

## THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN MODERATING THE EFFECT OF PROFITABILITY, LIQUIDITY, AND LEVERAGE ON FIRM VALUE IN INDUSTRIAL COMPANIES

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### **Abstrak**

*Penelitian ini bertujuan untuk menganalisis pengaruh profitabilitas, likuiditas, dan leverage terhadap nilai perusahaan serta menguji peran Corporate Social Responsibility (CSR) sebagai variabel moderasi. Objek penelitian adalah perusahaan sektor industri yang terdaftar di Bursa Efek Indonesia periode 2021–2024. Penelitian menggunakan pendekatan kuantitatif dengan data sekunder yang diperoleh dari laporan keuangan, laporan tahunan, dan laporan keberlanjutan perusahaan. Teknik pengambilan sampel menggunakan metode purposive sampling sehingga diperoleh 17 perusahaan dengan total 68 observasi. Analisis data dilakukan menggunakan Structural Equation Modeling berbasis Partial Least Square dengan bantuan perangkat lunak WarpPLS 8.0. Hasil penelitian menunjukkan bahwa profitabilitas, likuiditas, dan leverage berpengaruh positif dan signifikan terhadap nilai perusahaan. Sementara itu, Corporate Social Responsibility tidak mampu memoderasi hubungan antara profitabilitas, likuiditas, dan leverage terhadap nilai perusahaan. Temuan penelitian ini menunjukkan bahwa nilai perusahaan perusahaan sektor industri lebih dipengaruhi oleh faktor nilai perusahaan internal dibandingkan dengan tingkat pengungkapan tanggung jawab sosial perusahaan.*

*Kata kunci: profitabilitas, likuiditas, leverage, corporate social responsibility, nilai perusahaan.*

### **Abstrak**

*This study aims to analyze the influence of profitability, liquidity, and leverage on firm value and examine the role of Corporate Social Responsibility (CSR) as a moderating variable. The research subjects were industrial sector companies listed on the Indonesia Stock Exchange for the 2021–2024 period. The study employed a quantitative approach with secondary data obtained from financial statements, annual reports, and corporate sustainability reports. The sampling technique employed a purposive sampling method, resulting in 17 companies with a total of 68 observations. Data analysis was performed using Partial Least Square-based Structural Equation Modeling with the assistance of WarpPLS 8.0 software. The results showed that profitability, liquidity, and leverage had a positive and significant effect on firm value. Meanwhile, Corporate Social Responsibility was unable to moderate the relationship between profitability, liquidity, and leverage on firm value. The findings of this study indicate that the firm value of industrial sector companies is more influenced by internal firm value factors than by the level of corporate social responsibility disclosure.*

*Keywords: profitability, liquidity, leverage, corporate social responsibility, firm value.*

## **1. INTRODUCTION**

A company's market worth acts as a mirror for how the public perceives its enduring viability and future prospects, where share prices serve as the main metric for investor

evaluation. Between 2021 and 2024, industrial sector companies on the Indonesia Stock Exchange faced volatile valuation trends influenced by global inflation, interest rate hikes, and an increased emphasis on sustainability. While traditional financial metrics like profitability and liquidity remain essential, the integration of Corporate Social Responsibility (CSR) into investment strategies is becoming a significant factor in mitigating long-term risks.

Profitability is frequently viewed as a hallmark of a business's underlying strength, as it demonstrates the efficiency of utilizing assets to yield earnings. To track shifts in corporate worth, metrics like standard performance metrics such as ROA and ROE standard analytical tools. While an entity's capacity to settle immediate debts is reflected in its liquidity, and its capital arrangement and risk profile are shown through leverage, integrating these three pillars provides a comprehensive view of a firm's growth potential. Inconsistent market reactions to these indicators are highlighted in the work of Ramadhan & Simatupang (2025), whose findings indicate that profitability drives company value, whereas the Current Ratio (CR) lacks a meaningful impact. Furthermore, CSR has been shown to be incapable of acting as a moderator between financial performance indicators and market-based value.

