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The Effect of Corporate Social Responsibility on Firm Value with Intellectual Capital as a Moderating Variable

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Abstract: This study entitled The Effect of Corporate Social Responsibility on Firm Value with Intellectual Capital as a Moderating Variable aims to examine the effect of Corporate Social Responsibility on firm value and investigate whether intellectual capital moderates this relationship. The research was motivated by inconsistent findings in previous studies and the growing importance of sustainable business practices in the Indonesian financial sector. A quantitative approach was employed using panel data regression analysis on 26 financial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period, resulting in 130 observations. Firm value was measured using Tobin's Q, Corporate Social Responsibility was measured using the Corporate Social Responsibility disclosure score, and intellectual capital was measured using the Value Added Intellectual Coefficient. The findings indicate that Corporate Social Responsibility has a positive and significant effect on firm value, suggesting that greater sustainability disclosure enhances stakeholder trust, corporate reputation, and market valuation. However, intellectual capital was not found to significantly moderate the relationship between Corporate Social Responsibility and firm value. These findings highlight the strategic importance of Corporate Social Responsibility in creating long-term corporate value while suggesting that intellectual capital contributes through a different mechanism.

Keyword: Corporate Social Responsibility, Firm Value, Intellectual Capital, Financial Sector, Indonesia.

INTRODUCTION

Corporate Social Responsibility (CSR) has become an important strategy for companies to create sustainable value while meeting the expectations of various stakeholders. Beyond fulfilling legal obligations, CSR demonstrates a company's commitment to economic, social, and environmental sustainability, thereby strengthening corporate reputation, enhancing stakeholder trust, and improving long-term competitiveness (Yusmaniarti et al., 2023). As stakeholders increasingly consider sustainability performance in their decision-making, companies with stronger CSR practices are expected to achieve higher firm value through enhanced legitimacy and market confidence (Buallay, 2019; Velte, 2020).

In Indonesia, CSR is no longer solely a voluntary initiative but has been institutionalized through Law No. 40 of 2007 on Limited Liability Companies, Government Regulation No. 47 of 2012 concerning Social and Environmental Responsibility, and, for financial service institutions, *Peraturan Otoritas Jasa Keuangan* (POJK) No. 51/POJK.03/2017, which requires the publication of Sustainability Reports. These regulations position CSR as an integral component of corporate accountability and long-term business sustainability. Beyond regulatory compliance, effective CSR implementation enhances stakeholder trust, corporate reputation, and competitiveness, thereby contributing to higher firm value (Asyik et al., 2024). Despite this regulatory framework, the effectiveness of CSR implementation remains questionable. Discussions within Forum CSR Indonesia have highlighted that many companies continue to implement CSR primarily to satisfy regulatory requirements rather than to create meaningful social and economic value. This issue is particularly relevant in Indonesia's financial sector, where stakeholder trust and intangible resources are fundamental to business sustainability. Consequently, whether CSR effectively enhances firm value remains an important empirical question.

Previous studies have produced mixed findings regarding the relationship between CSR and firm value. Several studies reported that CSR positively influences firm value by strengthening stakeholder confidence and corporate reputation (Estiasih et al., 2019; Karina & Setiadi, 2020; Sulbahri, 2021; Wijaya et al., 2024), whereas Yopie and Ilu (2023) found no significant relationship. These inconsistent findings suggest that additional factors may influence the effectiveness of CSR in creating firm value.

One potential explanation is intellectual capital, which comprises knowledge, organizational capabilities, and other intangible resources that enable firms to create sustainable competitive advantages. The World Intellectual Property Organization (2025) emphasizes that intellectual capital and other intangible assets have become key drivers of innovation, productivity, and long-term value creation in the knowledge-based economy. Accordingly, companies with stronger intellectual capital are expected to implement CSR more effectively and transform sustainability initiatives into greater corporate value. Nevertheless, empirical evidence regarding the moderating role of intellectual capital remains inconclusive (AlObaid et al., 2025; Suratman et al., 2023; Wiryawati et al., 2022).

Grounded in Stakeholder Theory, this study examines the effect of Corporate Social Responsibility on firm value and investigates whether intellectual capital moderates this relationship among financial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. By focusing on a knowledge-intensive industry operating under mandatory sustainability reporting, this study provides updated evidence on the CSR–firm value relationship while addressing inconsistencies identified in previous research. Accordingly, this study seeks to answer the following research questions: (1) Does Corporate Social Responsibility significantly affect firm value? and (2) Does intellectual capital significantly moderate the relationship between Corporate Social Responsibility and firm value?

METHOD

Population and Sample

The population consisted of all financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was selected using purposive sampling based on the following criteria: (1) companies consistently listed on the IDX throughout the observation period, (2) companies that published complete annual reports, financial statements, and sustainability information required for the study, and (3) companies with complete data for all research variables. Based on these criteria, 26 companies were selected, resulting in 130 firm-year observations.

