

THE EFFECT OF GOOD CORPORATE GOVERNANCE ON CORPORATE SOCIAL RESPONSIBILITY ON COMPANY VALUE WITH PROFITABILITY AS AN INTERVENING VARIABLE (EMPIRICAL STUDY ON CONSUMER GOODS SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2019-2023 PERIOD)



Risa Bonani Prastika¹

Universitas Pembangunan Nasional “Veteran” Jawa Timur, Surabaya, Indonesia
21042010009@student.upnjatim.ac.id

Rusdi Hidayat Nugroho²

Universitas Pembangunan Nasional “Veteran” Jawa Timur, Surabaya, Indonesia
rusdi_hidayat.adbis@upnjatim.ac.id

Budi Prabowo³

Universitas Pembangunan Nasional “Veteran” Jawa Timur, Surabaya, Indonesia
bprabowo621@gmail.com

Indah Respati Kusumasari⁴

Universitas Pembangunan Nasional “Veteran” Jawa Timur, Surabaya, Indonesia
indah_respati.adbis@gmail.com

Abstract

With profitability serving as a mediator, this research seeks to examine the impact of Good Corporate Governance and Corporate Social Responsibility on business value. Managerial ownership, institutional ownership, and independent commissioners are the proxies of good corporate governance. The GRI is what's known as "Corporate Social Responsibility" in the business world. Return on Assets (ROA) is a measure of profitability, while Price to Book worth (PBV) is a method for calculating a company's worth. The 23 consumer products businesses listed on the Indonesia Stock Exchange from 2019 to 2023 made up the population in this research. Utilizing inferential statistical analysis tools and a purposive sample procedure, this research quantifies its findings via statistical analysis. For the purpose of calculating each variable, data is retrieved utilizing documentation approaches by obtaining sustainability reports and annual reports from the Indonesia Stock Exchange's official website. This research found that good corporate governance has an effect on company value and profitability. Firm value is unaffected by corporate social responsibility, on the other hand. Firm value is influenced by profitability, which is an independent variable. Good corporate governance may increase a company's value, although profitability might mitigate this benefit. The impact of CSR on company value cannot be moderated by profitability as a mediator variable. This research has many limitations that make it unsuitable for use as a comprehensive reference for enterprises outside of the consumer products industry. It is recommended that future studies include firms from other

sectors and include additional elements that contribute to the growth of company value.

Keywords: Good Corporate Governance, Corporate Social Responsibility, Firm Value, Profitability, Consumer Goods

INTRODUCTION

The corporate landscape of today is dynamic, cutthroat, and ever-evolving. Every organization must always strive to maximize the efficiency of its operations and make the most of its resources in order to thrive in this age of ubiquitous globalization, readily available information, and fierce commercial rivalry. (Simbolon et al., 2024). A rise in the company's worth is indicative of successful shareholders, as an increase in shareholder wealth is directly proportional to a rise in the company's value. As a general rule, but particularly for publicly traded corporations, every business has an ultimate objective of increasing its value over time. As a result of investors' evaluations of the company's performance, stock price swings occur. (Pratama et al., 2022).

Corporate social responsibility and good corporate governance are two of the most important determinants of a company's worth in today's fast-paced, cutthroat business climate. To guarantee open, responsible, and lawful management, businesses use what is known as "good corporate governance" practices, policies, and frameworks. The goal of corporate social responsibility (CSR) is to foster positive relationships with stakeholders and ensure the long-term viability of a company by reflecting the social obligation of the firm towards the environment and the community surrounding its creation. (Pasaribu & Hariani, 2022).

It is believed that the value of the firm will rise in tandem with its profitability. A high profitability ratio indicates that a business is good at turning its assets and money into profit. As far as Ezenwobodo & Samuel (2022), Being profitable is a measure of a company's overall success. Profitability ratios are taken into account by the majority of investors when making decisions. The position of Indonesia on the ASEAN Corporate Governance Scorecard (ACGS) has improved, according to a report in the Kontan Newspaper, Jakarta, published on July 10, 2018, which highlights the country's efforts to adopt good corporate governance.

Organizations in the consumer goods industry have a responsibility to sustain positive relationships with both their customers and the communities in which they operate because of the extensive use of the items they manufacture. (Irawan et al., 2023). Based on reports from the Ministry of Industry, many companies in this setor are running Corporate Social Responsibility programs that focus on environmental sustainability, social welfare, and environmentally friendly product innovation. In the period of 2019-2023, the consumer goods sector in Indonesia experienced modest growth despite facing global economic challenges such as the COVID-19 pandemic and commodity price fluctuations. According to IDX data, this sector has managed to record an annual average revenue growth of 5-7% in the 2020-2023 period.