The evolution of CSR has transformed it into a pivotal strategic mechanism for enhancing corporate image and stakeholder trust, with an increasing number of Indonesian industrial firms adopting international transparency benchmarks like the Global Reporting Initiative. Despite institutional investors increasingly valuing ESG criteria, empirical evidence remains complex; for instance, research by Febriana & Citradewi (2025) on Indonesian state-owned enterprises discovered that market worth is mainly dictated by profitability and leverage, while liquidity remains an insignificant factor, and CSR reporting lacks the capacity to moderate the link between performance and valuation.

The interplay between earnings and corporate worth has been a focal point of research exploring CSR as a moderating factor. For instance, Anjayani & Astika (2023) observed that while profitability enhances value within the property sector, CSR disclosures can paradoxically attenuate this connection, suggesting that social initiatives are not a universal driver of valuation. Conversely, findings by R. R. Fadillah et al. (2024) indicate that superior profitability improves a firm's capacity to implement CSR, thereby reinforcing the positive correlation between social responsibility and overall market standing.

Significant academic divergences persist regarding CSR's role as an intervening factor between fiscal performance and company worth. While Susilawati et al. (2025) noted that profitability strengthens CSR's beneficial effect on value in the mining sector, Sedani & Sari (2024) reported that neither profit levels nor company size function as effective moderators. This lack of moderation is further supported by Rifqi et al. (2026), who analyzed the industrial sector from 2021 to 2024 and concluded that social disclosures did not alter favorable influence of debt, liquid assets, and earnings on stock values.

Persistent empirical gaps in current literature often arise from a narrow sectoral focus, which restricts the applicability of findings to the broader capital market. Additionally, brief observation windows frequently overlook the evolving attitudes of investors in the post-pandemic era, particularly the rising importance of ESG criteria since 2021. A significant scholarly lacuna exists because few research models concurrently analyze leverage, liquidity, and profitability while investigating the moderating capacity of CSR on corporate value.

**Research Objectives and Contributions** This study provides a detailed empirical analysis of how leverage, liquidity, and profitability influence the market value of industrial companies on the Indonesia Stock Exchange from 2021 to 2024, with CSR acting as a

moderator. By integrating core financial indicators with sustainability reporting, this research offers a more profound understanding of valuation drivers in today's economic environment. The results serve as a strategic framework for management to refine their social and financial policies and provide investors with a robust empirical basis for rational, fundamental decision-making.

## **2. LITERATURE REVIEW**

### **Signaling Theory**

Derived from the seminal framework of Spence (1973), signaling theory suggests that business entities disseminate data to outside stakeholders to mitigate knowledge disparities concerning their long-term prospects. Detailed accounts of an organization's fiscal results and sustainability efforts serve as indispensable benchmarks for capital providers to evaluate leadership excellence and allocate resources. Moving past conventional financial parameters, the publication of CSR reports acts as a pivotal indicator of a firm's dedication to social welfare and lasting institutional stability. Research by Landari et al. (2023) found that Corporate Social Responsibility, measured using the GRI-G4 indicator, and capital structure, proxied by the Debt to Equity Ratio (DER), had a positive and significant effect on company value. Research by Husnah & Primaningsih (2024) showed that profitability influences company value, while Corporate Social Responsibility has no significant effect. Research by Rosyidani & Kurniawati (2025) also shows that good corporate governance practices and CSR disclosure simultaneously influence company value. CSR implementation in Indonesia is supported by Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the implementation of sustainable finance.

