



**THE EFFECT OF GOOD CORPORATE GOVERNANCE AND CORPORATE,
SOCIAL RESPONSIBILITY ON FIRM VALUE WITH FINANCIAL
PERFORMANCE AS A MODERATING VARIABLE****Muhammad Rafi Taqiyuddin¹**

Universitas Swadaya Gunung Jati, Cirebon, Indonesia

muhammad.122040092@ugj.ac.id**Irwan Sutirman Wahdiat^{2*}**

Universitas Swadaya Gunung Jati, Cirebon, Indonesia

irwan.sutirman@ugj.ac.id

Abstract

This study aims to examine and analyze the effect of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on Firm Value with Financial Performance as a moderating variable. The research object is financing companies listed on the Indonesia Stock Exchange (IDX) for the period 2020–2024. This study uses an associative quantitative approach with secondary data obtained from annual reports and sustainability reports. The sampling technique used is purposive sampling, resulting in 12 companies as research samples. The data analysis techniques used are descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, and Moderated Regression Analysis (MRA) with the help of SPSS software. The research findings indicate that Good Corporate Governance has a positive and significant effect on Firm Value. In contrast, Corporate Social Responsibility does not have a significant effect on Firm Value. The moderating test results show that Financial Performance can moderate the effect of GCG on Firm Value in a weakening direction, but Financial Performance cannot moderate the effect of CSR on Firm Value.

Keywords: Good Corporate Governance, Corporate Social Responsibility, Financial Performance, Firm Value, Financies Companies



INTRODUCTION

As the demand for transparency and sustainability in contemporary business practices increases, the issues of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) have gained greater attention in recent years. Since the Financial Services Authority (OJK) issued POJK No. 48 of 2024 and introduced the Indonesian Corporate Governance Roadmap, which emphasizes the importance of transparency, accountability, and integrity in corporate management, attention to these two aspects has been heightened in Indonesia. This policy encourages public companies to implement good governance while also enhancing sustainability reporting based on Environmental, Social, and Governance (ESG) criteria. The fact that more companies listed on the Indonesia Stock Exchange (IDX) regularly publish annual sustainability reports is evidence of this phenomenon.

Today, the implementation of GCG and CSR is no longer viewed merely as a regulatory obligation but is also seen as an indicator of reputation and investment appeal. Companies that maintain good governance and social responsibility are perceived to have better sustainability prospects, which can enhance the firm's value as public trust increases. However, the implementation of GCG in Indonesia still faces various challenges. Several cases, such as allegations of corruption at PT Pertamina (Persero) potentially causing state losses amounting to trillions of rupiah (Burhanuddin, 2025) and the financial scandal at PT Asuransi Jiwasraya (Persero) leading to the revocation of its business license, demonstrate weaknesses in oversight, transparency, and accountability in corporate governance practices (OJK, 2025). These cases reflect that the application of GCG principles is often still treated as a formality to meet regulatory requirements, rather than stemming from an intrinsic organizational awareness to build a culture of good governance.

This condition directly impacts the decreasing public and investor trust in the credibility of national companies. Therefore, it is crucial to implement effective GCG to maintain stability, reputation, and sustainability of firm value in the eyes of stakeholders. In the capital market, investors tend to avoid companies with poor governance and reputational risks. Companies must also be responsible to society and the environment by engaging in social responsibility. Effective CSR programs can enhance the company's social legitimacy and create a positive image, which positively impacts firm value.

Academically, several previous studies have shown inconsistent results regarding the relationship between GCG, CSR, and firm value. For instance, the



study by Kusumawati Nathalia (2024) found that GCG significantly affects the increase in firm value, while another study by Darniaty (2023) found that GCG did not significantly affect firm value. Furthermore, inconsistency was also found regarding the CSR variable. Kireina (2025) found a positive effect of CSR on firm value, while Willy Sri Yuliandhari (2024) stated the opposite.

These varying results indicate that there is still room for further research, particularly in various fields and areas. When financial performance is used as a moderating variable, the inconsistency in research results becomes even more interesting. For example, Azima et al. (2024) found that profitability enhances the relationship between CSR and firm value but does not moderate the relationship between GCG and firm value. On the other hand, Sapitri & Hernawati (2025) did not find any moderating effect at all.

As indicated by previous research, the relationship between GCG, CSR, financial performance, and firm value needs to be studied in more depth to be more relevant to the actual situation. Therefore, this study focuses on financing companies listed on the Indonesia Stock Exchange (IDX), as this sector is one of the key pillars of the non-bank financial industry, playing a role in both consumptive and productive financing. Financing companies are exposed to high-risk levels, making transparency, accountability, and the implementation of GCG and CSR critical aspects influencing investor perceptions and firm value. Additionally, using secondary data such as annual reports, sustainability reports, and financial statements from public companies provides an objective and relevant analytical basis to empirically test the relationships between variables.

