

Moderating Effect of Profitability and Company Size in the Effect of Corporate Governance and CSR on Company Value

Moderating Effects on
GCG, CSR, and
Company Value

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ABSTRACT

This study aims to examine the influence of good corporate governance practices and CSR disclosure on firm value, moderated by profitability and company size. Good corporate governance mechanisms are measured by institutional ownership, managerial ownership, and independent commissioners. The research population includes companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange from 2019 to 2023. Research data samples were taken using purposive random sampling. The results of regression testing without moderation show that profitability and company size have a significant influence on company value. Meanwhile, institutional ownership, managerial ownership, independent commissioners, and CSR disclosure do not have a significant influence on company value. The results of moderation regression testing show that profitability cannot moderate the influence of institutional ownership, managerial ownership, independent commissioners, and CSR disclosure on company value. Meanwhile, company size can moderate the influence of CSR disclosure on company value, but cannot moderate the influence of governance on firm value. Collectively, good corporate governance practices, CSR disclosure, profitability, and company size contribute significantly to company value. Companies should strategically enhance CSR disclosure, particularly in larger firms, to boost company value.

Keywords: Company Size, Company Value, Corporate Governance, Corporate Social Responsibility, Moderation Analysis, Profitability.

ABSTRAK

Penelitian ini bertujuan untuk memperoleh bukti empiris pengaruh praktik good corporate governance dan pengungkapan CSR terhadap nilai perusahaan yang dimoderasi oleh profitabilitas dan ukuran perusahaan. Mekanisme good corporate governance diukur dengan kepemilikan institusional, kepemilikan manajerial, dan komisaris independen. Populasi penelitian meliputi perusahaan di sektor energi dan bahan baku dasar yang terdaftar di Bursa Efek Indonesia dari tahun 2019 hingga 2023. Sampel data penelitian diambil menggunakan purposive random sampling. Hasil pengujian regresi tanpa moderasi menunjukkan bahwa profitabilitas dan ukuran perusahaan memiliki pengaruh yang signifikan terhadap nilai perusahaan. Sementara itu, kepemilikan institusional, kepemilikan manajerial, komisaris independen, dan pengungkapan CSR tidak memiliki pengaruh yang signifikan terhadap nilai perusahaan. Hasil pengujian regresi moderasi menunjukkan bahwa profitabilitas tidak dapat memoderasi pengaruh kepemilikan institusional, kepemilikan manajerial, komisaris independen, dan pengungkapan CSR terhadap nilai perusahaan. Sementara itu, ukuran perusahaan dapat memoderasi pengaruh pengungkapan CSR terhadap nilai perusahaan tetapi tidak dapat memoderasi pengaruh tata kelola terhadap nilai perusahaan. Praktik good corporate governance, pengungkapan CSR, profitabilitas, dan ukuran perusahaan berkontribusi signifikan terhadap nilai perusahaan. Perusahaan harus secara strategis meningkatkan pengungkapan CSR, terutama pada perusahaan besar, untuk meningkatkan nilai perusahaan.

Kata kunci: Ukuran Perusahaan, Nilai Perusahaan, Tata Kelola Perusahaan, Tanggung Jawab Sosial Perusahaan, Analisis Moderasi, Profitabilitas.

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INTRODUCTION

In the contemporary business landscape, companies face the challenge of balancing profitability with social and environmental responsibilities to ensure long-term sustainability and enhance shareholder value. This is particularly critical in sectors like energy and basic materials, where operations, such as mining and industrial processes, often yield significant profits but also cause environmental degradation and social concerns (Kustina & Rizka, 2021). These sectors, vital to Indonesia's economy due to the country's high energy consumption, ranked the largest in Southeast Asia in 2019 and 12th globally in 2022, and require robust strategies to align economic goals with societal expectations. Company value, a key measure of corporate success, reflects shareholder trust and is often assessed using Tobin's Q ratio, which compares market value to the replacement cost of assets (Orbaningsih et al., 2022; Zen & Sofie, 2023). A high Tobin's Q indicates strong investor confidence in a company's ability to manage assets and grow investments, directly impacting shareholder wealth (Saridewi et al., 2020). However, achieving this balance is complex, as companies must address the interests of diverse stakeholders, including shareholders, governments, customers, and communities (Worokinasih & Zaini, 2020).