### **Profitability to Firm Value**

The power of an enterprise to derive earnings from its primary business activities—commonly identified as profitability serves as a core barometer of its efficiency in asset utilization and general management quality. Investors utilize these performance ratios to appraise an entity's enduring success and operational health; the steady creation of profit generally denotes institutional permanence, which subsequently heightens the trust of the financial community. This relationship is extensively documented in scholarly discourse; notably, Novianti et al. (2023) found that profitability influences firm value in industrial and chemical manufacturing companies listed on the Indonesia Stock Exchange. Research by A. Fadillah et al. (2021) also showed that profitability influences firm value in banking companies. Research by Saddam et al. (2021) showed that Return on Equity and Net Profit Margin have a positive effect on firm value, while Return on Assets has a negative effect on firm value. Based on this description, the proposed research hypothesis is:

### **H1: Profitability Has a Significant Influence on Firm Value**

### **Liquidity to Firm Value**

Liquidity denotes the capacity of a corporation to fulfill its short-term liabilities using its most accessible assets, a component essential for preserving fiscal wellness and routine operational functionality. Market actors employ liquidity benchmarks to judge an organization's safety, typically perceiving firms with substantial liquid reserves as low-risk investments, which can notably enhance public perception. Notwithstanding some divergent empirical findings such as the inverse correlations observed in the consumables industry compared to the beneficial effects in the property sector the function of liquidity remains a primary subject of academic debate. Research by Saputri & Giovanni (2021) shows that liquidity negatively impacts firm value in the consumer goods industry. Research by Bitu et al. (2021) found that liquidity positively impacts firm value in property and real estate

companies. Research by Ayem & Ina (2023) also shows that liquidity negatively impacts firm value in food and beverage companies. These differing results indicate that the effect of liquidity on firm value is still inconsistent, requiring further testing. Based on this description, the proposed research hypothesis is:

**H2: Liquidity Has a Significant Influence on Firm Value**  
**Leverage on Firm Value**

Illustrates how a business uses debt to support its investment and operational goals, highlighting the balance between external borrowing and internal equity. While it carries inherent financial risks, the strategic application of debt can notably broaden a firm's capacity for growth and facilitate business development. Stakeholders closely observe debt levels to see how effectively borrowed funds are leveraged to drive performance. Research by Carolin & Susilawati (2024) shows that leverage affects company value in the transportation and logistics sector. Another study by Nadhilah et al. (2022) also shows that leverage significantly influences company value in property and real estate companies. Research conducted by Novita et al. (2022) on manufacturing companies also found that leverage is a variable that influences company value more than other variables. The results of this study indicate that the level of company debt use is one of the factors considered by investors in assessing company value. Based on this description, the proposed research hypothesis is:

**H3: Leverage Has a Significant Effect on Firm Value**

**Corporate Social Responsibility Moderates the Effect of Profitability on Firm Value**

An organization's tactical commitment to environmental and societal responsibility within its broader sustainability model is embodied by Corporate Social Responsibility (CSR). Through the reporting of social initiatives, a business indicates that its goals surpass basic earnings to include wider community contributions, thus strengthening its public image and the confidence of its stakeholders. Highly profitable entities usually have the available capital required to implement comprehensive social programs, which may intensify the beneficial effect of profit on corporate valuation. Even though academic inquiries, such as the studies by Monica et al. (2025) and Hakim & Vestari (2022), offer varied perspectives on the intensity of this relationship in different industries, the prevailing theoretical view is that social stewardship acts as a vital indicator to the public. Grounded in this conceptual structure, the following prediction is made:

**H4: Corporate Social Responsibility Moderates the Effect of Profitability on Firm Value**

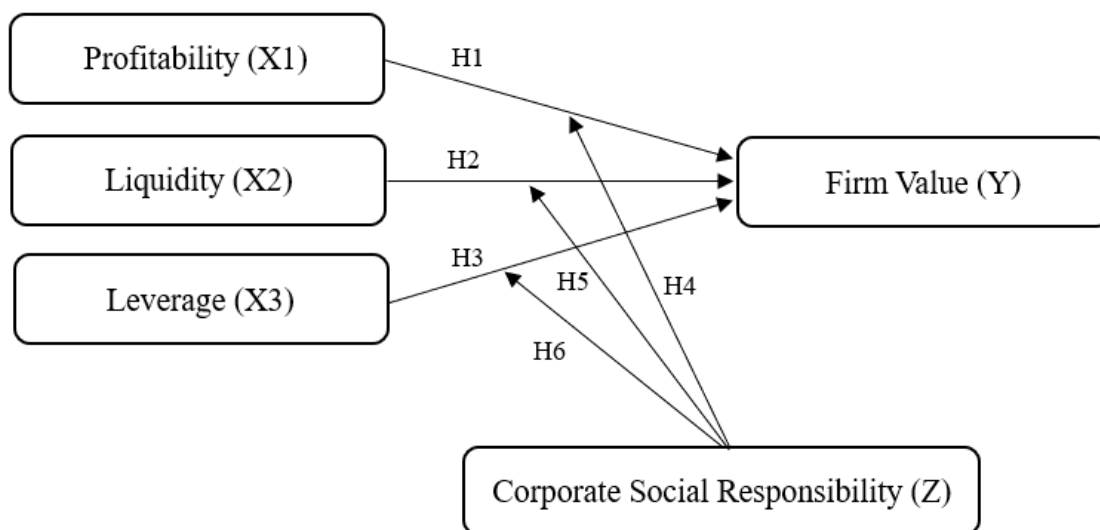
**Corporate Social Responsibility Moderates the Effect of Liquidity on Firm Value**

The adoption and publication of CSR activities provide market participants with essential perspectives on a firm's dedication to ecological, societal, and long-term business standards. Such openness frequently fosters stakeholder confidence and improves the organization's standing in the industry. From a theoretical standpoint, businesses that maintain healthy liquidity while also demonstrating thorough social responsibility are perceived as being more reliable and transparent, which can strengthen favorable market perceptions and overall worth. Scholarly data continues to be split; whereas Rahma & Munfaqiroh (2021) discovered that social reporting reinforces the connection between liquidity and valuation, Tumanan & Ratnawati (2021) identified no significant moderating influence. Given these contradictory findings, the current research suggests:

**H5: Corporate Social Responsibility Moderates the Effect of Liquidity on Firm Value**  
**Corporate Social Responsibility Moderates the Effect of Leverage on Firm Value**

Executing CSR strategies is viewed as a tactical endeavor to cultivate balanced connections with the environment and the public. Information found in sustainability and yearly reports gives investors vital understanding of an entity's adherence to ethical business standards, which can affect the market's perception of its borrowing profile. Although investigations by Rois & Marwati (2025) found that CSR plays a role in moderating the effect of leverage on firm value in property and real estate companies listed on the Indonesia Stock Exchange. These findings suggest that disclosure of corporate social activities can influence how investors assess a company's use of debt. Another study by Widiawati & Linawati (2022) also showed that CSR disclosure can moderate the relationship between leverage and firm value in companies listed on the Indonesia Stock Exchange. These results indicate that companies with relatively high levels of leverage can still maintain investor trust if supported by a commitment to corporate social responsibility. Based on this description, the research hypothesis proposed is:

**H6: Corporate Social Responsibility Moderates the Effect of Leverage on Firm Value**



**Figure 1. Framework of Thought**

*Source: Data processed by the author (2026)*

### **3. RESEARCH METHODS**

To evaluate defined corporate groups via empirical verification, this inquiry adopts a quantitative design grounded in the positivist school of thought, as prescribed by Sugiyono (2019). The study draws upon secondary information pools, encompassing sustainability reports, annual disclosures, and financial statements obtained from corporate websites and the Indonesia Stock Exchange. By concentrating on industrial firms during the 2021–2024 timeframe, a systematic data acquisition strategy was implemented to preserve analytical neutrality and guarantee that the results remain verifiable and reproducible for future academic review.