Thus, this study aims not only to contribute to the literature on how GCG, CSR, financial performance, and firm value are empirically related but also to provide practical recommendations for the management of financing companies to improve the quality of governance practices and sustainability. This research also supports the implementation of POJK No. 48 of 2024, which emphasizes the importance of integrating governance and sustainability aspects into corporate operations.

LITERATURE REVIEW

Signaling Theory

The signaling theory was first proposed by Spence (1973), who stated that management actions can signal to investors the future prospects of a company, as cited in Brigham & Houston, in (Hafidh Fairuz Maulana Ilham, 2024). The essence of this theory is the company's efforts to reduce the information asymmetry



between internal and external parties through various policies and disclosures. In this study, GCG and CSR function as signals that demonstrate the company's commitment to good governance, social responsibility, and sustainable business practices, which enhance investor perception. According to the article (Hafidh Fairuz Maulana Ilham, 2024), management's efforts to maintain transparency and engage in social reporting can be seen as a signal of the company's quality in the market. Meanwhile, according to the research (Andrinaldo, 2024), GCG mechanisms such as independent commissioners, independent directors, and independent audit functions demonstrate credibility and objectivity, which can increase the firm's value in the eyes of investors. On the other hand, financial performance reflects the company's ability to generate profits, making signaling theory a relevant conceptual foundation to understand how GCG and CSR can affect firm value and how financial performance strengthens this relationship.

Good Corporate Governance

In signaling theory, companies must provide clear and reliable information so that investors can accurately assess the quality of management. Since the implementation of Good Corporate Governance (GCG) serves as an important signal, it indicates objective oversight and a commitment to transparency. GCG demonstrates that a company is being managed responsibly and has good prospects because a strong governance structure helps reduce information asymmetry between management and investors. The five principles of GCG set by (KNKG, 2019) are transparency, accountability, responsibility, independence, and fairness. Two studies indicate that the GCG signal to firm value is not always consistent. The study by (Andrinaldo, 2024) shows that the presence of independent directors and commissioners sends a positive signal, as both significantly enhance firm value, and independent audits increase trust through transparency. On the other hand, research conducted by (Darniaty, 2023) found that because the implementation of GCG is often not optimal, the signal received by the market becomes weak. Therefore, the quality of GCG implementation is crucial in determining whether the signal provided can enhance firm value.

Corporate Social Responsibility

In signaling theory, companies use the term Corporate Social Responsibility (CSR) to signal their commitment to ethics, sustainability, and social responsibility to investors. CSR serves as a signal of quality because it indicates that a company is not only pursuing short-term profits but also maintaining its reputation and building relationships with stakeholders. By disclosing CSR transparently, investors can assess the company's ability to manage social and environmental risks, thus reducing information asymmetry.



Ultimately, this can enhance the market's perception of the firm's value. Research by (Elizabeth Remora, 2025) found that CSR disclosure provides a positive signal to investors, as it reflects the company's commitment to sustainability, thus proving that CSR positively influences firm value. However, the study by (Willy Sri Yuliandhari, 2024) shows different results, indicating that CSR does not have a significant effect on firm value. This difference suggests that the effectiveness of CSR as a signal is heavily influenced by how well it is implemented and how the market assesses the relevance of that information.

Financial Performance

According to signaling theory, financial performance is viewed as crucial information that indicates how well a company can generate profits, manage assets, and meet its obligations. This provides investors with signals to assess the company's prospects and stability. Two studies analyzed show differing results. The study by (Leny Suzan, 2023) found that profitability can send a strong positive signal and significantly enhance firm value. On the other hand, research by (Komara, 2025) found that leverage is a more highly valued signal by the market because it reflects management's confidence in managing debt-based financing. These results suggest that the strength of financial performance as a signal heavily depends on the indicators used and how investors perceive the industry conditions and the company's risks.

Firm Value

Firm value, in signaling theory, is a key indicator that shows how the market assesses a company's credibility, prospects, and quality. When a business can provide positive signals through information such as operational performance, governance, and social responsibility disclosures, investors perceive these signals as signs that the business carries low risk and has stable profit potential. The rising stock price then reflects this signal, ultimately increasing the firm's value as a factor highly sensitive to investor perception.