Good Corporate Governance (GCG) is a pivotal mechanism for enhancing company value by fostering transparency and accountability in decision-making (Yanti et al., 2019). GCG, encompassing institutional ownership, managerial ownership, and independent commissioners, regulates relationships among shareholders, management, and other stakeholders, ensuring decisions align with long-term organizational goals (Pratiwi & Pamungkas, 2020). Institutional ownership, often the largest shareholder group, can influence strategic decisions, with Rizky and Andini (2024) finding a significant positive impact on firm value, though Riyadh et al. (2022) argue it may prioritize short-term profits, limiting its effect. Managerial ownership is expected to align management's interests with those of shareholders, potentially increasing company value (Setiawan & Venona, 2023). However, conflicting findings by Sari and Rahayu (2024) suggest that low managerial ownership or self-interested decisions may negate this. Similarly, independent commissioners are intended to enhance oversight, with Bawai and Kusumadewi (2021) noting a positive influence on company value, yet Farida et al. (2019) and Orbaningsih et al. (2022) report weak or negative effects due to inadequate supervisory roles, highlighting inconsistencies in GCG's impact.

Corporate Social Responsibility (CSR) disclosure is another critical factor, signaling a company's commitment to sustainable economic development and stakeholder welfare (Diparma & Kusumawati, 2024). CSR activities can enhance a company's reputation, attracting investors who value sustainability (Orbaningsih et al., 2022). Research by Handayati et al. (2022) and Sari and Rahayu (2024) support a positive link between CSR disclosure and company value, as it reflects a company's long-term viability. Conversely, Khair et al. (2023) and Julian and Setiawati (2024) find that CSR disclosure may not significantly influence firm value, as investors often prioritize financial metrics or market conditions over social initiatives (Pamungkas & Utami, 2023). These conflicting findings underscore a research gap in understanding CSR's role in value creation, particularly in environmentally sensitive sectors.

Profitability and firm size further complicate these dynamics. High profitability enables funding for GCG and CSR initiatives, potentially amplifying their impact on firm value (Dewi et al., 2021). Studies by Yanto (2018) and Riyadh et al. (2022) indicate that profitability moderates the relationship between GCG mechanisms and company value, while also supporting CSR's positive effect. Larger firms, with greater resources, are better positioned to implement robust governance and CSR programs, signaling stability to investors (Sari & Rahayu, 2024). However, complex ownership structures in large firms may hinder effective governance (Permatasari & Musmini, 2023). The energy and basic materials sectors, heavily reliant on coal, face unique challenges, as their operations often harm the environment despite existing GCG and CSR practices, necessitating a deeper examination of their impact on company value.

The inconsistent findings on GCG and CSR disclosure, coupled with the environmental challenges in the energy and basic materials sectors, highlight a critical research gap. Prior studies offer mixed results, and the moderating roles of profitability and company size remain underexplored in these contexts. This study aims to investigate the influence of GCG and CSR disclosure on company value in the energy and basic materials sectors, with profitability and company size as moderators, to address these inconsistencies and provide actionable insights for aligning stakeholder interests with sustainable practices.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Effect of Good Corporate Governance Elements on Company Value

This study is grounded in Agency Theory, Signaling Theory, Stakeholder Theory, and Legitimacy Theory, which explain the links between governance, disclosure, and firm value. Agency Theory examines the contractual relationship between shareholders (principals) and managers (agents), where management acts on behalf of shareholders (Lukiman & Wirianata, 2024). This delegation may create agency problems due to conflicting interests and information asymmetry, which Good Corporate Governance (GCG) mitigates by aligning managerial actions with shareholder goals. Signaling Theory highlights that firms use disclosures, such as annual and sustainability reports, to reduce information asymmetry and convey positive signals about performance, stability, and prospects (Yulianto & Widayarsi, 2020).