Derived from an initial pool of 65 industrial entities listed on the IDX between 2021 and 2024, a targeted sampling protocol was executed in line with the goal-oriented framework proposed by Ghozali (2018). To safeguard the representativeness of the dataset, five specific prerequisites were formulated:

**Table 1. Benchmarks for Dataset Inclusion**

No	Kriteria	Jumlah Perusahaan
1	Continuous listing on the IDX throughout the 2021–2024 timeframe	65
2	Availability of comprehensive annual reports for the study period	(18)
3	Publication of a dedicated sustainability report	(12)
4	Utilization of the Indonesian Rupiah as the primary reporting currency	(3)
5	Maintenance of consistent profitability without incurring losses during the years of observation	(15)
<b>Number of companies meeting sample criteria</b>		<b>17</b>
<b>17 companies × 4 years</b>		<b>68 observations</b>

*Source: Data processed by the author (2026)*

Following this selection process, 17 companies met all stipulated criteria. Over the four-year period, this resulted in a total of 68 observations for analysis. Data was compiled through a thorough documentation review of financial and sustainability disclosures, which were then categorized and evaluated using statistical tools to explore the links between variables.

The conceptual model for this research is organized around three primary predictors leverage, liquidity, and profitability with corporate value serving as the outcome variable and Corporate Social Responsibility (CSR) functioning in a moderating capacity. Profitability is operationalized through the Return on Assets (ROA) to assess the effectiveness of an entity's resource administration. Liquidity is measured by the Current Ratio (CR) to evaluate the capacity to cover immediate fiscal debts. Leverage is defined by the Debt to Asset Ratio (DAR), indicating the level of dependence on outside capital. Market valuation is estimated using the Market-to-book assessment (PBV) to reflect the perceptions of market participants. Furthermore, CSR transparency is calculated using a disclosure index aligned with the benchmarks established by OJK Standard 51/POJK.03/2017.

**Table 2. Operationalization of Variables**

No	Variables	Variable Definition	Indicator	Scale
1	Profitability (X1)	An organization's power to derive earnings from its total asset base.	$ROA = \text{Net Profit} / \text{Total Assets}$	Ratio
2	Liquidity (X2)	The capacity of a business to settle its immediate financial debts.	$CR = \text{Current Assets} / \text{Current Liabilities}$	Ratio
3	Leverage (X3)	Leverage indicates the extent to which a company uses debt to finance its assets.	$DAR = \text{Total Debt} / \text{Total Assets}$	Ratio
4	Corporate Social Responsibility (Z)	Corporate social responsibility (CSR) is a company's social responsibility disclosed in its annual report or sustainability report.	$CSR \text{ Index} = \text{Number of CSR items disclosed} / \text{Total CSR items}$	Index
5	Firm Value (Y)	Market-based assessment of a firm's success as shown by stock performance.	$PBV = \text{Share Price} / \text{Book Value}$	Ratio

*Source: Data processed by the author (2026)*

For the phase of statistical testing, this study utilizes PLS-SEM methodology implemented using the WarpPLS version 8.0 tool. This analytical tool was chosen for its proficiency in simultaneously investigating complex, multidimensional interactions encompassing both direct influences and moderating functions while remaining flexible regarding data normality and limited sample volumes. The evaluation procedure consists of two primary stages: a outer model evaluation to establish construct dependability and accuracy, followed by a structural model analysis (inner model) to ascertain the causal links between leverage, liquidity, profitability, and firm value, with CSR as the intervening

moderator. Finally, the proposed hypotheses are tested using the path coefficients and significance levels (p-values) produced by the final model configuration.