A study by (Azima et al., 2024) found that companies that provide positive signals through CSR disclosures and the implementation of GCG receive a strong market response, meaning these two factors have a positive and significant impact on the firm value of energy companies listed on the Indonesia Stock Exchange (IDX). On the other hand, research by (Hafidh Fairuz Maulana Ilham, 2024) found that signals sent through measurable variables such as CSR, leverage, or specific performance do not always result in positive outcomes. These differing results indicate that the quality of the information provided and the



characteristics of the industry greatly influence the strength of the signals on firm value.

RESEARCH METHOD

This study uses an associative quantitative approach to investigate the relationships and effects between independent, dependent, and moderator variables. This method was chosen because it aligns with the research objectives, which are to examine how firm value is influenced by CSR and GCG, and how financial performance moderates this relationship. The quantitative method allows for hypothesis testing with measurable and standardized numerical data. As a result, the analysis can be interpreted objectively. This is consistent with the opinion of (Sugiyono, 2023), who states that associative research is used to explain the cause-and-effect relationships between independent and dependent variables, making it suitable for testing the theoretical model that has been formulated.

The population in this study consists of all Financing Companies listed on the Indonesia Stock Exchange (IDX) during the period of 2020–2024. As of December 2025, there are 13 companies in this sector. The sampling technique used is purposive sampling, which is a sample selection technique based on specific criteria relevant to the research objectives. Based on these criteria, 12 companies that meet the data completeness requirements were selected as the research sample.

RESULTS AND DISCUSSION

Descriptive Statistical Test

Descriptive statistical analysis is intended to provide an overview of the data obtained from the research results. This descriptive data includes the minimum value, maximum value, mean, and standard deviation. Good Corporate Governance (X1), Corporate Social Responsibility (X2), Financial Performance (Z), and Firm Value (Y).



Table 1.
Descriptive Analysis Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
GCG	60	.40	.90	.7033	.16464
CSR	60	.15	.46	.2890	.07813
Financial Performance	60	-21.87	8.24	.9315	6.17192
Company Value	60	.24	25.56	2.6117	5.26790
Valid N (listwise)	60				

Source: Data Processed (2026)

Based on table 1, the results of the descriptive statistical analysis show that all research variables have the same number of data, with 60 observations (N=60), indicating that the data used is consistent across all variables. The GCG variable has a minimum value of 0.40 and a maximum value of 0.90, with a mean of 0.7033 and a standard deviation of 0.16464. This means that the average implementation of GCG is relatively high, with a data distribution that is considered reasonable. The CSR variable has a minimum value of 0.15 and a maximum value of 0.46, a mean of 0.2890, and a standard deviation of 0.07813. This suggests that CSR activities in the sample are relatively low but homogeneous, as the small standard deviation indicates that the data variation between companies is not significantly different. Next, the KK variable has a minimum value of -21.87 and a maximum value of 8.24, with a mean of 0.9315 and a standard deviation of 6.17192. This indicates a very large gap in the KK variable, where the standard deviation is much higher than the mean, suggesting highly variable (heterogeneous) data, with some companies experiencing extreme negative performance. Meanwhile, the NP variable has a minimum value of 0.24 and a maximum value of 25.56, a mean of 2.6117, and a standard deviation of 5.26790, which indicates that the average firm value is relatively low compared to its maximum value.

Classical Assumption Test

Normality Test

The results of the normality test in this study can be seen in the following image:



Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			46
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		.30726676
Most Extreme Differences	Absolute		.098
	Positive		.072
	Negative		-.098
Test Statistic			.098
Asymp. Sig. (2-tailed) ^c			.200 ^d
Monte Carlo Sig. (2-tailed) ^e	99% Confidence Interval		.316
	Lower Bound		.304
	Upper Bound		.328
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.			

Source: Data Processed (2026)

Based on the table above, it is known that the calculation result for the asymptotic sig value in the table shows a value of 0.200. It can be concluded that the Unstandardized Residual data is normally distributed, as the value is > 0.05.

Multicollinearity Test Result

The results of the Multicollinearity test in this study can be seen in the following image:

Table 3. Multicollinearity Test Results

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	GCG	.583	1.717
	CSR	.571	1.751



	KK	.955	1.047
a. Dependent Variable: NP			

Source: Data Processed (2026)

Based on table 3, the results of the multicollinearity test show that all independent variables in the model (GCG, CSR, and Financial Performance) have a tolerance value > 0.1 and a VIF < 10, namely Good Corporate Governance (tolerance 0.583; VIF 1.717), Corporate Social Responsibility (tolerance 0.571; VIF 1.751), and Financial Performance (tolerance 0.955; VIF 1.047). Therefore, it can be concluded that no multicollinearity symptoms are present, meaning that the independent variables do not have a high linear relationship, and the regression model is suitable for further testing of Firm Value as the dependent variable.