Institutional ownership, held by entities like companies, banks, and pension funds, provides governance through stronger supervision, reducing information asymmetry and opportunistic behavior (Yanto, 2018). Rizky and Andini (2024) report that institutional ownership has positive effects on company value, while Farida et al. (2019) and Sari and Rahayu (2024) find no significant impact. Similarly, managerial ownership, representing shares held by directors or managers, can align interests with shareholders, mitigating agency conflicts (Setiawan & Venona, 2023). Ningsih et al. (2023) find positive effects on company value, Laksana and Handayani (2022) observe negative effects, and Jaya et al. (2023) report no influence.

Independent commissioners enhance oversight and financial reporting credibility (Yanto, 2018). Acting as supervisory agents, they reduce information asymmetry, prevent fraud, and potentially increase company value. Evidence is again mixed: positive effects are noted by Bawai and Kusumadewi (2021) and Rizky and Andini (2024), while Laksana and Handayani (2022) and Wulandari and Rahmawati (2022) report neutral or negative associations. These theories and governance mechanisms collectively illustrate how ownership structure, managerial oversight, and disclosure practices interact to influence company value, with empirical evidence showing varied but informative patterns across contexts.

H1: Institutional ownership has a significant positive influence on company value.

H2: Managerial ownership has a significant positive influence on company value.

H3: Independent commissioners have a significant positive influence on company value.

The Effect of CSR, Profitability, and Company Size on Company Value

Corporate Social Responsibility (CSR) disclosure, mandated under Law Number 40 of 2007 and BAPEPAM Regulation Number X.K.6, signals transparency and enhances firm legitimacy (Handayati et al., 2022). CSR activities improve company image, support both managerial and shareholder interests, and serve diverse stakeholders, including employees, government, and the community, in line with Stakeholder Theory. Transparent reporting demonstrates accountability, builds stakeholder trust, and enhances reputation. Legitimacy Theory suggests that CSR disclosure aligns company actions with societal norms, helping maintain approval and a positive reputation, which contributes to sustainable company value. Dewi et al. (2021), Fransiska et al. (2024), and Nguyen (2025) report that CSR has positive effects on company value. Profitability

reflects management's efficiency in using resources and signals strong performance to investors, increasing confidence and company value (Kustina & Rizka, 2021; Oktaviani et al., 2024). Rizky and Andini (2024) and Supandi (2024) observed positive effects, whereas Rasyid et al. (2022) and Julian and Setiawati (2024) found contradictory results, suggesting context-dependent influences.

Company size influences investor perception, as larger companies are considered more stable and capable of mobilizing resources to support operations, which can enhance investor interest (Handayati et al., 2022). Kesumastuti and Dewi (2021) and Handayati et al. (2022) confirmed that larger company size is linked to greater investor confidence, while Julian and Setiawati (2024) and Sedani and Sari (2024) reported no significant relationship, and Parulian and Siregar (2025) found a significant influence. CSR disclosure, profitability, and company size serve as critical mechanisms for enhancing transparency, legitimacy, and investor confidence. These factors collectively influence company value by signaling strong governance, efficient resource management, and alignment with stakeholder expectations, though empirical findings indicate variability depending on context and industry characteristics.

H4: CSR disclosure significantly provides a positive influence on company value.

H5: Profitability significantly provides a positive influence on company value.

H6: Company size significantly provides a positive influence on company value..

Profitability as a Moderating Variable

Profitability is considered an important moderating factor that can strengthen or weaken the relationship between corporate governance mechanisms and company value. High profitability can encourage institutional investors to be more active in influencing management decisions, thereby increasing firm value (Rizky & Andini, 2024). However, Wulandari and Rahmawati (2022) found otherwise, showing that profitability does not moderate this relationship. Similarly, profitability can strengthen the positive impact of managerial ownership on firm value, as higher profits motivate managers to align their interests with shareholders and sustain company performance (Riyadh et al., 2022). Nonetheless, other studies have found that profitability does not play a moderating role between managerial ownership and firm value (Yanto, 2018; Jaya et al., 2023; Khair et al., 2023).