Using profitability as an intermediary variable, this research will examine the impact of excellent corporate governance and corporate social responsibility on firm value for consumer goods sector businesses listed on the IDX from 2019 to 2023. It is believed that this research can help investors understand what factors impact firm value in this cutthroat industry and that companies can improve their governance and social responsibility practices by examining the relationship between Good Corporate Governance, Corporate Social Responsibility, firm value, and profitability.

REVIEW OF LITERATURE

Agency Theory

Jensen and Meckling in Idris et al. (2022) The connection between the primary (the owner or shareholder) and the age (the management or the party operating the firm) is explained by agency theory. To make sure that management is looking out for shareholder interests, good corporate governance comprises audit committees, board of commissioners supervision, and open financial reporting. (Febiantoro & Khuzaini, 2022).

Stakeholder Theory

Freeman in Lestari & Zulaikha (2021) Companies are obligated to consider the interests of all stakeholders in their operations, including shareholders, workers, consumers, suppliers, government, and the society at large. The firm may boost its sustainability and image by considering the interests of these stakeholders. (Gomes & Simatupang, 2024).

Legitimacy Theory

O'Donovan in Alsayegh et al. (2020) contend that legitimacy in business relationships may be seen as reciprocal, occurring both inside and outside of the corporation. Dowling and Pfeffer in Agustini & Nursasi (2020) found that businesses should align their operations with the prevailing social values in their communities.

Good Corporate Governance

Yanti et al. (2023) assert that GCG is a system of regulations that businesses must follow in order to be open, accountable, and in full compliance with all applicable laws and regulations. As per Monks and Minow's findings in Razak et al. (2023), GCG plays a role in increasing company efficiency by encouraging better decision making. GCG is also identified by Shleifer and Vishny in Lestari & Zulaikha, (2021) as a way to boost company value by making sure management prioritize shareholder interests.

Corporate Social Responsibility

According to Carroll in Hendrayani & Uljanatunnisa (2021), A company's pledge to contribute to long-term economic growth in a way that is good for society and the environment is known as corporate social responsibility (CSR). On the other hand, Kotler and Lee in Sjioen et al. (2023) define Corporate Social Responsibility as an effort to maximize positive impacts on society and minimize negative impacts.

Profitability

To be profitable, a business must be able to turn a profit within a certain accounting period. (Prakoso & Akhmadi, 2020). A lower cost of capital results from a larger dividend distribution, therefore profitability is a significant consideration for investors. (Khasanah & Sucipto, 2020). One way to gauge a business's profitability is by looking at its return on assets, or ROA. (Alkhairani et al., 2020).

Firm Value

According to Husnan and Pudjiastuti in Ariyadni & Irawati (2023) maintain that investors should use company value as a metric to evaluate potential investments. According to Keown et al. in Hutama (2022), value is the investor's assessment of the company's performance, often gauged by its stock price. According to Brigham and Houston in Firmansya & Sari (2024) contend that market perceptions of a company's fundamental worth determine the value that investors assign to that company's performance. Market trust in the

continued business and belief in the firm's future success will result from the increasing share value of the company. (Prakoso & Akhmadi, 2020).

RESEARCH METHOD

This study used a quantitative approach to associative research. According to Sugiyono in Akbar et al. (2024) Research that seeks to understand the connection between many factors is known as associative research. According to Kerlinger & Lee in Yam & Taufik, (2021) In order to test preconceived assumptions, researchers that adhere to the positivist ideology use what is known as the quantitative approach or quantitative technique, which is characterized by an abundance of numerical data throughout the study process (from data collection to analysis).

Sampling Strategy

On the Indonesia Stock Exchange, you can find 38 different consumer products firms. With Purposive Sampling, the researcher chooses participants on the basis of their perceived suitability or relevance to the study's aims. (Pasaribu & Hariani, 2022). The inclusion criteria were used to choose a sample of 23 firms for this research. We used the documenaoon approach to compile our data, which included obtaining all reports issued between 2019 and 2023 from the Indonesia Stock Exchange's and the relevant companies' official websites.