#### 4. RESULTS AND DISCUSSION

##### Descriptive Statistics

**Table 3. Descriptive Statistics of Research Variables**

Variables	Minimum	Maximum	Median	Skewness	Kurtosis
Profitability (X1)	-1.288	3.958	-0.237	0.896	1.470
Likuiditas (X2)	-0.894	3.397	-0.416	1.050	1.487
Liquidity (X3)	-1.601	2.671	0.045	0.432	1.009
Firm Value (Y)	-0.996	3.321	-0.471	1.115	1.533
CSR (Z)	-2.360	0.902	0.592	-0.458	0.982

Source: WarpPLS 8.0 analysis output

The empirical profile of the study's variables, as detailed in Table 3, demonstrates a wide range of values. Profitability (ROA) spans from -1.288 to 3.958, while liquidity and leverage fluctuate within ranges of -0.894 to 3.397 and -1.601 to 2.671, respectively. Crucially, the data distribution meets the necessary skewness and kurtosis criteria, validating the dataset for further structural modeling.

##### Outer Model Evaluation

**Table 4. Reliability and Construct Validity Test**

Variables	Composite Reliability	Cronbach Alpha	AVE
Profitability	1.000	1.000	1.000
Liquidity	1.000	1.000	1.000
Leverage	1.000	1.000	1.000
Firm Value	1.000	1.000	1.000
CSR	1.000	1.000	1.000

Source: WarpPLS 8.0 analysis output

A measurement model assessment was conducted to verify the precision and dependability of the variables. The results in Table 4 reveal that all constructs attained a perfect score of 1.000 for both Cronbach's Alpha and Composite Reliability, reflecting absolute internal consistency. Furthermore, with an AVE value of 1.000, the convergent validity of each metric is fully established, confirming that the indicators provide a robust foundation for analysis.

##### Inner Model Evaluation

##### R-Square Value

**Table 5. R-Square Value**

Dependent Variable	R-Square	Adjusted R-Square
Firm Value	0.244	0.169

Source: WarpPLS 8.0 analysis output

The structural analysis results presented in Table 5 indicate an R-Square of 0.244 for the dependent variable. This suggests that the combined influence of leverage, liquidity, and profitability explains 24.4% of the shifts in market valuation. Consequently, a larger portion of the variance approximately 75.6% is driven by independent factors not included in the current research framework:

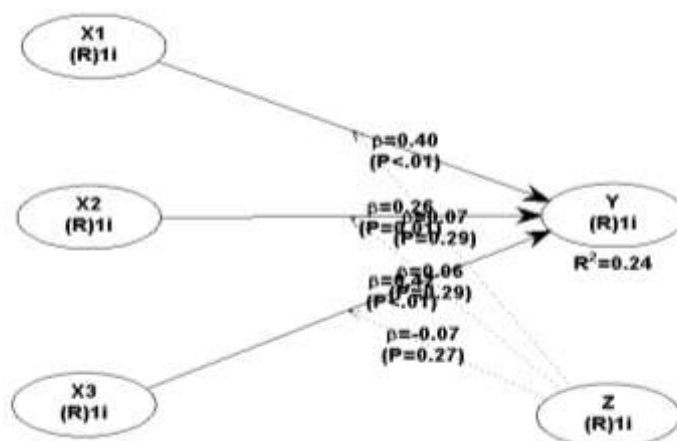


Figure 2. WarpPLS Structural Model Results  
Source: WarpPLS 8.0 analysis output

### Q-Square Value

Table 6. Q-Square Values

Variables	Q-Square
Firm Value	0.409

Source: WarpPLS 8.0 analysis output

The model's forecasting ability was gauged through the Q-Square statistic. The analysis yielded a Q-Square value of 0.409, which confirms that the structural model has significant predictive relevance. This outcome demonstrates that the framework is capable of effectively estimating changes in corporate worth based on the independent indicators.

### Model Fit and Quality Indices

Table 7. Model Fit and Quality Indices

Indicator	Mark	Criteria	Information
APC	0.215 (p = 0.015)	p < 0.05	Significant
ARS	0.244 (p = 0.008)	p < 0.05	Significant
AVIF	1.521	≤ 5	No multicollinearity
GoF	0.494	≥ 0.36	Robust model

Source: WarpPLS 8.0 analysis output

Assessments of the structural model's integrity show that it aligns with all mandatory goodness-of-fit benchmarks. Notably, an AVIF of 1.521 well under the limit of 5 confirms the absence of collinearity problems within the model. Additionally, the framework achieved a Tenenhaus GoF of 0.494, underscoring its overall stability and statistical quality for the hypothesis testing stage.