Profitability is also seen as an indicator of good corporate governance effectiveness. Firms with high profitability are perceived as having well-functioning governance mechanisms that generate positive investor perceptions, thereby increasing firm value (Firdaus & Haryati, 2024; Rizky & Andini, 2024). Still, studies by Fransiska et al. (2024) and Wulandari and Setiawan (2019) found that profitability does not moderate the influence of independent commissioners on company value. In addition, profitability may interact with corporate social responsibility disclosure. Profitable companies tend to allocate more resources to CSR activities to reduce negative externalities and improve their legitimacy among stakeholders (Handayati et al., 2022). Several studies support this moderating role, Kustina and Rizka (2021) and Supandi (2024) suggesting that profitability amplifies the positive influence of CSR disclosure on company value.

H7a: Profitability moderates the influence of institutional ownership on company value.

H7b: Profitability moderates the influence of managerial ownership on company value.

H7c: Profitability moderates the influence of independent commissioners on company value.

H7d: Profitability moderates the influence of CSR disclosure on company value.

Company Size as a Moderating Variable

Institutional ownership generally invests for the long term and actively monitors company performance. According to signal theory, large institutional ownership provides a positive signal to investors regarding the company's stability and growth prospects,

thereby enhancing investor confidence and firm value. Sari and Rahayu (2024) found that company size can moderate the positive effect of institutional ownership on company value, as larger firms with substantial institutional ownership tend to perform better. From the agency theory perspective, managerial ownership influences managerial behavior and firm value, with company size acting as a moderating variable.

In large firms, where management also holds ownership stakes, the alignment between managers and shareholders becomes stronger, promoting value creation. Similarly, larger firms are expected to have more effective good corporate governance mechanisms. Permatasari and Musmini (2023) found that company size can strengthen the influence of independent commissioners on company value, as they enhance supervision and accountability. However, contrary findings by Safelia et al. (2023) and Sari and Rahayu (2024) revealed that company size does not always moderate this relationship and may even reduce firm value due to ineffective oversight in large corporations. Moreover, large firms are typically more capable of funding corporate social responsibility initiatives, improving their reputation and investor trust. Studies by Handayati et al. (2022), Kesumastuti and Dewi (2021), and Yudha and Ariyanto (2022) demonstrated that firm size strengthens the effect of CSR disclosure on company value. Conversely, Wu et al. (2021), Rasyid et al. (2022), and Sedani and Sari (2024) found no significant moderating effect, suggesting that the relationship between CSR disclosure and company value is context-dependent.

H8a: Company size moderates the influence of institutional ownership on company value.

H8b: Company size moderates the influence of managerial ownership on company value.

H8c: Company size moderates the influence of independent commissioners on company value.

H8d: Company size moderates the influence of CSR disclosure on company value.