Operational Definition of Variables

The dependent variable in this study is Firm Value (Y). In this study, firm value is proxied by Price to Book Value (PBV). The measurement scale for the firm value variable in this study is Price to Book Value (PBV) and can be formulated as follows:

$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

The following is the formula for determining book value per share:

$$\text{Book Value per Share} = \frac{\text{Total Equity}}{\text{Total Shares Outstanding}}$$

Good Corporate Governance (X1) and Corporate Social Responsibility (X2) are the independent variables in this research. Managerial ownership may be defined as the proportion of shares held by shareholders having direct involvement in the decision-making process of the firm, as determined by the following formula:

$$KEM = \frac{\text{Total Managerial Share Ownership}}{\text{Total Shares Outstanding}}$$

The percentage of stockholders who are considered to be "institutional owners" is derived from the total number of shareholders who are determined to be domestic and international entities other than the firm itself. If you want to know how many shares you hold, you may use this formula:

$$KEI = \frac{\text{Total Shares Owned by Institutions}}{\text{Total Shares Outstanding}}$$

Independent commissioners are the number of independent board members or personnel contained in a company. The formula used is as follows:

$$KOI = \frac{\text{Number of Independent Commissioners}}{\text{Number of All Members of the Board of Commissioners}}$$

Using the Global Reporting Index (GRI) 2010 and ISO 26000 as a reference, this research measures corporate social responsibility using the Corporate Social Responsibility Disclosure Index (CSRDI) technique. Data derived from 83 performance indicator items used as a contribution by the firm forms the basis for the execution of CSR performance indicators. To get a company's CSRDI, or corporate social responsibility disclosure index, use the following formula:

$$CSRDI = \frac{\text{Number of Items Reported}}{\text{Total Items to be Reported}}$$

Profitability serves as the moderating variable in this investigation. This research primarily focuses on profitability ratio assessment utilizing Return on Asset (ROA). To calculate profitability using ROA, one uses the following formula:

$$ROA = \frac{\text{Profit for the Year}}{\text{Total Assets}}$$

Analysis Technique and Hypothesis Test

This research examined the impact of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on Firm Value, with Profitability serving as an intermediary variable. SPSS 30 software was used for data analysis, specifically multiple linear analysis and path analysis.

Descriptive Statistical Analysis

According to Sugiyono in Akbar et al. (2024) defines descriptive statistics as a kind of statistical analysis that does not seek to draw broad inferences from the data but rather to describe the data in its basic form.

Normality Test

The Kolmogorov-Smirnov (K-S) test, which is a part of SPSS 30, was used to check for normality in this research. If the significance level (p-value) is more than 0.05, it may be concluded that the residuals follow a normal distribution. Conversely, if the p-value is less than 0.05, it can be inferred that the residuals do not follow a normal distribution. (Sugiyono in Akbar et al. 2024).

Multicollinearity Test

According to Sugiyono in Akbar et al. (2024). In SPSS 30 software, a multicollinearity test is executed by means of the Variance Inflation Factor (VIF) and Tolerance, as assessed using multiple linear regression analysis. For the multicollinearity test to be considered successful, the Tolerance value must be more than 0.10 and the VIF value must be lower than 10, respectively. Only then can the model be considered free of multicollinearity.

Heteroscedasticity Test

If the residual variance of the regression model does not change at any level of the independent variables, then the heteroscedasticity test is false. It was Sugiyono who Akbar et al. (2024) . Using Scatterplot in SPSS 30 software, the heteroscedasticity test was administered in this research. The absence of heteroscedasticity in the model is shown by a scatterplot in which the points do not exhibit any discernible pattern.

Autocorrelation Test

The SPSS 30 program was used to conduct the autocorrelation test using the Durbin-Watson method. There is no autocorrelation if the Durbin-Watson value is near to 2, which may vary from 0 to 4. The presence of positive autocorrelation, where the residuals are closely associated to one another, is indicated by a Durbin-Watson value less than 1.5. Negative autocorrelation, in which the residuals move in the opposite way, is indicated by a Durbin-Watson value greater than 2.5. (Cahyaningtyas, 2022).

Path Analysis Test

There were two phases to the path analysis that used multiple linear regression. Multiplying the route coefficient from the independent variable to the intervening variable and then to the dependent variable yields the indirect impact, while the regression coefficient of each path determines the direct effect. (Saadah et al., 2024). In order to determine whether the intervening variable profitability has a significant influence, bootstrapping is used. whether the p-value is less than 0.05 and the Confidence Interval (CI) does not include the value 0, then the experiment is considered significant.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis Test Results

Table 1
Descriptive Statistic Result

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|-----|---------|---------|------|----------------|
| GCG | 115 | .273 | .64 | .404 | .05 |
| CSR | 115 | .04 | .70 | .25 | .17 |
| PBV | 115 | -.3 | 29.7 | 2.6 | 3.9 |
| ROA | 115 | -.21 | .61 | .10 | .12 |
| Valid N (listwise) | 115 | | | | |

Source: Primary Data, 2025

The independent variable Good Corporate Governance (GCG) has a range of values from 0.273 to 0.640, according to the descriptive statistical test in Table 1. Corporate social responsibility (CSR) is an independent variable with a range of 0.04-0.70. The range of values for the dependent variable, Company Value, was from -0.3 to 29.7. Intervening variable Profitability, meanwhile, ranged from a low of -0.21 to a high of 0.61.