Heteroscedasticity Test Result

The Glejser test is conducted by regressing the independent variables against the absolute residual values (Abs). The testing criterion is that if the significance value (Sig.) is greater than 0.05, it indicates no symptoms of heteroscedasticity. On the other hand, if the significance value (Sig.) is less than 0.05, it indicates the presence of heteroscedasticity.

The results of the Heteroscedasticity test in this study can be seen in the following table:

Table 4.
Heteroscedasticity Test Results

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.472	.171		2.764	.008
	GCG	-.118	.141	-.164	-.835	.408
	CSR	.230	.153	.299	1.504	.140
	KK	-.008	.033	-.038	-.250	.804
a. Dependent Variable: abs_res						

Source: Data Processed (2026)

The results of the heteroscedasticity test show that all the variables tested have significance values above 0.05. Specifically, the Good Corporate Governance (X1) variable has a significance value of 0.408, Corporate Social Responsibility (X2) has a value of 0.140, and Financial Performance (Z) has a value of 0.804. Since



all the significance values of the independent and moderating variables are greater than the set significance level ($\alpha = 0.05$), it can be concluded that there are no symptoms of heteroscedasticity in this regression model. Therefore, the classical assumption of heteroscedasticity has been met, and the regression model is suitable for use in the next hypothesis testing stage.

The Results of the Autocorrelation Test Before Using the Cochrane Orcutt Method

The autocorrelation test is conducted to determine whether there is a relationship between the disturbance errors (residuals) in the current period and those in the previous period in the regression model. This autocorrelation test uses the Durbin-Watson (DW) test, with the following testing criteria: If the DW value is less than dL, positive autocorrelation occurs. If the DW value is between dL and dU, the test result falls in the inconclusive region. If the DW value is greater than $4 - dU$, no autocorrelation occurs. If the DW value is between $4 - dU$ and $4 - dL$, the test result falls in the inconclusive region. If the DW value is greater than $4 - dL$, negative autocorrelation occurs. By using these criteria, it can be determined whether the regression model meets the classical assumption of no autocorrelation or if it still contains autocorrelation issues.

The results of the Autocorrelation test in this study can be seen in the following table:

Table 5.
Autocorrelation Test Results Before Using Cochrane Orcutt

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.347 ^a	.120	.058	.31805	.826
a. Predictors: (Constant), KK, GCG, CSR					
b. Dependent Variable: NP					

Source: Data Processed (2026)

Based on the test results, the Durbin Watson value obtained is 0.826. The lower bound (dL) and upper bound (dU) values are obtained from the Durbin Watson table based on the sample size (n) and the number of independent variables (k), where the dL value is 1.3912 and the dU value is 1.6677. According to the Durbin Watson decision criteria, the regression model is said to experience positive autocorrelation if the Durbin Watson value is smaller than the lower bound (dL). The Durbin Watson value of 0.826 is smaller than dL, which is 1.3912 ($0.826 < 1.3912$), indicating that there is positive autocorrelation in the regression



model. Therefore, this model does not meet the classical assumption of no autocorrelation and requires data correction or transformation to address this issue, one of which is using the Cochrane Orcutt method.

The Results of the Autocorrelation Test After Using the Cochrane Orcutt Method

Table 6.
Autocorrelation Test Results After Using Cochrane Orcutt

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.404 ^a	.163	.103	1.78316	1.729
a. Predictors: (Constant), KK, GCG, CSR					
b. Dependent Variable: NP					

Source: Data Processed (2026)

Based on the test results after model correction using the Cochrane Orcutt method, a Durbin Watson value of 1.729 was obtained. According to the Durbin Watson decision criteria, the regression model is considered free from autocorrelation if it meets the condition $dU < DW < 4 - dU$. The dU value is 1.6677 and the value of $4 - dU$ is 2.3323. The Durbin Watson value of 1.729 falls between these boundaries, $1.6677 < 1.729 < 2.3323$, indicating that there is no autocorrelation, either positive or negative, in the regression model after applying the Cochrane Orcutt method. Therefore, the model has met the classical assumption of no autocorrelation and is suitable for use in the next analysis stage.