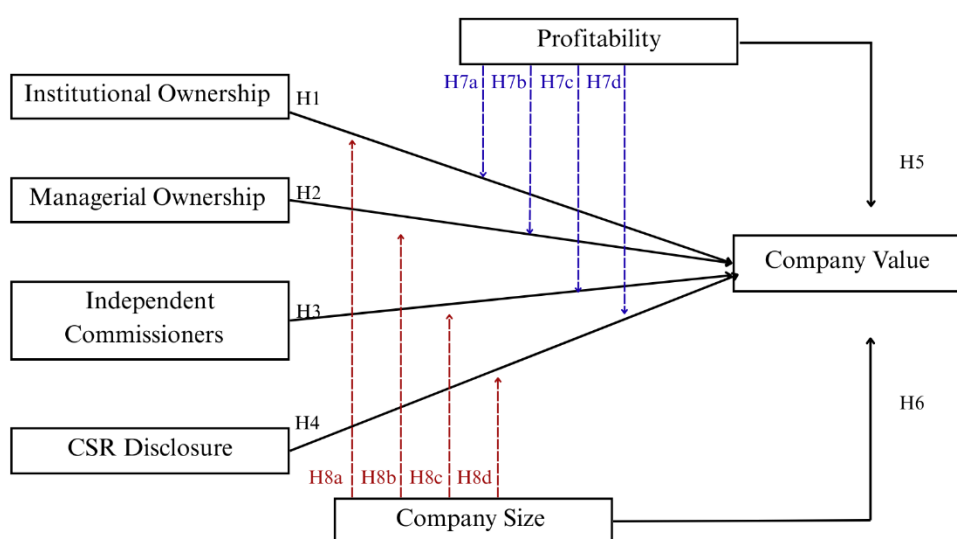


Figure 1. Research Framework

The research framework (Figure 1) is built to examine how corporate governance mechanisms and corporate social responsibility disclosure affect company value, with profitability and company size serving as moderating variables. Institutional ownership, managerial ownership, independent commissioners, and CSR disclosure are expected to positively influence company value (H1–H4), as they reflect effective governance and transparency practices that enhance investor confidence. Furthermore, profitability and company size are hypothesized to directly increase company value (H5–H6) and to

strengthen the relationship between governance variables and CSR disclosure with company value (H7a–H8d). In this model, profitability represents the company’s financial strength in supporting value creation, while company size reflects its operational capacity and resources to implement governance and social responsibility more effectively.

RESEARCH METHODS

This study adopts a quantitative approach to analyze data from companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. Secondary data were gathered from firms meeting specific criteria: consistent publication of Sustainability Reports, no delisting during the period, and initial public offerings (IPOs) conducted before 2019. These data, sourced from company websites and the IDX, were processed using EViews software through panel data regression and moderation regression analyses, enabling a robust examination of the relationships between variables over time and across firms.

The research focuses on independent variables encompassing Good Corporate Governance (GCG) measured through institutional ownership, managerial ownership, and independent commissioners, alongside CSR disclosure, profitability, and company size. Company value, the dependent variable, is assessed using Tobin’s Q ratio $((MVE+TL)/TA)$, where MVE represents market value of equity, TL denotes total liabilities, and TA indicates total assets, reflecting market performance relative to assets. Institutional ownership is calculated as the percentage of shares held by institutional investors, while managerial ownership reflects the share proportion owned by management, signaling alignment with shareholder interests. Independent commissioners are measured as the ratio of independent to total commissioners, indicating governance autonomy. CSR disclosure is quantified using a CSR Index $(\sum X_i/n)$ based on Global Reporting Initiative (GRI) Standards, where X_i is the number of disclosed CSR items and n is the total possible items. Profitability is evaluated using the return on assets (ROA), the ratio of net income to total assets, highlighting profit generation efficiency. Firm size is measured as the natural logarithm of total assets, representing operational scale. Both profitability and firm size also serve as moderating variables to explore their influence on the relationships between GCG, CSR disclosure, and firm value.

To assess these relationships, the study employs multiple regression analysis for panel data, integrating time-series and cross-sectional data. Moderation regression tests the roles of profitability and firm size as moderators. The analytical process includes descriptive statistics, classical assumption tests, model fit evaluations, and both non-moderated and moderated panel data regression analyses to ensure comprehensive and reliable results.

RESULTS

Based on the results of Table 1, firm value, institutional ownership, independent commissioners, CSR disclosure, and firm size have standard deviation values lower than their mean values, indicating that most of the values of these five variables do not have significant variations and are not far from their mean values, so that the mean value can represent the entire data. Conversely, managerial ownership and profitability have standard deviation values higher than their mean values, indicating that the data have high variations and cannot represent the characteristics of the entire data.