Normally Test Results

Table 2
Normally Test Result
One-Sample Kolmogorov-Smirnov Test

| | | | Unstandardi zed Residual |
|--|-------------------------|-------------|--------------------------------|
| N | | | 115 |
| Normal Parameters ^{a,b} Mean | | | .0000000 |
| Std. Deviation | | | .28730458 |
| Most Extreme Differences | Absolute | | .068 |
| | Positive | | .052 |
| | Negative | | -.068 |
| Test Statistic | | | .068 |
| Asymp. Sig. (2-tailed) ^c | | | .200 ^d |
| Monte Carlo Sig. (2-tailed) ^e | 99% Confidence Interval | Lower Bound | .201 |
| | | Upper Bound | .222 |
| | | | |

Source: Primary Data, 2025

The significant value of the research data is $0.212 > 0.050$, which means that the research data is stated to be regularly distributed, according to the findings of the normality test carried out in this study.

Multicollinearity Test Results

Table 3
Multicollinearity Test Coefficient

| Model | | Collinearity Statistics | |
|-------|------------|-------------------------|-------|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | GCG | .977 | 1.024 |
| | CSR | .977 | 1.024 |

Source: Primary Data, 2025

The study variables do not exhibit any signs of multicollinearity, as shown by the findings of the multicollinearity test with the dependent variable Profitability in table 3, which indicate a TOL value more than 0.1 and a VIF less than 10.

Table 4
Multivollinearity Test 2
Coefficients^a
 Collinearity Statistics

| Model | | Tolerance | VIF |
|-------|------------|-----------|-------|
| 1 | (Constant) | | |
| | GCG | .933 | 1.072 |
| | CSR | .974 | 1.026 |
| | ROA | .955 | 1.047 |

Source: Primary Data, 2025

The study variables do not exhibit any signs of multicollinearity, as shown by the multicollinearity test findings in table 4, which include Profitability as the intervening variable and firm value as the dependent variable. The results demonstrate that $TOL > 0.1$ and $VIF < 10$.

Heteroscedasticity Test Results

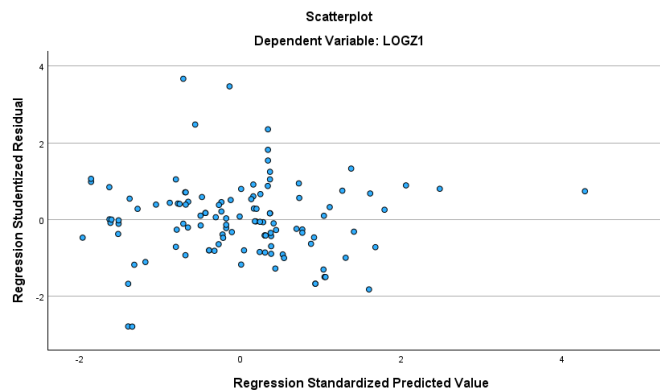


Figure 1
Heteroscedasticity with ROA as Dependent Variable
 Source: Primary Data, 2025

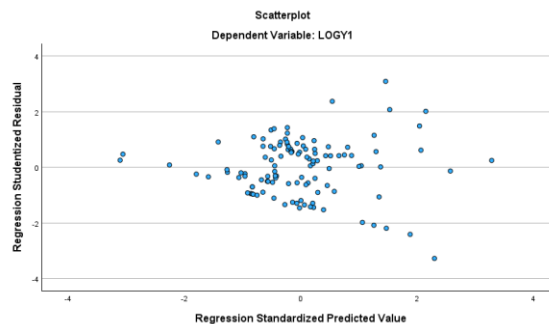


Figure 2
Heteroscedasticity with PBV as Dependent Variable
 Source: Primary Data, 2025

The study variables do not display indications of heteroscedasticity since the data distribution in Figure 2, which shows firm value as the dependent variable, and Figure 1, which shows profitability as the dependent variable, does not show any pattern or spread in all directions.

Autocorrelation Test Results

Table 5
Autocorrelation Result
Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .301 ^a | .091 | .066 | .20862 | 1.847 |

Source: Primary Data, 2025

According to Table 5, the DW value is 1.847. If autocorrelation is not present in this investigation, the findings may be seen by getting the set $dU < DW \setminus (4-dU)$. This study's autocorrelation test yielded findings between 1.6427 to 1.847, which is less than 2.357, indicating that there is no autocorrelation in the research variables.

