

AUDITING | RESEARCH ARTICLE

The Influence of CSR, Profitability, and CAR on Company Value (Case Study: Conventional Commercial Banks Listed on the IDX 2021–2024)

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ABSTRACT

Examining the effects of CSR, profitability as measured by ROA, and CAR on company value in traditional commercial banks listed on the IDX for the years 2021–2024 is the aim of this research. The whole population of traditional commercial banks that were listed on the IDX between 2021 and 2024 is used in this analysis. This research uses secondary data analysis and a quantitative methodology. Purposive sampling with a number of well chosen criteria is the sampling method used, yielding a sample of 80 banks. Data was processed using EvIEWS 13 and using descriptive statistical analysis. Multiple linear regression analysis is the method of data analysis that is used. According to the study's findings, ROA significantly and favourably affects business value, but CSR and CAR have no influence.

Keywords: CSR, Profitability, ROA, CAR, Firm Value, Conventional Commercial Banks.

I. Introduction

Companies not only need to generate financial profits in an era of globalization and increasingly fierce business competition, but also need to pay attention to the views of the market and investors. Banks usually function as intermediaries between people who have more money (surplus) and people who lack money (deficit) (Siregar, 2024). This study examines how corporate social responsibility (CSR), profitability, and capital adequacy ratio (CAR) affect company value. According to Natalie & Lisiantara, (2022), a high value, Investors see the company's performance as robust, both now and in the future, according to the PBV indicator, which is one of the main markers of a company's success. Therefore, increasing company value is an important objective in corporate financial management, especially in the banking sector. Factors that can influence company value include CSR (Corporate Social Responsibility) programs, which encompass social and environmental programs and can enhance a bank's reputation and value) (Carroll, 1991). In the banking industry, CSR has a significant impact on their relationships with stakeholders, including consumers and investors. Banks that are active in CSR activities or programs tend to have a good reputation and can help increase company value. The second factor is profitability, which can be measured through ROA and ROE. Another additional factor is the Capital Adequacy Ratio (CAR), which indicates the amount of capital a bank has in relation to the risks it may face. A high CAR value can be a good sign for investors. In Indonesia, awareness of CSR continues to grow, especially among public companies such as banks. Many banks in Indonesia have implemented CSR as part of their business strategy activities. Companies that invest in CSR tend to have better financial performance. This is because there is a positive relationship between CSR and profitability, which can generate added value for the company.

This study aims to support stakeholders and managers in developing sustainable strategies and encouraging the development of CSR theory and improving accounting practices. However, previous studies

on the influence of three factors (CSR, Profitability, and CAR) on company value have produced different results. Most studies have only focused on CSR and profitability without considering CAR as a factor that can influence company value, especially in the conventional commercial banking industry, where CAR is crucial for financial stability. Additionally, previous research has only examined data up to 2023. Based on the information provided, the researcher has chosen to study conventional commercial banks listed on the IDX from 2021 to 2024 and examine the impact of CSR, profitability, and capital adequacy ratio (CAR) on company value.

II. Literature Review and Hypothesis Development

2.1. Stakeholder Theory

Freeman & McVea, (2001), every group or individual has the ability to influence or be influenced by the company's objectives. Companies do not only focus on their own financial gains, but also provide benefits to all parties involved, such as lenders, investors, and the community (Imam Ghazali & A. Chariri, 2007) in Pratama & Serly, (2024). In stakeholder theory, stakeholders expect action to be taken on activities they consider important, accompanied by reports on those activities. In addition, reports on good company performance can increase the value of the company and attract the attention of investors. Investors may invest their capital if they feel that the company can provide greater returns than other companies. A good relationship between the company and its investors will be maintained if investors are satisfied with the way management demonstrates its performance. Therefore, good cooperation between company management and capital owners is very important (Pratama & Serly, 2024).

2.2. Agency Theory

According to Alachian and Demsetz, (1972), expanded by Jensen and Meckling, (1976) in Sutisna et al., (2024), this theory explains that agency relationship occur when individuals or groups (principals) hire other individuals (agents) to provide services and make decisions, they form an agency relationship. The management team is responsible for managing the company effectively to maximize shareholder profits while maintaining cost efficiency. On the other hand, the company owners (principals) seek power.

2.3. Signaling Theory

According to signaling theory, companies must provide information such as financial reports to external parties to inform investors about how they view the company's future. Companies can benefit from their operations by doing this (Nadhilah et al., 2024).