Table 1. Descriptive Statistics of Research Data 2019 - 2023

Statistics	Company Value	Institutional Ownership	Managerial Ownership	Independent Commissioners	CSR	Profitability	Company Value
Mean	1.199669	0.595771	0.049883	0.429415	0.596172	0.053725	30.94912
Median	1.042666	0.650001	0.000035	0.400000	0.627193	0.034909	31.02958
Maximum	5.274142	0.986623	0.721788	0.750000	1.000000	0.454267	32.76456
Minimum	0.508759	0.013860	0.000000	0.200000	0.192982	-0.098395	28.65989
Std. Dev.	0.630932	0.227230	0.150677	0.118303	0.232748	0.078043	1.026586

Company value proxied by Tobin's Q has a mean value of 1.199, showing that sample companies have a market value of equity plus liabilities of 1.199 times the total book value of company assets. The lowest company value is 0.509. The highest company value is 5.274, which can be interpreted as positive signals received by investors and high levels of trust and security from investors.

The average value of institutional ownership can be interpreted as institutional shareholders in sample companies having an average of 59.588 percent voting rights in the company. The highest amount of 98.662 percent shows institutional ownership becomes shareholders with great influence. The least institutional ownership is 1.386 percent, meaning institutional ownership is not majority ownership. The average amount of managerial ownership in sample companies is 4.988 percent with the highest managerial ownership of 72.179 percent. The lowest value of zero percent shows there are sample companies where no management is part of shareholders. Sample companies have the highest independent commissioner composition of 75 percent and the lowest of 20 percent. The average number of independent commissioners is 42.942 percent. These values indicate that sample companies have realized the importance of the role of independent commissioners in carrying out supervisory functions over management performance.

The average value of CSR disclosure is 59.617 percent with the highest value of 100 percent and the lowest value of 19.298 percent. Sample companies have shown awareness of the importance of informing company concern for sustainability issues and not just informing financial performance. This can be a basis for obtaining legitimacy from stakeholders regarding the company's existence. Sample companies on average can generate net profit of 5.373 percent from total assets. The highest ability to generate net profit is 45.427% and the lowest is -9.840 percent. Some sample companies have managed their assets efficiently so as to generate high net profits, although there are still sample companies that do not maximize the utilization of their assets and experience losses. Company size proxied by the natural logarithm of total assets has an average value of 30.949. The highest company size value is 32.765 and the lowest value is 28.660. These three values prove the low variation in values from the company size variable, which is reinforced by a standard deviation value lower than the average.

Table 2. Classical Assumption Test

Classical Assumption Test	Measurement Indicator	Results	Conclusion
Normality	Jarque-Bera probability value greater than 0.05	Probability 0.094291	Residual data is normally distributed
Multicollinearity	VIF value less than 10	Variable	Centered VIF
		Constant	NA
		Institutional Ownership	1.747458
		Managerial Ownership	2.013371
		Independent Commissioners	1.091997
		CSR	1.536151
		Profitability	1.254850
		Company Size	1.426255
Heteroscedasticity	Glejser test probability value greater than 0.05	Variable	Prob.
		Constant	0.4829
		Institutional Ownership	0.0765
		Managerial Ownership	0.6639
		Independent Commisioners	0.3210

Classical Assumption Test	Measurement Indicator	Results		Conclusion
		CSR	0.8975	
		Profitability	0.7915	
		Company Size	0.9500	
Autocorrelation	Durbin-Watson value between 2 or +2	Durbin Watson stat. 1.473609		No autocorrelation occurs

Table 2 shows the results of classical assumption tests. Based on the results in Table 2, this research has met all classical assumption tests, namely the normality test, the multicollinearity test, the heteroscedasticity test, and the autocorrelation test.

Table 3. Model Test

Equation	Chow Test		Hausman Test	
	Cross-section Chi-Square	Conclusion	Cross-section random	Conclusion
Equation 1	0.0000	FEM	0.0061	FEM
Equation 2	0.0000	FEM	0.0044	FEM

This research tests 2 equations: panel data regression equation without moderation and with moderation. The model test results for both equations are presented in Table 4. The Chow test results for both equations have Chi-square probability values lower than 0.05, so the ideal model is the Fixed Effect Model (FEM). The Hausman test results for both equations have Chi-square probability values below 0.05, so the selected model is FEM. Therefore, both equations use FEM as the best model.