Path Analysis Test Results

Table 6
Path Analysis Model 1
Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.033 | .033 | | -1.003 | .318 |
| | GCG | .177 | .077 | .214 | 2.294 | .024 |
| | CSR | .013 | .026 | .046 | .491 | .624 |

Source: Primary Data, 2025

The path analysis test of route model 1, which is shown in table 6, shows that the influence of GCG on ROA is statistically significant, as indicated by the t value of 2.294 and a significance level of 0.024 ($p < 0.05$). The impact of CSR on ROA cannot be deemed statistically significant, as shown by a t-value of 0.419 and a significance level of 0.624 ($p > 0.05$).

Table 7
Path Analysis Model 2
Coefficients^b

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|-------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.133 | .204 | | -.650 | .517 |
| | GCG | 1.050 | .484 | .193 | 2.169 | .032 |
| | CSR | .161 | .161 | .087 | 1.000 | .320 |
| | ROA | 2.195 | .580 | .333 | 3.786 | <.001 |

Source: Primary Data, 2025

Table 7 shows the findings of a route analysis test called Model 2, which indicates that GCG significantly and positively affects PBV. The statistical significance of the impact of GCG on PBV is shown by the t value of 2.169 and significance level of 0.032 ($p < 0.05$). The impact of CSR on PBV cannot be deemed statistically significant, as shown by a t value of 1.000 and a significance level of 0.320 ($p > 0.05$). Alternatively, ROA impacts PBV in a positive and statistically significant way, as shown by the t value of 3.786 and significance level of less than 0.001 ($p < 0.05$).

Table 8
Bootstrapping Results

| Indirect Effects | | | | | |
|------------------|---|--------|--------|----------|----------|
| Model 1 & 2 | | Effect | BootSE | BootLLCI | BootULCI |
| X1 on Y | Z | .3800 | .2218 | .0152 | .8735 |
| X2 on Y | Z | .0091 | .0701 | -.0997 | .1850 |

Source: Primary Data, 2025

In the first model, as shown in table 8, the bootstrapping confidence interval (BootLLCI = 0.0152, BootULCI = 0.8735) does not contain zero, indicating that the mediation effect is substantial. This suggests that GCG has an indirect influence on PBV via ROA. The second model's regression findings demonstrate that the confidence interval (BootULCI = 0.1850, BootLLCI = -0.0997) contains zero, according to the bootstrapping test. This proves that there is no discernible impact of mediation.

The Effect of Good Corporate Governance on Profitability

Good Corporate Governance does, in fact, affect profitability, according to the first hypothesis, which is therefore accepted. A value of 0.032 ($p < 0.05$) is shown in the test results, indicating that the study data had a substantial impact. So, it's clear that efficient corporate governance procedures have a favorable impact on the financial performance of consumer goods sector corporations via improved application of GCG. The connection between a company's owner (the principle) and management (the agent) is based on agency theory, which explains this phenomenon. However, disagreements are likely to arise since

the owner and agent have different priorities. Good corporate governance practices also boost trust among stakeholders, which helps businesses expand and remain solvent in the long run.

Good Corporate Governance increases profits, according to this study's findings, which are in line with those of Khasanah and Sucipto (2020). When using Return On Asset as a surrogate for profitability, this study's findings contradict those of Fatoni (2020), who found that good corporate governance had no discernible impact on the bottom line.

The Effect of Corporate Social Responsibility on Profitability

This evidence disproves the null hypothesis that CSR has no effect on bottom line results. A number of 0.624 ($p > 0.05$) indicates that the study data does not have a significant influence, according to the test findings. Basically, this research found no clear correlation between corporate social responsibility (CSR) efforts made by consumer products corporations and higher profits. According to stakeholder theory, businesses have responsibilities to more than just their shareholders. This study's findings that CSR does not significantly affect profitability suggest that the short-term financial performance of corporations in the consumer goods industry has not been completely affected by the advantages of CSR that these companies have provided to stakeholders.

Consistent with other studies, this one find that CSR has a negligible and even negative impact on profits (Khasanah Sucipto, 2020). Contrary to popular belief, CSR does impact bottom line results, according to study by Adnyani et al. (2020).

The Effect of Profitability on Firm Value

It is claimed in the third hypothesis that business value is affected by profitability, and this hypothesis is acknowledged. A value of less than 0.05 is shown by the test findings, indicating that the study data had a substantial impact. Stock prices, investor confidence, and a company's attractiveness to the capital market all rise in tandem with its profitability, suggesting that consumer products businesses' worth is directly proportional to their profitability. Companies in the consumer goods sector that have high profitability are seen as healthy, credible, and able to survive in the market, which increases their value. This is based on legitimacy theory, which states that in order for businesses to gain public trust and remain in business for the long term, they need to operate in line with social norms, community expectations, and relevant regulations.