2.4. Company Value

Financial performance (profitability), Corporate Social Responsibility (CSR), and Capital Adequacy Ratio (CAR) are some of the factors that can influence a company's value. The public's faith in a company's abilities determines its worth, which is typically expressed as a ratio of price to book value (PBV) (Sari & Mildawati, 2017). This variable is supported by Agency Theory.

2.5. Corporate Social Responsibility

According to Anatan, (2020), corporate social responsibility (CSR) is a company's commitment to supporting sustainable growth by considering social, economic, and environmental aspects. Companies engage in corporate social responsibility (CSR) when businesses commit to doing the right thing, increasing job opportunities, and improving the quality of life for everyone—their employees, their families, and the communities where they are based and employed. This commitment is outlined by the World Business Council for Sustainable Development.

The goal of CSR is to improve the quality of life and the environment in a way that benefits both the company and the community. Additionally, CSR encompasses ethical business practices and responsibility toward stakeholders (Prayuda & Praditya, 2020). The Corporate Social Responsibility Index (CSRI) uses the Global Reporting Initiative (GRI) 2016 and 2021 indicators to measure CSR. The relationship between CSR and company value is crucial for various stakeholder; investors, managers, and consumers want to know how CSR spending affects a company's profitability, value, and reputation. Although some studies have shown that CSR activities can improve brand image and consumer loyalty, leading to increased revenue, this relationship can also be complex because significant CSR program cost can reduce short-term profits. This variable is supported by Stakeholder Theory.

2.6. Profitability

To be profitable, a business must be able to turn its invested capital into a profit. This is determined by improving performance, increasing operational efficiency, and attracting investors (Aji & Atun, 2019) in (Yani et al., 2024). Profitability ratios, metrics that measure the efficiency with which a business turns its assets into cash flow, example, ROE and ROA. The researcher in this study determined the company's worth by looking at ROA. A company's ability to transform its assets into profit is demonstrated by its return on assets (ROA) (Tangngisalu, 2022). This Variable is supported by Signaling Theory.

2.7. Capital Adequacy Ratio (CAR)

The CAR quantifies the extent to which a bank's capital is sufficient to back its hazardous assets, such as loans to customers. Factors influencing CAR include the quality of management and operational systems, the quality and type of assets and associated risks, the quality and ability to attract deposits, the structure and quality of the bank's capital, and the bank's ability to increase revenue and profits (Khoiroh, 2023). This Variable is supported by Signaling Theory.

2.8. Hypothesis Development

a. The Effect of Corporate Social Responsibility on Company Value

CSR is an effort and activity carried out by companies in the form of social responsibility. In stakeholder theory, it is explained that the sustainability of a company is influenced by various interested parties. This theory expects companies to meet the expectations of stakeholders through CSR programs reported in annual reports. By disclosing CSR programs, companies can accelerate communication with stakeholders and explain their vision and mission regarding business practices. The disclosure of CSR programs can also help companies to remain sustainable. The main objective of companies is to increase their value by paying attention to economic, social, and environmental aspects as stated in CSR reports (Wiranata et al., 2023). Fana & Prena, (2021) and Louis et al. (2025) are among the previous research that demonstrate the favourable influence of corporate social responsibility on business value.

H1: Corporate Social Responsibility has a positive effect on Company Value

b. The Effect of Profitability on Company Value

Profitability is a company's ability to generate profits from its operational activities. Signaling theory explains that companies can increase profits by providing information about their performance to investors. This information helps investors understand the company's future prospects. The relationship between profitability and company value has a positive influence, as supported by previous studies by Louis et al., (2025), Wiranata et al., (2023), and (Hasanuddin et al., 2024), studies demonstrate that profitability significantly impacts the value of a firm for the better.

H2: Profitability has a positive effect on Company Value

c. The Effect of Firm Capital Adequacy Ratio (CAR) on Company Value

Bank owners use capital as a source of funds to establish banks, but once banks begin operating, capital becomes crucial for the company's development and for covering losses (Artameviah, 2022). The

relationship between the Capital Adequacy Ratio (CAR) and Company Value is considered to have a positive impact, and this finding is supported by research (Handayani et al., 2023).