Results of Multiple Regression Analysis

The results of the Multiple Regression Analysis can be seen in the following table:

Table 7.
Multiple Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.798	6.505		-.738	.464
	GCG	-5.681	6.395	-.123	-.888	.378
	CSR	12.001	5.468	.304	2.195	.032



a. Dependent Variable: NP

Source: Data Processed (2026)

Based on Table 7, the Good Corporate Governance variable has a significance value of 0.378 (>0.05) with a coefficient B = -5.681, indicating that GCG does not have a significant effect on Firm Value (Y). In the same table, the Corporate Social Responsibility (X2) variable has a significance value of 0.032 (<0.05) with a coefficient B = 12.001, indicating that CSR has a significant effect on Firm Value.

Anova Test

The results of the ANOVA test in this study can be seen in the following table:

**Table 8.
Anova Test**

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	111.633	2	55.817	2.410	.099 ^b
	Residual	1296.879	56	23.159		
	Total	1408.512	58			
a. Dependent Variable: NP						
b. Predictors: (Constant), CSR, GCG						

Source: Data Processed (2026)

Based on the ANOVA table, the Sig. value is 0.099 (>0.05) with an F value of 2.410, indicating that, simultaneously, the GCG and CSR variables do not have a significant effect on Firm Value. Therefore, it can be concluded that the model is not suitable (or not yet fit).

Results of the Coefficient of Determination (R2) Test

The results of the coefficient of determination (R2) test in this study can be seen in the following table:

**Table 9.
Coefficient of Determination (R2) Test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.282 ^a	.079	.046	4.81233
a. Predictors: (Constant), CSR, GCG				

Source: Data Processed (2026)



Based on the Model Summary table of Model 1, the R Square value is 0.079 and the Adjusted R Square value is 0.046. This means that the variation in Firm Value (Y) explained by the GCG (X1) and CSR (X2) variables is only 4.6% (based on the Adjusted R Square), while the remaining 95.4% is influenced by other factors or variables outside the scope of this research model.

Moderated Regression Analysis (MRA)

The results of the Moderated Regression Analysis in this study can be seen in the following table:

Table 10.
Moderated Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.689	3.024		-1.551	.129
	GCG	9.607	3.038	.482	3.162	.003
	CSR	-2.832	2.754	-.176	-1.028	.310
	KK	2.271	1.105	4.228	2.055	.046
	X1.Z	-2.917	.953	-5.311	-3.062	.004
	X2.Z	.419	.614	.826	.682	.499

a. Dependent Variable: NP

Source: Data Processed (2026)

Based on the coefficient table 10, the significance values for the GCG variable (0.003) and the moderating variable of Financial Performance (0.046) are both smaller than 0.05, indicating that both have a significant direct effect on Firm Value in this equation. Meanwhile, the CSR variable has a significance value of 0.310 (> 0.05), indicating that it does not have a significant direct effect. According to the same table, the interaction variable of GCG×Financial Performance (X1.Z) has a significance value of 0.004 (< 0.05) with a negative beta coefficient of -2.917. This indicates that Financial Performance is able to significantly moderate the relationship between GCG and Firm Value. However, the interaction variable of CSR×Financial Performance (X2.Z) has a significance value of 0.499 (> 0.05), meaning that Financial Performance does not significantly moderate the relationship between CSR and Firm Value.



Anova MRA Test

The results of the ANOVA MRA test in this study can be seen in the following table:

Table 11.
Anova MRA Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.937	5	10.387	3.861	.006 ^b
	Residual	107.622	40	2.691		
	Total	159.559	45			
a. Dependent Variable: NP						
b. Predictors: (Constant), X2.Z, CSR, GCG, X1.Z, KK						

Source: Data Processed (2026)

Based on Table 11, the Sig. value is 0.006 (<0.05) with an F value of 3.861, indicating that, simultaneously, the variables GCG, CSR, Financial Performance moderation, and their interaction have a significant effect on Firm Value. This shows that the model is considered fit and has better explanatory power compared to the previous regression model.

Coefficient of Determination MRA Test

The results of the coefficient of determination MRA test in this study can be seen in the following table:

Table 12.
Coefficient of Determination MRA Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.571 ^a	.326	.241	1.64029
a. Predictors: (Constant), X2.Z, CSR, GCG, X1.Z, KK				

Source: Data Processed (2026)

Based on the Model Summary table of the MRA, the R Square value is 0.326 and the Adjusted R Square value is 0.241, meaning that after including the moderating and interaction variables, the model's ability to explain the variation in Firm Value is 24.1% (Adjusted R Square), with the remainder explained by other variables. Compared to Model 1 (Adjusted R Square 0.053), the Adjusted R



Square value in the MRA has increased, indicating that the addition of the moderator and interaction variables successfully improved the model's ability to explain Firm Value.