In supporting the hypothesis of this study, research conducted by Yuliyanti et al. (2025) as a consequence of profitability increasing the value of the company. Findings from this study contradict those of others Parytri & Wuryani (2024) as well as studies that found no correlation between profitability and company valuation.

The Effect of Good Corporate Governance on Firm Value

Acceptance of the fourth hypothesis follows from the assertion that Good Corporate Governance influences corporate value. A value of 0.032 ($p < 0.05$) is shown in the test results, indicating that the study data had a substantial impact. This suggests that improved corporate governance practices may boost a company's worth by making operations more open and trustworthy, decreasing risk, or all three. Good corporate governance, which is based on agency theory, helps to promote transparency, decrease conflicts of interest between agents and principals, and better manage risks. Companies in the consumer products industry may help reduce agency conflicts by using GCG to make sure management is honest, takes responsibility, and looks out for shareholder interests.

The findings of this study are corroborated by other studies carried out by Yulianti & Melani (2024) affirms that increased business value is a result of good corporate governance. Studies that contradict this one's findings include those by Rahayu & Praptiningsih (2024) The data demonstrate that there is no substantial influence of Good Corporate Governance on business value.

The Effect of Corporate Social Responsibility on Firm Value

Firm value is not affected by corporate social responsibility, as stated in the fifth hypothesis, which is therefore rejected. With a value of 0.320 ($p > 0.05$) in the test findings, the study data is not significantly affected. According to the results, firms in the consumer products industry do not see a substantial boost in firm value as a direct result of their CSR initiatives. Corporate social responsibility (CSR) is a popular tactic for firms to win over stakeholders and adhere to legitimacy theory, which posits that businesses need to do what the public expects them to do if they want to keep their backing from outside sources. This study's findings suggest that consumer goods companies' CSR initiatives don't significantly boost their stock prices. This could be due to a number of factors, including investors' failure to see CSR as a key factor in their investment decisions, a general lack of knowledge about how CSR affects stock prices, or CSR initiatives that are more symbolic than substantive, failing to make a real difference for both the company and society at large.

This study's findings are backed by studies conducted by Saputra et al. (2022) found no correlation between corporate social responsibility and the value of the company. But the findings of this study contradict those of others Susanto & Indrabudiman (2023) shown that CSR significantly impacts company value.

The Effect of Good Corporate Social Responsibility on Firm Value through Profitability

With profitability serving as an intermediary variable, the sixth hypothesis—that Good Corporate Governance impacts business value—is accepted. A non-zero result in the bootstrapping test (BootULCI = 0.8735) shows that the mediation effect is statistically significant. Companies in the consumer products industry may boost their value and profitability by implementing effective corporate governance practices. An essential part of agency theory is the idea that GCG may help lessen agency conflicts. In addition, investors have greater faith in and confidence in financially stable, successful businesses, which in turn increases their worth. Good governance affects business value both directly and indirectly via enhanced profitability, as shown by the study's findings demonstrating that profitability strongly mediates the link between GCG and firm value.

Findings from this study are consistent with those of studies Febiantoro & Khuzaini (2022) findings that profitability effectively acts as a mediator between Good Corporate Governance and the value of a corporation. Having said that, studies performed by Gomes & Simatupang (2024) demonstrates that the impact of Good Corporate Governance on company value is unmediated by profitability.

The Effect of Corporate Social Responsibility on Firm Value through Profitability

The seventh hypothesis, which proposes that CSR influences business value via profitability as a moderating variable, is rejected. Bootstrapping data show that the mediation effect is not substantial, with BootLLCI = -0.0997 and BootULCI = 0.1850 including zero. The fact that businesses in the consumer products industry face very cutthroat competition helps to explain this conclusion. Companies in this industry often use CSR as a marketing

tactic, therefore it's hard for them to distinguish apart just by doing good deeds. Marketing strategy, operational efficiency, and product innovation are often more conducive to enhanced profitability and business value in a competitive market context than CSR rules.

Gomes and Simatupang (2024) found that earnings per share, a measure of profitability, does not mediate the effect of CSR on company value, which is in agreement with our findings. Susanto and Indrabudiman's (2023) study, on the other hand, shows that profitability effectively mediates the influence of CSR on business value.

CONCLUSION

Findings from the research show that GCG has a beneficial effect on business value and profitability, which in turn improves financial performance and inspires trust among investors. The lack of a discernible effect on profits and company value from CSR initiatives suggests that the financial advantages of CSR may take more time to manifest or be contingent on other variables. Although profitability does not mediate the effect of corporate social responsibility on company value, it does mediate the link between GCG and firm value. While CSR's influence may not be immediately apparent in financial outcomes, these findings highlight the significance of solid governance in boosting firm value.