H3: Capital Adequacy Ratio has a positive effect on Company Value

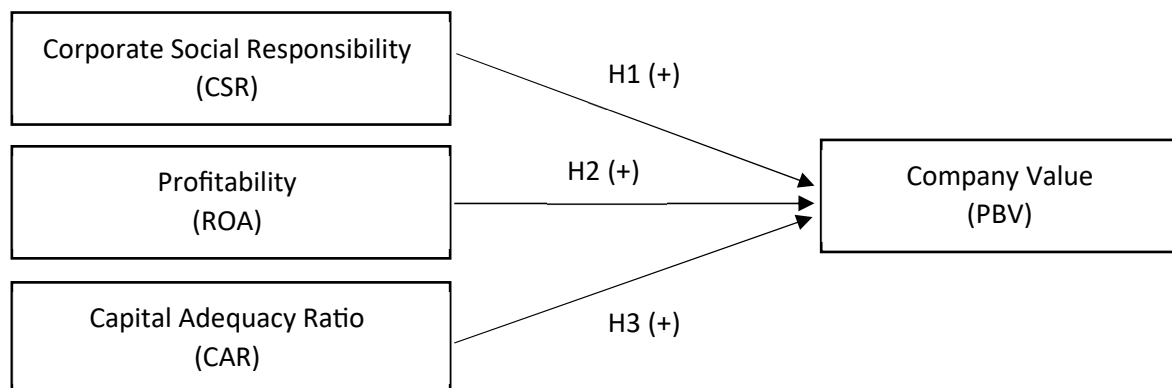


Figure 1. Conceptual Framework

III. Research Method

3.1. Research Object

According to Sugiyono (2021) in Pramudya, (2023), the focus of research is the collection of information with specific objectives and impacts for an objective, accurate, and reliable conclusion based on certain variables. In this thesis, the subjects of research are Corporate Social Responsibility (CSR), profitability, and capital.

3.2. Population and Sampling

There are 43 conventional commercial banks listed on the IDX from 2021 to 2024. Sugiyono, (2023) states that a population is a generalization consisting of subjects or subjects with certain quantities and characteristics determined by researchers to be studied and then conclusions are drawn. According to Sugiyono, (2023), the number and characteristics of a specific population are part of sampling, and potential sampling methods are selected for this study. The sample used is from conventional commercial banks listed on the IDX from 2021 to 2024. The sampling considerations for this study are as follows:

- a. Banks that did not report their annual financial statements for the 2021-2024 period consistently and completely,
- b. Conventional Commercial Banks did not disclose their CSR index in accordance with GRI 2016 to 2021 and accessible to the public.

3.3. Definition of Concepts, Operationalization, and Variable Measurement

a. Company Value

The worth of a firm is a reflection of how investors see its future and current performance. Company value was determined in this study using the PBV indicator. The book value to market value ratio indicates the current market valuation of a firm. Investors are more optimistic about a company's future if its Price to Book Value (PBV) ratio is high.

$$PBV = \frac{\text{Price per share}}{\text{Book Vale per share}}$$

b. Corporate Social Responsibility (CSR)

According to Anatan, (2020), CSR is a company's commitment to supporting sustainable growth by considering social, economic, and environmental aspects (Prayuda & Praditya, 2020). CSR has become one of the strategies used by businesses to increase their customer base. In its implementation, CSR does not only focus on short-term profits but also on building a strong reputation. In its implementation, CSR does not only focus on the well-being of stakeholders but also on building a strong reputation. Businesses that demonstrate a commitment to social and environmental issues are often cited as examples of how investing in CSR can increase sales, reduce operational costs, and boost stock value (Riski et al., 2025). The goal of CSR is to improve the quality of life and the environment in a way that benefits both the company and the community. Additionally, CSR encompasses ethical business practices and responsibility toward stakeholders (Prayuda & Praditya, 2020). The Corporate Social Responsibility Index (CSRI) uses the Global Reporting Initiative (GRI) 2016 and 2021 indicators to measure CSR. GRI 2021 divides CSR disclosure into three categories: standard 200 (economic), standard 300 (environmental), and standard 400 (aspects). There are 89 indicators, with 17 economic indicators, 36 environmental indicators, and 36 social indicators. This can generally be summarized as follows:

$$CSRI = \frac{\sum XY_i}{N_i}$$

Description:

CSRI = Corporate Social Responsibility Disclosure Index
 $\sum XY_i$ = Number of items used for disclosure by the company
 N_i = Number of CSR disclosure items

