted of 162 businesses listed on the ESG Investment list based on the 2024 ESG assessment, spanning three fiscal years from 2022 to 2024.

C. Research tools

This research is a quantitative research on the profitability of sustainable stocks in the Stock Exchange of Thailand (SET ESG) using financial data, financial reports and Form 56-1 of businesses that list sustainable stock information (ESG Investment) according to the results of the ESG assessment 2024, a total of 221 businesses, from 2022 to 2024, a total of 3 years, accounting period.

The independent variables were gross profit margin, net profit margin, and return on assets (ROA). The dependent variable was the sustainability of the securities based on market demand.

D. How to analyze data

In this study, data were collected by questionnaire, and 30 data

1. Descriptive statistics analysis using basic statistics such as mean, standard deviation, maximum, and minimum to summarize the characteristics of the variables used in the analysis.

2. Pearson correlation coefficient analysis to test the level and direction of the relationship between independent and dependent variables.

3. Regression analysis to determine the coefficients of independent variables predicting the dependent variable using a multiple regression model.

III. RESEARCH RESULTS

1. Analyze the list of sustainable stocks on the stock exchange, From the study, there were 162 companies that passed the SET ESG Ratings sustainability assessment in 2024, with a total of 146 companies passing the assessment every year from 2022 to 2024, and 16 companies that did not pass the assessment every year from 2022 to 2024.

2. To study the profitability ratio of sustainable stocks in the stock market, The study found that the gross profit margin had the lowest value at 0.49, the highest value at 19.03, and the standard deviation at 20.251. The net profit margin had the lowest value at -10.01, the highest value at 81.96, and the standard deviation at 12.718. The return on assets (ROA) had the lowest value at -5.55, the highest value at 87.01, and the standard deviation at 4.494.

3. To analyze the profitability ratio that affects the sustainability of sustainable stocks in the stock market, With the following details:

TABLE 1. Analysis of multiple regression coefficients, the independent variables of gross profit margin, net profit margin, and return on assets (ROA), and the dependent variable of the sustainability of securities according to market demand.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.897	.044		42.791	.000
ROA	-.014	.005	-.213	-2.649	.009
NPM	.001	.003	.045	.427	.670
GPM	.002	.002	.145	1.376	.171

R=.240^a, R Square=.058, Adjusted R Square=.040(R²), Std. Error of the Estimate=.29325, F=3.229, Sig=.024^b

a. Dependent Variable: ESG

b. Predictors: (Constant), GPM, ROA, NPM

The analysis of the independent variables, Return on Assets (ROA), Gross Profit Margin, Net Profit Margin, Return on Assets (ROA), and the ESG dependent variable, reveals the following: The financial factor had a value of 0.240 (R=.240a). The predictive probability when all variables were combined was 0.058 (R Square=.058). This means that the independent variables studied, namely Gross Profit Margin, Net Profit Margin, and Return on Assets (ROA), and the ESG dependent variable, could explain 5.8% of profit quality. The remaining 94.2% was due to the influence of other variables

not studied. The estimated standard error of .29325 is an estimate of the financial factors and the model deviation.

The multiple regression analysis revealed that: Return on assets (ROA) is significantly related to the sustainability of securities according to market demand at the level of 0.05.

TABLE 2. Calculation of the relationship between variables using the Correlate command, independent variables, return on total assets, and the sustainability variable of securities according to market demand.

		Correlations	
		ESG	ROA
ESG	Pearson Correlation	1	-.167*
	Sig. (2-tailed)		.034
	N	162	162
ROA	Pearson Correlation	-.167*	1
	Sig. (2-tailed)	.034	
	N	162	162

** . Correlation is significant at the 0.01 level (2-tailed)

From Table 2, finding the relationship between variables using the Correlate command, the independent variable, Return On Assets (ROA), and the dependent variable, the sustainability of securities according to market demand, found that the independent Return On Assets (ROA) had a value of -.167, which is negative. This can be interpreted as the independent Return On Assets (ROA) having a relationship with the sustainability of securities according to market demand and having a relationship in the opposite direction at the .05 level of statistical significance.

IV. DISCUSS THE RESULTS

A study on the influence of the 7Cs of marketing mix on the Return on Assets (ROA) is inversely related to the sustainability of securities as required by the market. Manora Rangsimawarangkun (2020) describes the return on assets as a ratio that reflects a company's ability to generate returns from its assets. The higher the ROA, the better the company's asset management. The higher the ROA, the more effectively it demonstrates asset management, effectively generating revenue, and generating significant net profit. ESG securities are considered to be sustainable, with ESG standing for Environmental, Social, and Governance. Environmental aspects consider the efficient use of resources and the restoration of natural environments impacted by business operations. Social aspects consider fair and equitable human resource management and the well-being of society both inside and outside the company. Governance also considers good corporate governance, clear risk management guidelines, and the fight against corruption. Investors are increasingly placing importance on sustainability, as it directly impacts long-term returns, business risks, and the company's image. Currently, stock exchanges and regulatory bodies around the world, including in Thailand, Listed businesses and companies are required to transparently disclose ESG performance information to provide investors with information for investment decisions (Stock Exchange of Thailand, 2024). Furthermore, studies by Ratiya Songsuk and Thanakorn Sangkharom (2022) and Chudaporn Sonphakdee and Tarika

Yaemkhamang (2021) found that the return on assets is not correlated with the price of securities. This further confirms that investors have a perspective on more than just profit. A study by Opas Kitkamhaeng (2024) also found that companies should prioritize ESG sustainability strategies in order to be included on the THSI sustainable stock list next year or maintain their current ranking. This not only results in different profitability rates across the three dimensions, but also emphasizes sustainability from the perspective of consumers and investors, which in turn influences listed companies on the Stock Exchange of Thailand.

Summary

From the analysis of the list of sustainable stocks in the stock market There were 162 companies that passed the SET ESG Ratings assessment in 2024, achieving the SET ESG Rating AAA. However, 146 companies passed the assessment every year from 2022 to 2024. Sixteen companies did not pass the assessment every year from 2022 to 2024.

The profitability ratios of listed sustainable stocks showed a minimum gross profit margin of 0.49, a maximum of 19.03, and a standard deviation of 20.251. The net profit margin had a minimum of -10.01, a maximum of 81.96, and a standard deviation of 12.718. The return on assets (ROA) had a minimum of -5.55, a maximum of 87.01, and a standard deviation of 4.494.

A multiple regression analysis revealed that: Return on assets (ROA) is significantly related to the sustainability of securities according to market demand at the 0.05 level. And the relationship between the variables by the Correlate command, the independent variable Return on assets (ROA) and the dependent variable Sustainability of securities according to market demand found that the independent Return on Assets (ROA) is equal to -.167, which is negative. It can be interpreted that the independent Return on Assets (ROA) is related to the sustainability of securities according to market demand and has an inverse relationship at the .05 level of statistical significance.

V. SUGGESTIONS

1. The study found that the return on total assets correlates with the sustainability of securities in line with market demand, and the relationship is inversely related. investors can use the results from this study as a model for future investment planning. However, this study is limited by the time period for data collection. therefore, interested parties should utilize other data sources for accurate analysis.
2. Further studies should incorporate other variables into the analysis, as some variables have limitations and require in-depth data analysis.

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