REFERENCES

- Akbar, R., Sukmawati, U. S., & Katsirin, K. (2024). Quantitative Research Data Analysis. *Jurnal Pelita Nusantara*, 1(3), 430–448. <https://doi.org/10.59996/jurnalpelitanusantara.v1i3.350>
- Alkhairani, Kamaliah, & Rokhmawati, A. (2020). Analysis of the Effect of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on Firm Value with Profitability as an Intervening Variable in Mining Companies Listed on the Indonesia Stock Exchange. *Jurnal Ekonomi KIAT*, 31(1), 10–25. <https://journal.uir.ac.id/index.php/kiat>
- Alsayegh, M. F., Rahman, R. A., & Homayoun, S. (2020). Corporate economic, environmental, and social sustainability performance transformation through ESG disclosure. *Sustainability (Switzerland)*, 12(9). <https://doi.org/10.3390/su12093910>
- Angga Jaya Pratama, I. G., Burhanudin, B., & Sri Oktaryani, G. A. (2022). The Effect of Good Corporate Governance and Corporate Social Responsibility Disclosure on Banking Company Value. *Bisma: Jurnal Manajemen*, 8(1), 72–80. <https://doi.org/10.23887/bjm.v8i1.40055>
- Ariyadni, F. T., & Irawati, W. (2023). The Effect of Tax Planning, Investment Opportunity Set and Growth Opportunity on Firm Value. *ABIS: Accounting and Business Information Systems Journal*, 11(4). <https://doi.org/10.22146/abis.v11i4.87068>
- Cahyaningtyas, E. (2022). The Effect of Company Size, Executive Character, and Return On Assets on Tax Avoidance (Empirical Study of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange 2017-2020). *Global Accounting: Jurnal Akuntansi*, 1(2), 145–157.
- Epa Yulianti1 ✉, A. L., & Maria Magdalena Melani3. (2024). The Effect of Good Corporate Governance and Company Size on Company Value in Mining Sector Companies Listed on the Indonesia Stock Exchange for the Period 2017-2022. *INNOVATIVE:*

- Journal Of Social Science Research*, 4, 14151–14165. <https://repository-feb.unpak.ac.id/xmlui/>
- Ezenwobodo, & Samuel, S. (2022). International Journal of Research Publication and Reviews. *International Journal of Research Publication and Reviews*, 04(01), 1806–1812. <https://doi.org/10.55248/gengpi.2023.4149>
- Febiantoro, M. H., & Khuzaini. (2022). The Effect of Good Corporate Governance on Firm Value with Profitability as an Intervening Variable (Study of Banking Companies Listed on the IDX for the 2016-2020 Period). *Jurnal Ilmu Dan Riset Manajemen*, 11(10), 1–15.
- Firmansya, I. R., & Sari, I. (2024). The effect of capital structure and profitability on firm value in LQ 45 banks. *Maneksi*, 13(1), 59–66.
- Gomes, A. S., & Simatupang, F. S. (2024). The Effect of Good Corporate Governance and Corporate Social Responsibility on Firm Value with Profitability as an Intervening Variable (Empirical Study on Coal Industry Companies listed on the Indonesia Stock Exchange (IDX) Period 2). *J-MAS (Jurnal Manajemen Dan Sains)*, 9(1), 351. <https://doi.org/10.33087/jmas.v9i1.1635>
- Hendrayani, Y., & Uljanatunnisa, U. (2021). CSR in the Pandemic Era Based Values State-Defense: Content Analysis on the Official Website of Five State-Owned Enterprises. *Society*, 9(1), 1–18. <https://doi.org/10.33019/society.v9i1.260>
- Hutama, J. F. D. (2022). The Effect of Capital Structure, Company Size, Profitability, and Dividend Policy on Company Value Lq45 Index (2015-2019). *Parsimonia - Jurnal Ekonomi Dan Bisnis*, 8(1), 1–11. <https://doi.org/10.33479/parsimonia.2021.8.1.1-11>
- Indri Agustini, N. D., & Nursasi, E. (2020). The Effect of Managerial Ownership and Institutional Ownership on Firm Value with Debt Policy as an Intervening Variable. *Manajerial*, 7(2), 124. <https://doi.org/10.30587/manajerial.v7i2.1368>
- Irawan, A., Ovami, D. C., Prima, A. P., & Putri, A. P. (2023). The Effect of Corporate Social Responsibility on Company Value in Banking Companies Listed in IDX. *Bisnis-Net Jurnal Ekonomi Dan Bisnis*, 6(1), 341–348. <https://doi.org/10.46576/bn.v6i1.3114>
- Khasanah, I. D., & Sucipto, A. (2020). The Effect of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on Firm Value with Profitability as an Intervening Variable. *Akuntabel*, 17(1), 14–28. <http://journal.feb.unmul.ac.id/index.php/AKUNTABEL>
- Lestari, A. D., & Zulaikha. (2021). The Effect of Good Corporate Governance and Corporate Social Responsibility on Company Value (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2015-2019). *Jurnal Akuntansi Manajemen*, 10(2011), h. 3.
- Linda Arisanty Razak, Wa Ode Rayyani, & Salwa Khaerunniza. (2023). Implementation of Good Corporate Governance in Improving the Management Efficiency of State-Owned Enterprises. *Perspektif Akuntansi*, 6(3), 39–57. <https://doi.org/10.24246/persi.v6i3.p39-57>
- Mohamad Rizki Saputra, Ati Sumiati, & Sri Zulaihati. (2022). The Effect of Profitability, Company Size, Corporate Social Responsibility (CSR) on Company Value. *Jurnal Akuntansi, Perpajakan Dan Auditing*, 3(1), 181–192. <https://doi.org/10.21009/japa.0301.11>
- Nadia Ulfa Rahayu, & Praptiningsih, P. (2024). The Effect of Corporate Social