Meanwhile, according to GRI Standard 2016, CSR disclosure consists of 136 items with the following formula:

$$SRDI = \frac{n}{k}$$

Description:

SRDI = Sustainability Report Disclosure Index
 n = Total items disclosed by the company
 k = Total items required by GRI, $k = 136$ items

c. Profitability

To be profitable, a business must be able to turn its invested capital into a profit. This is determined by improving performance, increasing operational efficiency, and attracting investors (Aji & Atun, 2019) in (Yani et al., 2024). Profitability ratios, metrics that measure the efficiency with which a business turns its assets into cash flow, ROE and ROA. In this study, the researcher used ROA as an indicator to calculate the value of the company, Sari et al., (2025) state that profitability can be measured using the ROA ratio. This ratio assesses how effectively a company generates profit by utilizing all assets after accounting for all incurred capital costs. A company's ability to transform its assets into profit is demonstrated by its ROA (Tangngisalu, 2022). The ROA formula is:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$$

d. Capital Adequacy Ratio (CAR)

One way to check if a bank has enough capital is to look at its CAR, which is used to support risky assets, such as loans to customers. Factors influencing CAR include the quality of management and operational systems, the quality and type of assets and associated risks, the quality and ability to attract deposits, the structure and quality of the bank's capital, and the bank's ability to increase revenue and profits (Khoiroh, 2023). The CAR formula is:

$$CAR = \frac{\text{Equity}}{\text{Risk-weighted assets}} \times 100\%$$

3.4. Research Data Analysis Method

- a. **Descriptive Statistic:** Descriptive statistics that are used to analyze data with descriptive methods, then describe the data that have been collected in the same way as the data without the meaning, make conclusions that are valid for generalization (Sugiyono, 2023).
- b. **Classical Assumption Test:** The classical assumption test has the aim of knowing the feasibility of using a regression model in line research. Therefore, before testing the hypothesis, we need to perform classical assumption test which include multicollinearity, heteroscedasticity, and normality tests.
 - 1) **Normality Test:** The purpose of the normalcy test is to determine if the residual variable or residuals in a regression model follow a normal distribution. As is known, the residual values follow a normal distribution (Ghozali, 2021).
 - 2) **Multicollinearity Test:** The multicollinearity test aims to test whether the regressive models are found and the local correlations are independent variables. In model regression model, we can view the tolerance value and Variance Inflation Factor (VIF) (Ghozali, 2021).
 - 3) **Heteroscedasticity Test:** The heteroscedasticity test aims to test the results in the regression models that occur when the differences between the variances of the results are observed in the regression models. A good regressive model is one that is homoscedastic, meaning there is no heteroscedasticity (Ghozali, 2021).
 - 4) **Autocorrelation Test:** To find out whether there is a link between the nuisance error in period t and the nuisance error in period t-1 (before) in a linear regression model, the autocorrelation test is used (Ghozali, 2021).
- c. **Multiple Linear Regression Analysis with Panel Data:** Eviews-13 data and multiple linear regression analysis using panels form the basis of this study. Panel data regression analysis makes use of a number of models, including:
 - 1) **Common Effect Model (CEM):** This is a data modeling approach that is a model of independent variables where the model is assumed to be fixed.
 - 2) **Fixed Effects Model (FEM):** Linear models are used to analyze a set of data by adding dummy variables to reveal differences. Linear methods are also used for the Fixed Effects Model (LSDV).
 - 3) **Random Effect Model (REM):** A random effects model is a model in which the independent variables are random, or in other words, it can be assumed that the independent variables are not correlated between individuals and their independent variables.

Steps in selecting a model:

- 1) **Chow test:** Panel data regression models, such as the CEM and the FEM, can be chosen using the Chow test. Examining the likelihood (p-value) is how the Chow test is carried out. The FEM is the better choice if the p-value is less than 0.05; on the other hand, the CEM is the better choice if the p-value is greater than 0.05.
- 2) **Hausman test:** To determine which of two models—the Fixed Effect Model (FEM) and the Random Effect Model (REM)—is more appropriate, statisticians employ the Hausman test. Examining the likelihood (p-value) is how the Hausman test is carried out. A probability (p-value) analysis is used to conduct the Hausman test. The FEM is the better choice if the p-value is < 0.05, but the REM is the correct model if the p-value is > 0.05.
- 3) **Legrange Multiplier Test:** The Legrange Multiplier Test (LM) is a model used to compare the REM model with the CEM model. The LM test is performed by looking at the probability (p-value). If the p-value is < 0.05, then the REM model is more accurate, but if the p-value is > 0.05, then the appropriate model is CEM.