Data Collection

This study used secondary data obtained from audited annual reports, sustainability reports, and financial statements published on the Indonesia Stock Exchange website and the official websites of the respective companies. Data collection was conducted using the documentation method by compiling information relevant to the research variables during the 2020–2024 observation period.

Variable Measurement

Firm value was measured using Tobin's Q as the dependent variable. Corporate Social Responsibility was measured using the Corporate Social Responsibility disclosure score. Intellectual capital, as the moderating variable, was measured using the Value-Added Intellectual Coefficient (VAIC). In addition, leverage and firm size were included as control variables. Leverage was measured by the ratio of total debt to total assets, while firm size was measured using the natural logarithm of total assets.

Data Analysis

The data were analyzed using panel data regression. Model selection was performed through the Chow Test and Hausman Test to determine the most appropriate estimation model. The first regression model was estimated to use the Random Effect Model, whereas the second regression model, which included the interaction between Corporate Social Responsibility and intellectual capital, employed the Fixed Effect Model. Classical assumption tests, including multicollinearity, heteroscedasticity, and autocorrelation tests, were conducted for the Fixed Effect Model. Hypothesis testing was performed using the F-test, the coefficient of determination (Adjusted R^2), and the t-test at a 5% significance level.

RESULTS AND DISCUSSION

This study employed panel data from 26 financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, resulting in 130 firm-year observations. Descriptive statistics were conducted to provide an overview of the characteristics of the research variables before hypothesis testing. The results are presented in Table 1.

Table 1. Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.
FV	0.99	0.93	8.26	0.00	0.74
CSR	0.56	0.58	1.00	0.12	0.20
VAIC	3.21	3.20	25.46	-5.44	2.96
LEV	4.84	4.99	16.08	0.02	3.30
SIZE	31.73	32.58	35.43	26.14	2.39

Source: Data processed (2026)

The descriptive statistics show that the average firm value (FV), measured using Tobin's Q, is 0.99, indicating that the market valuation of the sampled companies is relatively close to their book value. Corporate Social Responsibility (CSR) has an average disclosure score of 0.56, suggesting that, on average, the companies disclosed approximately 56% of the CSR indicators assessed. Meanwhile, the average Value-Added Intellectual Coefficient (VAIC) is 3.21, although the wide range between the minimum and maximum values indicates considerable differences in intellectual capital efficiency among the sampled firms. In addition, the control variables show that the average leverage (LEV) is 4.84, while the average firm size (SIZE) is 31.73. Overall, the descriptive statistics indicate sufficient variation across the research variables, supporting the suitability of the dataset for subsequent panel data regression analysis.

The hypotheses were tested using panel data regression analysis. Based on the model selection tests, the Random Effect Model (REM) was selected for Model 1 (without moderating variable), which examines the direct effect of Corporate Social Responsibility (CSR) on firm value. Meanwhile, the Fixed Effect Model (FEM) was selected for Model 2 (with moderating variable), which incorporates the interaction between CSR and Value-Added Intellectual Coefficient (VAIC) to examine the moderating role of intellectual capital. The regression results are presented in Table 2.

Table 2. Panel Data Regression Results

Variabel	Model 1	P-Value	Model 2	P-Value
CSR	0.3235	0.0227	0.4228	0.0229
VAIC			-0.0192	0.3501
CSR_VAIC			0.0080	0.8028
LEV	0.9706	0.0000	0.9643	0.0000
SIZE	-0.1067	0.0000	0.3026	0.0567
Adjusted R-squared	0.8818		0.9101	
Prob(F-statistic)	0.0000		0.0000	

Source: Data processed (2026)

As shown in Table 2, both regression models are statistically significant, as indicated by the Prob (F-statistic) of 0.0000, suggesting that the independent variables jointly explain variations in firm value. Model 1 has an Adjusted R^2 of 0.8818, indicating that approximately 88.18% of the variation in firm value can be explained by Corporate Social Responsibility, leverage, and firm size. After incorporating intellectual capital and the interaction term in Model 2, the Adjusted R^2 increases to 0.9101, suggesting a slight improvement in the model's explanatory power. However, the significance of the interaction term must be considered to determine whether intellectual capital moderates the relationship between Corporate Social Responsibility and firm value. The detailed discussion of each hypothesis is presented in the following sections.

Effect of Corporate Social Responsibility on Firm Value

The first hypothesis proposes that Corporate Social Responsibility (CSR) positively affects firm value. The regression results support this hypothesis, as CSR has a positive coefficient of 0.3235 with a significance value of 0.0227, which is below the 5% significance level. Thus, the first hypothesis is accepted, indicating that greater CSR disclosure is associated with higher firm value among financial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

This finding suggests that investors increasingly perceive CSR as more than a regulatory obligation, recognizing it as an indicator of a company's commitment to sustainable business practices and long-term value creation. By implementing CSR initiatives, companies strengthen relationships with stakeholders, enhance corporate reputation, and reduce information asymmetry, thereby increasing stakeholder trust and investor confidence. These findings support Stakeholder Theory, which argues that companies create sustainable value by fulfilling the interests of various stakeholder groups rather than focusing solely on shareholders. In the financial sector, where public trust and corporate credibility are essential, effective CSR implementation can serve as a strategic resource for enhancing market valuation and maintaining long-term competitiveness.