The Effect of Good Corporate Governance on Firm Value

Based on the results of the first hypothesis (H1) testing in the second-stage regression model (fit model), it was found that Good Corporate Governance (GCG) has a positive and significant effect on firm value in financing companies listed on the Indonesia Stock Exchange. This is evidenced by the positive regression coefficient of 9.607 and a t-value of 3.162, which is greater than the critical t-value (2.02108), and a significance value of 0.003, which is much smaller than 0.05. These results indicate that the better the quality of corporate governance practices, the higher the market's appreciation of the firm's value.

This finding aligns with the Signaling Theory that underpins this study, where the application of GCG principles serves as an effective positive signal to reduce information asymmetry between management and investors. In the context of the financing industry, which has high-risk characteristics, transparency and accountability reflected in the GCG score become crucial indicators for investors in assessing the safety of their investments. The high average GCG score in the research sample (mean 0.7033) indicates that companies not only apply governance as a regulatory formality but also as a strategy to build public trust, which directly impacts the increase in stock prices.

Empirically, this study's findings support the results of (Andrinaldo, 2024) and (Kusumawati Nathalia, 2024), which state that the oversight mechanisms in GCG enhance the company's credibility, leading to a positive market response. This finding also contradicts the research by (Darniaty, 2023), which found that GCG had no significant effect. The difference in results shows that in the financing sector, investors are more sensitive to governance aspects compared to other sectors, as poor governance can have a fatal impact on the sustainability of financial services businesses.

The Effect of Corporate Social Responsibility on Firm Value

Based on the results of the second hypothesis (H2) testing in the second-stage regression model, it was found that Corporate Social Responsibility (CSR) does not have a significant effect on firm value in financing companies listed on the Indonesia Stock Exchange. This is indicated by the significance value of 0.310, which is much greater than 0.05, and the t-value of -1.028. This test result rejects the proposed hypothesis, meaning that the level of CSR disclosure by the



company does not have a substantial impact on investors' decisions in valuing the company's stock price in this sector.

This finding can be explained through the perspective of Signaling Theory, where the effectiveness of a signal largely depends on the quality, credibility, and distinguishing power of the information conveyed to the signal recipient. In this context, the lack of effect from CSR indicates a phenomenon of "signal failure." The CSR disclosure patterns by financing companies tend to be homogeneous and normative, merely complying with regulatory requirements (mandatory disclosure), rather than being a strategic and in-depth voluntary disclosure. As a result, the market perceives this CSR information as "noise" or standard information, not as a strong positive signal that reduces information asymmetry or differentiates the company's prospects from its competitors. Because the signal sent does not contain unique and distinguishing material information, investors do not respond with investment decisions, causing no increase in firm value.

Empirically, these results align with the study by (Willy Sri Yuliandhari, 2024), which also found that CSR does not significantly influence firm value because the market perceives CSR information as less relevant compared to financial performance. However, these results differ from the findings of (Elizabeth Remora, 2025) and (Azima et al., 2024), who state that CSR has a positive impact on firm value. The difference in results emphasizes that the effectiveness of CSR as a signal heavily depends on the characteristics of the industry; in the highly regulated and liquidity-oriented financial industry, investors tend to prioritize governance (GCG) and financial performance aspects over social aspects.

The Role of Financial Performance in Moderating the Influence of GCG on Firm Value

Based on the results of the third hypothesis (H3) testing in the regression model with a moderating variable (Moderated Regression Analysis), it was found that financial performance is able to significantly moderate the relationship between Good Corporate Governance (GCG) and firm value. This is evidenced by the significance value of the interaction variable (X1.Z) of 0.004, which is smaller than 0.05. However, it should be noted that the regression coefficient of the interaction variable shows a negative direction of -2.917. This statistical result indicates that, although financial performance acts as a moderating variable, its moderation effect weakens the positive influence of GCG on firm value. In other words, the importance of implementing GCG as a determinant of firm value



diminishes when the company has very high financial performance but becomes very crucial when the company's financial performance is low.

From the perspective of Signaling Theory, this phenomenon can be explained through the hierarchy of signal strength. Financial performance (profitability) is often considered by investors as a "primary signal" that reflects immediate profit prospects, while GCG is viewed as an "assurance signal" that ensures long-term investment security. The negative coefficient result indicates a substitution effect of signals. When a company can send a very strong financial performance signal (high profits), investors tend to feel satisfied and secure with that signal, thus reducing their attention to governance details (GCG). Conversely, when the financial performance signal weakens (profits decline or losses occur), information asymmetry increases, and investment risk feels higher. In such a scenario, investors will seek alternative credible signals, namely GCG, to ensure that the company is managed properly and their assets remain secure. Therefore, GCG has a much stronger impact on firm value when financial performance is not optimal compared to when the company is performing at its peak.