3.5. Model Feasibility

a. Hypothesis Testing

Hypothesis testing is conducted to examine the hypothesis regarding the influence of CSR, Profitability, and Capital Adequacy Ratio (CAR) on Company Value. The hypothesis testing was conducted using the F statistical model test and the T statistical model test.

b. Model F-Test

In order to determine if the independent variables in the research model impact the dependent variable, the F-test is employed.

c. Significance Test of Individual Parameters(t-test)

Simply said, the t-test reveals the relative contribution of each independent variable to the total variance in the dependent variable.

d. Test the Coefficient of Determination (R2)

In this study, the amount to which the independent variable influenced the dependent variable was determined by conducting a coefficient of determination test. In a low R2 score, there is a lack of explanation for the dependent variable by the independent variable. Alternatively, if the R2 value is large, it means that the independent variable provides a virtually complete explanation for the relationship between the dependent and independent variables.

IV. Results and Discussion

The research objects used are companies in the banking sub-sector (conventional commercial banks) that are listed on the Indonesia Stock Exchange (IDX) for the period 2021-2024. From all conventional commercial banks registered with the IDX, not all banks can be used as samples. Using the purposive sampling method, the researcher determined several criteria for selecting conventional commercial banks whose data could be used in the completion of this research.

4.1. Descriptive Statistical Analysis

Ghozali (2021) lists the following descriptive statistics: mean, standard deviation, variance, total, range, kurtosis, and skewness. "Outlier data is data that has unique qualities that look substantially distinct from other observations and exist in the form of extreme values for a single variable or a combination of variables," as stated by (Ghozali, 2018).

Table 1. Descriptive Statistical Analysis Test Results Before Outliers and Data Transformation

	PBV__Y__	C	CSR__X1__	ROA__X2__	CAR__X3__
Mean	1.535447	1.000000	0.548326	1.063590	17.29073
Median	0.844086	1.000000	0.572650	0.910000	20.08500
Maximum	16.75218	1.000000	0.965812	4.030000	72.87000
Minimum	0.117849	1.000000	0.213235	0.000800	0.193000
Std. Dev.	2.236421	0.000000	0.169718	0.959695	14.93495
Skewness	4.790618	NA	0.199172	0.701979	1.063957
Kurtosis	30.20118	NA	2.298215	3.055548	5.281981
Jarque-Bera	2772.348	NA	2.170600	6.580616	32.45150
Probability	0.000000	NA	0.337800	0.037242	0.000000
Sum	122.8357	80.00000	43.86608	85.08720	1383.258
Sum Sq. Dev.	395.1249	0.000000	2.275525	72.76012	17621.16
Observations	80	80	80	80	80

Sources: E-Views 13, 2025

Table 2. Descriptive Statistical Analysis Test Results After Outliers and Data Transformation

	LOG(PBV__Y__)	C	LOG(CSR__X1__)	ROA__X2__	LOG(CAR__X3__)
Mean	-0.069880	1.000000	-0.538782	1.293870	2.165296
Median	-0.208781	1.000000	-0.513679	1.345000	3.071302
Maximum	1.564719	1.000000	-0.034786	4.030000	3.542118
Minimum	-1.155032	1.000000	-1.235813	0.014000	-1.645065
Std. Dev.	0.669669	0.000000	0.289197	0.984073	1.912946

Skewness	0.955924	NA	-0.863474	0.486954	-1.374593
Kurtosis	3.267162	NA	3.307574	2.880387	2.928614
Jarque-Bera	8.695257	NA	7.179555	2.246545	17.64728
Probability	0.012937	NA	0.027604	0.325214	0.000147
Sum	-3.913290	56.00000	-30.17177	72.45670	121.2566
Sum Sq. Dev.	24.66511	0.000000	4.599908	53.26203	201.2649
Observations	56	56	56	56	56

The descriptive statistical analysis for each variable is as follows from the data analysis in Table 2 above using data transformation (LOG):

- Price Book Value (PBV) (Y) has a minimum value of -1.155032; a maximum value of 1.564719; an average value of -0.069880; and a standard deviation of 0.669669;
- Corporate Social Responsibility (CSR) (X1) has a minimum value of -1.235813; a maximum value of -0.034786; and a mean value of -0.538782;
- Return on Assets (ROA) (X2) has a minimum value of 0.014000, a maximum value of 4.030000, an average value of 1.293870, and a standard deviation of 0.984073;
- Capital Adequacy Ratio (CAR) (X3) has a minimum value of -1.645065, a maximum value of 3.542118, an average value of 2.165296, and a standard deviation of 1.912946.