The results are consistent with previous empirical studies reporting a positive relationship between CSR and firm value. Estiasih et al. (2019), Karina and Setiadi (2020), and Sulbahri (2021) found that broader CSR disclosure improves stakeholder confidence and corporate reputation, ultimately increasing firm value. Similar conclusions were reported by Jadiyappa et al. (2021), Velte (2022), Chen et al. (2024), Wijaya et al. (2024), and Nopriyanto (2024), who argued that sustainability initiatives enhance corporate legitimacy, transparency, and investor confidence, leading to stronger market performance. However, these findings differ from (Yopie and Ilu (2023), who found no significant relationship between CSR and firm value, suggesting that the impact of CSR may vary across industries, research periods, and measurement approaches.

Overall, this study confirms that CSR is an important determinant of firm value in Indonesia's financial sector. The findings indicate that companies integrating CSR into their long-term business strategy are more likely to strengthen stakeholder relationships and enhance market valuation. Consequently, CSR should be viewed not merely as a compliance requirement but as a strategic investment that contributes to sustainable corporate growth and long-term firm value.

Moderating Effect of Intellectual Capital on the Relationship between Corporate Social Responsibility and Firm Value

The second hypothesis examines whether intellectual capital moderates the relationship between Corporate Social Responsibility (CSR) and firm value. The regression results show that the interaction term between CSR and Value-Added Intellectual Coefficient (VAIC) has a positive coefficient of 0.0080 but is not statistically significant ($p = 0.8028$). Therefore, the second hypothesis is rejected, indicating that intellectual capital does not significantly strengthen or weaken the effect of CSR on firm value among financial sector companies listed on the Indonesia Stock Exchange.

The insignificant moderating effect suggests that the value created through CSR is not dependent on a company's intellectual capital efficiency. Although intellectual capital is recognized as an important strategic resource that enhances organizational performance and innovation, its presence does not necessarily amplify the market's response to CSR activities. One possible explanation is that investors tend to evaluate CSR based on the quality and transparency of sustainability disclosures rather than on internal knowledge-based resources, which are less observable from publicly available information. As a result, CSR and intellectual capital may contribute to firm value through different mechanisms rather than producing a complementary effect. This finding is also consistent with Stakeholder Theory, which emphasizes that stakeholder perceptions are primarily influenced by corporate actions and disclosures that directly demonstrate accountability and commitment to sustainability.

The findings are consistent with Wicaksono and Rizkianto (2025), who reported that intellectual capital does not strengthen the relationship between CSR and firm value because both variables independently contribute to corporate performance. Similar arguments were presented by Wiryawati et al. (2022), and Suratman et al. (2023), who suggested that intellectual capital primarily improves firm value through operational efficiency, innovation, and knowledge management rather than by enhancing the effectiveness of CSR initiatives. However, these findings differ from AlObaid et al. (2025), Hasanah et al. (2025), and Pramesti et al. (2024), who found that companies with stronger intellectual capital are better able to transform CSR initiatives into sustainable competitive advantages, thereby strengthening the positive effect of CSR on firm value. These inconsistencies may be explained by differences in industry characteristics, observation periods, and the proxies used to measure intellectual capital across studies.

Overall, the findings suggest that although both CSR and intellectual capital are important strategic resources, intellectual capital does not function as a moderating factor in the relationship between CSR and firm value within Indonesia's financial sector. This implies that companies should continue to strengthen CSR implementation to enhance stakeholder trust and market valuation while managing intellectual capital as a separate strategic resource to improve organizational capability, innovation, and long-term competitiveness.

CONCLUSION

This study concludes that Corporate Social Responsibility contributes positively to firm value among financial sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period, indicating that companies with greater commitment to social and environmental responsibilities are more likely to achieve higher market valuation. However, intellectual capital does not moderate the relationship between Corporate Social Responsibility and firm value, suggesting that the effectiveness of Corporate Social Responsibility in enhancing firm value is not influenced by the efficiency of intellectual capital. These findings reinforce Stakeholder Theory by demonstrating that Corporate Social Responsibility serves as a strategic approach for strengthening stakeholder trust and creating sustainable corporate value. Furthermore, this study contributes to the existing literature by providing recent empirical evidence from the Indonesian financial sector and by clarifying the role of intellectual capital in the relationship between Corporate Social Responsibility and firm value. From a practical perspective, the findings suggest that companies should continue to strengthen the quality and transparency of their Corporate Social Responsibility initiatives to enhance firm value, while managing intellectual capital as a separate strategic resource to improve organizational performance and long-term competitiveness.

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