- Responsibility (CSR) and Good Corporate Governance (GCG) on Company Value. *Accounting Student Research Journal*, 3(1), 1–21. <https://doi.org/10.62108/asrj.v3i1.6241>
- Parytri, A. N. L., & Wuryani, E. (2024). The Effect of Profitability, Company Size, Leverage, and Ownership Structure on Firm Value. *Intellektika: Jurnal Ilmiah Mahasiswa*, 5, 60–72. <https://jurnal.stikesibnusina.ac.id/index.php/Intellektika/article/view/1458%0Ahttps://jurnal.stikes-ibnusina.ac.id/index.php/Intellektika/article/download/1458/1634>
- Pasaribu, M. A., & Hariani, S. (2022). Good corporate governance, corporate social responsibility disclosure and company size on firm value. *Jurnal Riset Manajemen Dan Bisnis*, 7(2), 67–80. <https://doi.org/10.36407/jrmb.v7i2.724>
- Prakoso, R. W., & Akhmadi, A. (2020). The Effect of Managerial Ownership and Profitability on Firm Value with Debt Policy as an Intervening Variable. *Jurnal Riset Bisnis Dan Manajemen Tirtayasa*, 4(1), 50. <https://doi.org/10.48181/jrbmt.v4i1.9609>
- Saadah, A. A., Fakhriyana, D., & Hersugondo, H. (2024). Identification of Adolescent Behavior Patterns with Path Analysis. *Jurnal Gaussian*, 12(4), 499–508. <https://doi.org/10.14710/j.gauss.12.4.499-508>
- Salsabila Idris, Q., Kurniawan, A. W., & Anwar, D. (2022). Activity Ratio Analysis to Assess the Financial Performance of Pt. Pln (Persero) Up3 South Makassar. *Majalah Ekonomi Dan Bisnis*, 18(2), 80–88.
- Simbolon, V. A., Ritonga, K. B., Tania, R., Dian, D., & Sukmawati, S. (2024). The Effect of Good Corporate Governance Implementation on Corporate Social Responsibility Disclosure Practices in the Annual Report. *Musytari: Neraca Manajemen, Akuntansi, Dan Ekonomi*, 5(1), 130–140.
- Sjioen, A. E., Amaludin, Rukmana, A. Y., Syamsulbahri, & Wahyudi, I. (2023). Sustainable Business and Corporate Social Responsibility: A Study of Impact and Implementation Strategies. *Jurnal Bisnis Dan Manajemen West Science*, 2(03), 239–248. <https://doi.org/10.58812/jbmws.v2i03.557>
- Susanto, E., & Indrabudiman, A. (2023). The Effect of Good Corporate Governance and Corporate Social Responsibility on Firm Value with Financial Performance as an Intervening Variable. *Jurnal Keuangan Dan Perbankan*, 19(2), 69–80. <https://doi.org/10.35384/jkp.v19i2.386>
- Yam, J. H., & Taufik, R. (2021). *Quantitative Research Hypotheses. Perspective: Journal of Administrative Science*. 3(2), 96–102.
- Yanti, U., Habibah, H., & Jatiningrum, C. (2023). The Effect of Company Growth, Good Corporate Governance and Financial Performance on Company Value. *ECo-Fin*, 5(3), 304–315. <https://doi.org/10.32877/ef.v5i3.985>
- Yuliyanti, H., Manrejo, S., Prayogo, B., Bhayangkara, U., Raya, J., Utara, B., & Bekasi, K. (2025). *Issn : 3025-9495*. 15(8).