Table 4. Panel Data Regression

Variable	Equation 1		Equation 2	
	Coefficient	Prob.	Coefficient	Prob.
Constant	23.32764	0.0001	45.39683	0.0003
Institutional Ownership	0.768170	0.1480	-18.97134	0.3035
Managerial Ownership	0.368638	0.9273	10.71588	0.7669
Independent Commissioners	0.023364	0.9670	-1.677689	0.0030
CSR	-0.252345	0.3070	-10.04052	0.0000
Profitability	1.922748	0.0151	-1.253046	0.7315
Company Size	-0.729161	0.0002	-1.438757	0.0004
Institutional Ownership*Profitability			3.919167	0.3905
Managerial Ownership*Profitability			19.53082	0.1238
Independent Commissioners*Profitability			-0.032710	0.9913
CSR*Profitability			0.567921	0.8113
Institutional Ownership*Company Size			0.639762	0.2846
Managerial Ownership*Company Size			-0.285871	0.8138
Independent Commissioners*Company Size			0.034358	0.0610
CSR*Company Size			0.320470	0.0000
R-squared		0.725577		0.882060
Adjusted R-squared		0.635218		0.826277
F-statistic		8.029956		15.81249
Prob(F-statistic)		0.000000		0.000000

Table 5 presents the outcomes of panel data regression for equations with and without moderation. Both equations show F-statistical probabilities below 0.05, indicating that the independent variables and their interactions with moderators collectively affect the

dependent variable. The Adjusted R^2 for the first equation reveals that 63.522% of the variation in the dependent variable is explained by the independent variables, increasing to 82.627% when interactions with moderating variables are included.

Partial t-test results for equation 1 (non-moderated), shown in Table 4, indicate that institutional ownership, managerial ownership, independent commissioners, and CSR disclosure have significance values exceeding 0.05, suggesting no significant impact on firm value, leading to the rejection of hypotheses H1, H2, H3, and H4. Conversely, profitability, with a positive coefficient of 1.923 and a significance level of 0.0151 (below 0.05), significantly enhances firm value, supporting hypothesis H5. Company size, with a significance level of 0.0002 and a negative coefficient of 0.729, significantly but negatively affects firm value, contradicting hypothesis H6.

Moderation regression results for equation 2 in Table 4 demonstrate that profitability does not moderate the effects of institutional ownership, managerial ownership, independent commissioners, or CSR disclosure on company value. With a significance level of 0.732 (>0.05), profitability lacks significant influence, and despite stronger coefficients post-moderation, the interaction significance levels exceed 0.05, leading to the rejection of hypotheses H7a, H7b, H7c, and H7d. However, firm size moderates the impact of CSR disclosure on firm value, shifting from a negative to a positive effect with a coefficient of 0.320 and a significance level of 0.000 (<0.05), supporting hypothesis H8d. Company size does not moderate the effects of governance variables (institutional ownership, managerial ownership, independent commissioners), as their interaction significance levels exceed 0.05, resulting in the rejection of hypotheses H8a, H8b, and H8c.

DISCUSSION

Institutional ownership shows a positive but insignificant effect on firm value. According to agency theory, institutional investors are expected to perform effective monitoring and reduce information asymmetry, their influence appears limited. The findings suggest that institutional investors in the sample companies tend to focus on short-term returns rather than long-term value creation, causing their monitoring role to be less effective. These results are consistent with studies by Farida et al. (2019) and Riyadh et al. (2022), which found that institutional ownership does not significantly influence company value. Managerial ownership also has no significant effect on company value. The relatively low ownership proportion among managers limits their sense of ownership and alignment with shareholder interests, as highlighted in Wulandari and Rahmawati (2022). Managers thus act primarily as agents rather than owners, focusing on operational duties rather than strategic decisions that enhance firm value. These findings are in line with Jaya et al. (2023) and Khair et al. (2023), indicating that managerial ownership does not necessarily translate into better company performance or higher value.