4.2. Classical Assumption Testing

a. Normality Test

Testing the normality of research data using the Skewness-Curtosis. The data can be considered normal if the result of the division of the statistics by the standard error is $-2 < \text{the Kurtosis} < 2$.

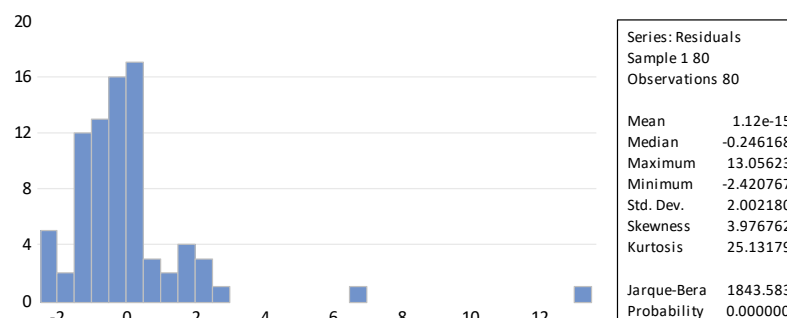


Figure 2. Normality Test Results – Histogram Before Outlier and Transformation with LOG

Based on Figure 2, according to the findings of the normalcy test, the data does not follow a normal distribution since the Jarque-Bera test p-value is less than 0.05 (0.000000). To overcome this, the researchers in this study used outlier data and applied logarithmic transformation (LOG) to variables Y, X1, and X3. After processing 80 data points, the normality test showed a value > 0.05 , indicating that the data is not normally distributed. After removing outliers, only 56 data points were selected and passed the normality test. The results of the normality test after removing outliers and transforming the data into logarithmic format.

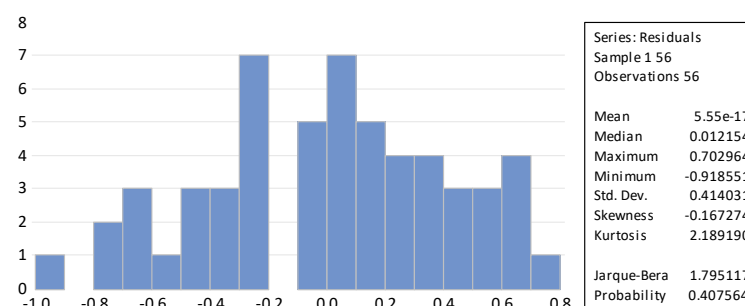


Figure 3. Normality Test Results – Histogram After Outlier and Transformation with LOG

The results of the normalcy test following the removal of outliers and transformation to LOG form are shown in Figure 3 above. The data is regularly distributed according to the histogram, as the Jarque-Bera test value is $0.407564 > 0.05$. On the other hand, if the p-value is less than 0.05, it may be concluded that the data is not normally distributed.

Table 3. Skewness-Kurtosis Test

	Statistic	Prob.
Skewness	-0.733592	0.768401
Skewness 3/5	0.700284	0.241875
Kurtosis	-1.339995	0.909877
Normality	2.174240	0.337186

By comparing the skewness-kurtosis ratios, which range from -2 to 2, we may determine if the study data follows a normal distribution. Results from the skewness ratio test (0.768401) and the kurtosis test (0.909877) are presented in Table 3, indicating that the data follows a normal distribution.

b. Multicollinearity Test

The absence of correlation between independent variables is a hallmark of a successful regression model. The tolerance factor and the Variance Inflation Factor (VIF) reveal whether or not a regression model has multicollinearity. Multicollinearity test results:

Table 4. Multicollinearity Test

	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	0.022217	6.862047	NA
LOG(CSR_X1_)	0.045517	5.235738	1.154777
ROA_X2_	0.006845	5.550031	2.010767
LOG(CAR_X3_)	0.001888	4.830742	2.096192