Empirically, this study enriches the findings of (Suharsono et al., 2025), who found that the GCG variable moderates the relationship between financial performance and firm value. This finding also provides a new perspective compared to the study by (Azima et al., 2024), which stated that profitability does not moderate the effect of GCG. In the context of financing companies, this result serves as a reminder to management that, although high financial performance can boost firm value, neglecting GCG remains a long-term risk, as GCG is the foundation of trust that will support firm value, especially when business cycles are on the decline.

The Role of Financial Performance in Moderating the Influence of CSR on Firm Value

Based on the results of the fourth hypothesis (H4) testing using Moderated Regression Analysis (MRA), it was found that financial performance does not moderate the relationship between Corporate Social Responsibility (CSR) and firm value. This is evidenced by the significance value of the interaction variable (X2.Z) of 0.499, which is much greater than 0.05. This statistical result rejects the proposed hypothesis, meaning that the high or low financial performance (profitability) of the company does not strengthen or weaken the effect of CSR disclosure on firm value. In other words, investor response to CSR information does not depend on whether the company is making significant profits or losses;



in both conditions, CSR information is still not used as the primary basis for stock price assessment.

From the perspective of Signaling Theory, this failure in moderation can be explained through the concept of signal independence. The results of this study indicate that investors view financial performance and CSR as two separate streams of information that do not interact with each other. Financial performance is considered a valid fundamental signal (proven to have a significant direct effect in Model 2), while CSR is seen as normative or administrative information. Since CSR itself suffers from "signal failure" or is not perceived as containing relevant material information by the market, even support from high financial performance cannot change investor perception to suddenly consider CSR information as important. High profitability indeed increases firm value directly, but it does not act as a "catalyst" that makes the market value the company's social activities more.

Empirically, this study's results offer a different perspective compared to the findings of (Azima et al., 2024) and (Faqih et al., 2024), who previously found that profitability could moderate the effect of CSR on firm value. This difference is most likely due to the characteristics of the financing institution sector, which is the focus of this study. In the financial sector, which heavily relies on trust in liquidity and solvency, investors tend to focus on pure financial metrics. The general and uniform CSR disclosures in this sector lead investors not to feel the need to use financial performance to validate CSR credibility, but rather directly assess the company based on its financial performance.

CONCLUSION

Based on the data analysis results and the discussion regarding the influence of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on firm value with financial performance as a moderating variable in financing companies listed on the Indonesia Stock Exchange, the following conclusions can be drawn:

1. Good Corporate Governance (GCG) has a positive and significant effect on firm value. This is evidenced by the significance value of 0.003, which is smaller than 0.05, and the positive direction of the regression coefficient. This means that the better the quality of corporate governance, including transparency, accountability, and independence, the higher the firm's value in the eyes of investors. GCG proves to be an effective positive signal in



- reducing information asymmetry and building market trust in the security of investments in the financing sector.
2. Corporate Social Responsibility (CSR) does not have a significant effect on firm value. The test results show a significance value of 0.310, which is greater than 0.05. This conclusion indicates that the extent of social responsibility disclosure is not a key determining factor for investors when assessing the company's stock price in the financing sector. This is likely due to the uniform (homogeneous) and normative nature of CSR disclosures, which are mainly for regulatory compliance, causing the market not to perceive them as a signal of competitive advantage that differentiates the company's prospects.
 3. Financial performance is able to significantly moderate the influence of GCG on firm value, but with a weakening effect. This is evidenced by the interaction significance value of 0.004 (< 0.05) but with a negative regression coefficient (-2.917). This means that the role of GCG implementation becomes crucial and has a significant impact on firm value when the company's financial performance is low. Conversely, when the company achieves very high profitability, investors tend to shift their attention to the profits, reducing their sensitivity to governance (GCG) issues.
 4. Financial performance does not moderate the influence of CSR on firm value. The test results show an interaction significance value of 0.499, which is much greater than 0.05. This conclusion emphasizes that the level of profitability does not change investor perception of CSR information. Since CSR information itself is considered less relevant by the market (not significantly impacting directly), even high financial performance cannot strengthen the relevance of this information in forming firm value.