Independent commissioners are expected to reduce information asymmetry and strengthen governance; however, the results show no significant influence on firm value. This suggests that the supervisory role of independent commissioners remains largely formal to comply with regulations rather than functioning effectively in practice. In addition, a high proportion of independent commissioners may slow decision-making and reduce managerial flexibility. These findings support Yanto (2018) and Orbaningsih et al. (2022), who also concluded that independent commissioners do not significantly affect firm value. CSR disclosure exhibits a negative but insignificant effect on firm value. Although CSR activities are designed to demonstrate corporate transparency and social responsibility, they can also be perceived as costly and resource-draining, reducing short-term profitability (Guo et al., 2020). From the perspective of legitimacy and stakeholder theories, CSR disclosure serves as a tool for social acceptance and reputation enhancement. However, in this study, such disclosures did not generate a positive market response, implying that investors may perceive CSR activities merely as regulatory

compliance rather than value-creating initiatives. This result aligns with Rizky and Andini (2024), who found that CSR disclosure does not significantly enhance company value.

Profitability has a significant positive effect on firm value. High profitability sends a strong positive signal to investors, indicating good management performance and sustainable growth potential. This finding aligns with signal theory, where profitability serves as credible information for investors in decision-making. The result supports prior studies by Handayati et al. (2022) and Supandi (2024), confirming that profitability remains a key determinant of firm value. Company size shows a significant negative relationship with firm value. Larger firms may face inefficiencies due to complex structures and higher operational costs. While size is often associated with resource advantages, it may also signal bureaucratic rigidity or excessive leverage, both of which can reduce firm value. These findings correspond with Julian and Setiawati (2024) and Sari and Rahayu (2024), who found that company size does not always guarantee higher market valuation.

The moderation analysis reveals that profitability does not amplify the impact of institutional ownership, managerial ownership, or independent commissioners on firm value. Despite expectations that higher profits would enhance these governance effects, the findings suggest profitability directly influences company value rather than acting as a moderating factor. Likewise, profitability does not strengthen the link between CSR disclosure and company value, likely because firms prioritize short-term profit allocation over long-term CSR investments. Similarly, company size does not moderate the effects of institutional ownership, managerial ownership, or independent commissioners on company value, indicating that governance mechanisms function consistently regardless of company scale. However, company size significantly enhances the relationship between CSR disclosure and company value. Larger companies, with greater resources and public visibility, gain more from CSR efforts, as these disclosures bolster their reputation and investor confidence. This aligns with findings from Handayati et al. (2022) and Kesumastuti and Dewi (2021), highlighting that CSR initiatives in bigger firms are more effective in boosting company value.

CONCLUSION

This study explores the effect of Good Corporate Governance (GCG), CSR disclosure, profitability, and firm size on company value in the energy and basic materials sectors. Results show that profitability significantly boosts company value, while larger company size negatively impacts it. GCG mechanisms (institutional and managerial ownership, independent commissioners) and CSR disclosure lack significant influence, primarily serving regulatory compliance. Profitability and company size do not moderate GCG's effect, with high profitability favoring principal interests and large firms facing governance complexities. However, larger company size enhances CSR disclosure's long-term positive impact on firm value, despite short-term views of CSR as a burden. These factors explain 63.522% of firm value variance, rising to 82.627% with interaction effects.

Implications suggest stakeholders should prioritize effective governance for robust oversight and companies should integrate CSR strategically to balance profitability and social responsibility, fostering sustainable value. Limitations include unexamined variables (e.g., market conditions) and a limited sample due to incomplete sustainability reporting. Future research should investigate additional factors like stakeholder engagement or innovation and expand the sample to include firms with consistent sustainability reporting to enhance generalizability.

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