Based on Table 4 above, the multicollinearity test results can be seen in the Centered VIF column table. The VIF value for each variable is, the VIF value of variable X1 is 1.154777, the VIF value of X2 is 2.010767, and the VIF value of variable X3 is 2.096192. It can be concluded that there is no multicollinearity because the Variance Inflating Factor (VIF) value is < 10 .

c. Heteroscedasticity-Glejser Test

To determine if the data in the regression model have different variances, the heteroscedasticity test is applied. The homoscedasticity test determines whether or not the observational variances are same. Conversely, heteroscedasticity describes a situation where the variance is not the same. Heteroscedasticity test result:

Table 5. Heteroscedasticity-Glejser Test

F-statistic	2.155011	Prob. F(3,52)	0.1045
Obs*R-squared	6.192452	Prob. Chi-Square(3)	0.1026
Scaled explained SS	5.080790	Prob. Chi-Square(3)	0.1660

The Probability Chi-square value of Obs * R-Squared, which is 0.1026 and is higher than 0.05, is shown in Table 5. Heteroscedasticity does not exist in this model, so.

d. Autocorrelation Test

The best regression model is one that is free from autocorrelation and does not experience autocorrelation. The Durbin-Watson test is employed to identify the existence of autocorrelation. The outcomes of the Durbin-Watson test are as follows. Autocorrelation test results:

Table 6. Autocorrelation Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.021862	0.135313	0.161568	0.8723
LOG(CSR__X1_)	0.020835	0.194196	0.107291	0.9150
ROA__X2_	-0.027812	0.077457	-0.359067	0.7211
LOG(CAR__X3_)	0.010826	0.039841	0.271731	0.7869
RESID(-1)	0.484197	0.141328	3.426050	0.0012
RESID(-2)	-0.056196	0.147277	-0.381565	0.7044
R-squared	0.209314	Mean dependent var		5.55E-17
Adjusted R-squared	0.130246	S.D. dependent var		0.414031
S.E. of regression	0.386127	Akaike info criterion		1.035658
Sum squared resid	7.454717	Schwarz criterion		1.252660
Log likelihood	-22.99843	Hannan-Quinn criterion		1.119789
F-statistic	2.647252	Durbin-Watson stat		1.952586
Prob(F-statistic)	0.033653			

Based on Table 6 above, a value of 1.952586 was reported by the Durbin-Watson autocorrelation test. The Durbin-Watson table will be used to compare this value with 56 observations, 3 independent variables, and a significance threshold of 0.05. Comparison between the calculated Durbin-Watson value and the Durbin-Watson table shows that the Durbin-Watson value $dU < DW < 4-dU$ $1.6830 < 1.952586 < 2.3215$ which means there is no positive or negative autocorrelation.

4.3. Regression Model Selection

Table 7. Model Selection

Testing	Results	Decisions
Chow Test	Prob. > 0.05	CEM
	Prob. < 0.05	FEM
Hausman Test	Prob. > 0.05	REM
	Prob. < 0.05	FEM
Legrange Multiplier Test	Prob. > 0.05	CEM
	Prob. < 0.05	REM

a. Chow Test

The Chow test is performed by looking at the probability (p-value). If the p-value is < 0.05, then the FEM is more appropriate; otherwise, if the p-value is > 0.05, then the CEM is more appropriate. Chow test results:

Table 8. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.903047	(13,39)	0.0000
Cross-section Chi-square	100.036084	13	0.0000

The results of the chow test indicate that the Prob value, as shown in Table 8. The FEM is chosen as the model when the cross-section Chi-square value is less than 0.05, specifically 0.0000.

b. Hausman Test

The Hausman test is performed by examining the probability (p-value). If the p-value is <0.05, the FEM is more appropriate, otherwise if the p-value is >0.05, the appropriate model is the REM (Random Effect Model). Hausman test results:

Table 9. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.485862	3	0.6855

The Hausman test findings, as shown in Table 9, indicate that the Prob value. The REM was chosen because the cross-sectional random value is 0.6855, which is > 0.05.

c. Legerange Multiplier Test (LM Test)

The LM test is performed by looking at the probability (p-value). If the p-value is < 0.05, then the REM model (Random Effect Model) is more accurate, but if the p-value is > 0.05, then the appropriate model is CEM (Common Effect Model). LM test results:

Table 10. Legerange Multiplier Test

	Cross-section	Time	Both
Breusch-Pagan	47.56034	1.776034	49.33638
	(0.0000)	(0.1826)	(0.0000)

According to the data in Table 10, the Prob value is shown by the legrange multiplier test (LM test). Since the Breusch-Pagan value is less than 0.05 (0.0000), the Random Effect Model (REM) is chosen as the model to be used.