REFERENCES

- Andrinaldo, A. (2024). The Influence of Good Corporate Governance on Firm Value with Financial Performance as a Moderation Arisky. *Journal of Accounting Auditing and Business*, 7(2), 0–22. <https://doi.org/10.24198/jaab.v7i2.54157>
- Azima, A. F., Aristi, M. D., & Ramashar, W. (2024). Pengaruh CSRr Dan GCG Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi. *Jurnal Ekonomika Dan Bisnis (JEBS)*, 4(5), 821–829. <https://doi.org/10.47233/jeps.v4i5.1995>
- Burhanuddin, J. A. S. (2025). *Dugaan Kasus Korupsi Pertamina*. Tempo. <https://www.tempo.co/hukum/dalam-dugaan-kasus-korupsi-pertamina->



- kejagung-ungkap-kerugian-negara-rp-193-7-triliun-kerugian-konsumen--1215070?utm_source
- Darniaty, W. A. (2023). Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variabel Mediasi. *Jurnal Keuangan Dan Perbankan*, 2(1), 340–356.
- Elizabeth Remora, S. (2025). The Influence of Corporate Social Responsibility Disclosure on Firm Value (Empirical Study on Energy Sector Companies Listed on the IDX for the Period 2021-2023). *Journal of Accounting and Finance Management*, 6(1), 213–224. <https://doi.org/10.38035/jafm.v6i1.1662>
- Faqih, A., Rakhman Laba, A., Ratna, A., & Dewi, S. (2024). YUME : Journal of Management Pengaruh Penerapan Good Corporate Governance dan Corporate Social Responsibility terhadap Nilai Perusahaan dengan Kinerja Keuangan sebagai Variabel Moderasi. In *YUME : Journal of Management* (Vol. 7, Issue 3). www.idx.co.id
- Hafidh Fairuz Maulana Ilham. (2024). PENGARUH GCG DAN CSR TERHADAP NILAI PERUSAHAAN DENGAN KINERJA KEUANGAN SEBAGAI VARIABEL PEMODERASI. *Jurnal Ilmu Dan Riset Akuntansi*, 13(4), 1–17.
- Isbahi, M. B., Zuana, M. M. M., & Toha, M. (2024). The Multi-Social Relation of the Cattle Industry in the Plaosan Subdistrict Animal Market of Magetan Regency. *Malacca: Journal of Management and Business Development*, 1(1), 31–46. <https://doi.org/10.69965/malacca.v1i1.51>
- Kireina, N. M. C. C. (2025). THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND CAPITAL STRUCTURE ON FIRM VALUE: A STUDY ON ENERGY SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE DURING THE 2021-2023 PERIOD. *International Journal of Social and Education*, 2(7), 2105–2119.
- KNKG. (2019). *Pedoman Umum Good Corporate Governance Indonesia*.
- Komara, A. (2025). The Effect of Profitability, Leverage on Firm Value and Corporate Social Responsibility (CSR) as a Moderating Variable. *Indonesian Journal of Business Analytics (IJBA)*, 5(4), 2797–2812. <https://doi.org/https://doi.org/10.55927/ijba.v5i4.14948>
- Kusumawati Nathalia, L. A. G. (2024). *The Effect Of Good Corporate Governance (GCG) On Company Value (Manufacturing Companies Listed On The Indonesia Stock Exchange (IDX) For The Period 2020-2022)*. 5(2), 9105–9114.
- Leny Suzan. (2023). Firm Value Factors: The Effect Of Intellectual Capital, Managerial Ownership, And Profitability. *Jurnal Akuntansi*, 27(3), 401–420. <https://doi.org/10.24912/ja.v27i3.1487>
- OJK. (2025). *OJK Cabut Izin Usaha di Bidang Asuransi Jiwa PT Asuransi Jiwasraya*



- (Persero). Otoritas Jasa Keuangan. <https://ojk.go.id/id/berita-dan-kegiatan/pengumuman/Pages/OJK-Cabut-Izin-Usaha-di-Bidang-Asuransi-Jiwa-PT-Asuransi-Jiwasraya.aspx>
- Sapitri, N., & Hernawati, R. I. (2025). Pengaruh GCG dan CSR Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi. *Jurnal Media Wahana Ekonomika*, 22(2), 470–485. <https://doi.org/10.31851/w50t3p72>
- Sugiyono, P. D. (2023). Metode Penelitian Kuantitatif, Kualitatif, dan R&D.
- Suharsono, J., Krisnawati, T., & Adhawiyah, F. R. (2025). JCA (*Jurnal Cendekia Akuntansi*) Pengaruh GCG , CSR , Dan Leverage Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi. 6(September), 89–102.
- Willy Sri Yuliandhari. (2024). Determinants Of Company Value In Energy Sector Companies. *Jurnal Akuntansi*, 28(2), 225–243. <https://doi.org/10.24912/ja.v28i2.1681>