### Hypothesis Testing

Table 8. Hypothesis Test Results

Variable Relationship	Path Coefficient	P-Value	Information
Profitability → Firm Value	0.404	<0.001	Significant
Liquidity → Firm Value	0.261	0.011	Significant
Leverage → Firm Value	0.424	<0.001	Significant
CSR × Profitability → Firm Value	0.066	0.290	Not Significant
CSR × Liquidity → Firm Value	0.065	0.293	Not Significant
CSR × Leverage → Firm Value	-0.073	0.271	Not Significant

Source: WarpPLS 8.0 analysis output

Data from the hypothesis evaluations in Table 8 demonstrate that profitability, leverage, and liquidity each have a meaningful and favorable impact on corporate valuation, with coefficients of 0.404, 0.424, and 0.261 respectively. Conversely, the study finds that Corporate Social Responsibility (CSR) fails to function as a moderator, meaning it does not strengthen or weaken the existing link between financial performance and market price.

## **Discussion**

### **The Influence of Profitability on Firm Value**

Empirical evidence from this investigation validates that profitability has a substantial and favorable impact on corporate worth, as indicated by a 0.404 coefficient and a significance level (p-value) below 0.001. Elevated profit margins act as a clear sign of management's operational success and skill in resource utilization, which serves as a fundamental metric for assessing long-term expansion potential. From the perspective of Signaling Theory, the publication of earnings reports offers an essential indicator to the public about the organization's future direction, successfully narrowing the knowledge gap between internal executives and outside parties. Such openness strengthens the trust of market participants, which in turn increases the appetite for equity and leads to a rise in share valuation and overall market worth. These findings align with previous academic works, such as the investigation by Novianti et al. (2023) focused on the industrial domain, and the research conducted by A. Fadillah et al. (2021) and Saddam et al. (2021) in the financial services sector.

### **The Effect of Liquidity on Firm Value**

The statistical outcomes of this research illustrate that liquidity maintains a meaningful and positive impact on corporate worth, demonstrated by a 0.261 coefficient ( $p = 0.011$ ). By acting as a gauge for an organization's ability to cover its immediate financial obligations using liquid holdings, liquidity functions as an indispensable sign of enduring stability and business persistence. This financial health successfully lowers the perceived exposure to fiscal risk, which reinforces market trust and encourages investors to seek the firm's stock. This observation is consistent with the conclusions of earlier investigations by Saputri & Giovanni (2021) and Bitu et al. (2021), along with the study by Ayem & Ina (2023), all of whom highlighted liquidity as a central pillar in the analytical processes of investors.

### **The Effect of Leverage on Firm Value**

Analysis of the research data reveals that leverage exerts a meaningful and favorable effect on organizational value, showing a coefficient of 0.424 and a p-value of under the 0.001 level. This metric showcases the tactical application of external capital to fund business activities and capital expenditures, which has the potential to boost an organization's operational scale and market reach. Based on the principles of capital structure theory, employing debt as a funding source offers tax-related benefits and refines the overall productivity of a firm's financial architecture. A strategically managed debt profile signals healthy future prospects to the market, which bolsters the conviction of investors and elevates corporate worth. These outcomes are supported by recognized scholarly work, including studies by Carolin & Susilawati (2024), Nadhilah et al. (2022), and Novita et al. (2022).

### **The Influence of Corporate Social Responsibility (CSR) in Moderating Profitability on Firm Value**

According to the findings, Corporate Social Responsibility (CSR) failed to serve as a moderating factor in the link between profitability and company valuation. This suggests that a firm's actual market worth is dictated more by its core capacity to generate income

than by its sustainability reporting. Shareholders tend to emphasize profitability as the leading measure of corporate wellness and expansion potential, frequently interpreting social responsibility programs as tools for image management rather than primary catalysts for financial success. As a result, the reporting of CSR activities does not function to strengthen the relationship between earnings and market price within this specific industry. Although this discovery differs from the conclusions reached by Monica et al. (2025) concerning the LQ45 index, it remains consistent with observations of industry-specific differences and the limited moderating capacity of CSR highlighted in the work of Hakim & Vestari (2022).

#### **The Influence of Corporate Social Responsibility (CSR) in Moderating Liquidity on Firm Value**

The investigation indicates that CSR reporting fails to serve as a moderator for the influence of liquid assets on market worth. This implies that an organization's social commitments do not fundamentally alter the way market participants view its immediate fiscal safety. While liquidity is primarily concerned with the management of current holdings and the fulfillment of short-term debts, the focus of CSR lies in enduring stakeholder trust and corporate image. Due to the weak immediate correlation between social stewardship and the capacity to pay off short-term liabilities, sustainability disclosures do not successfully reinforce the link between liquidity and market worth. This outcome aligns with the evidence presented by Tumanan & Ratnawati (2021), even though it contrasts with the positive moderating influence documented by Rahma & Munfaqiroh (2021).

#### **The Influence of Corporate Social Responsibility (CSR) in Moderating Leverage on Firm Value**

With a non-significant p-value of 0.271, the study demonstrates that social stewardship disclosures do not function as a moderator between debt and organizational valuation. Although debt levels are intrinsically linked to an organization's capital arrangement and its exposure to financial risk, investors place greater weight on the firm's technical proficiency in handling these liabilities than on its societal contributions. Since the primary goal of CSR reporting is to foster a positive public perception and brand identity rather than overseeing the balance sheet, it does not function as a factor that intensifies the connection between debt and share price. These conclusions vary from the research outcomes of Rois & Marwati (2025) and Widiawati & Linawati (2022), both of whom identified meaningful moderating functions for CSR in different industrial contexts..

## **5. CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

1. Profitability has a positive and significant effect on firm value. This indicates that the higher a company's ability to generate profits from its assets, the higher its value.
2. Liquidity has a positive and significant effect on firm value. This indicates that companies with a better ability to meet short-term obligations tend to have more stable firm values and are more trusted by investors.
3. Leverage has a positive and significant effect on firm value. This finding suggests that the use of debt in a company's financing structure can contribute to improved performance if managed optimally.
4. Corporate Social Responsibility is unable to moderate the effect of profitability on firm value. This result indicates that CSR disclosure is not yet a factor strengthening the relationship between a company's ability to generate profits and firm value.

5. Corporate Social Responsibility is unable to moderate the effect of liquidity on firm value. This indicates that a company's liquidity level is not directly related to the effectiveness of CSR disclosure in increasing firm value.
6. Corporate Social Responsibility is unable to moderate the effect of leverage on firm value. This finding indicates that corporate social responsibility practices have not yet acted as a factor that strengthens the relationship between corporate funding structure and corporate value.

### **Suggestion**

Based on the research findings, industrial sector companies are expected to improve their corporate value management by considering profitability, liquidity, and leverage as key indicators for optimal corporate performance. Companies need to maximize asset utilization to generate profits, maintain their ability to meet short-term obligations, and manage their funding structure efficiently so that debt utilization can positively contribute to increasing corporate value. Furthermore, companies are advised to improve the quality of their Corporate Social Responsibility implementation and disclosure in a more comprehensive and consistent manner so that social responsibility activities are not merely reporting obligations but also provide added value to the company and enhance stakeholder trust. Future research is expected to develop the research model by adding other variables and expanding the scope of the company sector and observation period so that the research results can provide a broader picture of the factors influencing company performance.

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