4.4. Model Interpretation

In this study, the panel data regression model selection test, which included the Chow, Hausman, and LM tests, led to the selection of the REM. Here is a table that shows the results of the REM model:

Table 11. Random Effect Model (REM) Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.743011	1.126105	-0.659807	0.5133
LOG(CSR_X1)	-0.208279	0.149882	-1.389613	0.1725
ROA_X2	0.328815	0.105871	3.105803	0.0035
LOG(CAR_X3)	0.063390	0.519010	0.122136	0.9034
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.935930	Mean dependent var		-0.068359
Adjusted R-squared	0.909645	S.D. dependent var		0.668182
S.E. of regression	0.200850	Akaike info criterion		-0.127167
Sum squared resid	1.573283	Schwarz criterion		0.487672
Log likelihood	20.56068	Hannan-Quinn criterion		0.111205
F-statistic	35.60685	Durbin-Watson stat		1.679195
Prob(F-statistic)	0.000000			

Based on Table 11, a constant value of -0.743011 with a prob value is shown by the regression findings with the Random Effect Model (REM). 0.5133.

4.5. Panel Data Linear Regression Analysis

The estimation model obtained is the REM, so the panel data linear regression analysis obtained is as follows:

$$PBV = -0.74301145294 + (-0.208278607442) * LOG(CSR_{X1}) + 0.32881525283 * ROA_{X2} + 0.0633898891086 * LOG(CAR_{X3}) + \varepsilon_{it}$$

The results of the linear regression of the panel data above show that:

- a. The PBV is a constant value of -0.743011, which indicates that the level of firm value estimated using it is -0.743011, assuming all other independent factors stay constant.
- b. Assuming all other variables remain constant, a regression coefficient of -0.208279 for the variable CSR (X1) means that for every one unit rise in CSR, the PBV value will fall by 0.208279.
- c. The variable "Return on Assets" (ROA) (X2) has a regression coefficient value of 0.328815, which indicates that every increase in the unit of "Return on Assets" (ROA) with the assumption that other variables are constant will result in an increase in PBV of 0.328815.
- d. Variable Capital Adequacy Ratio (CAR) (X3) has a regression coefficient of 0.063390, which indicates that every increase in the unit of Capital Adequacy Ratio (CAR) with the assumption that other variables remain constant will result in an increase in the PBV value of 0.063390.

4.6. Hypothesis Testing

- a. Simultaneous Significance Test (F-test)

Table 12. F-Test

F-statistic	35.60685
Prob(F-statistic)	0.000000

Based on Table 12 above, the simultaneous test results (F test) show that the Prob value. 0.000000 is < 0.05 in terms of the F-statistic. Firm value (PBV) is affected by all three independent variables—Corporate Social Responsibility (CSR), Return on Assets (ROA), and Capital Adequacy Ratio (CAR)—all at once.

- b. Partial Test (t-Test)

Table 13. t-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.743011	1.126105	-0.659807	0.5133
LOG(CSR_X1)	-0.208279	0.149882	-1.389613	0.1725
ROA_X2	0.328815	0.105871	3.105803	0.0035
LOG(CAR_X3)	0.063390	0.519010	0.122136	0.9034

Based on Table 13 of the t-test results, it can be concluded as follows:

- 1) H0 is accepted and H1 is denied because the probability value of the CSR variable is 0.1725 > 0.05. This indicates that Firm Value is unaffected by the CSR variable on its own.
- 2) Since the probability value of the ROA variable is 0.0035 < 0.05, we may reject H0 and accept H2. This indicates that ROA has a positive and statistically significant influence on firm value when considered separately.
- 3) The Capital Adequacy Ratio (CAR) variable has a probability value of 0.9034 > 0.05, so H0 is accepted and H3 is rejected. This means that the CAR variable individually (partially) has no effect on Firm Value.

- c. Test Coefficient of Determination (R2)

Table 14. Test Coefficient of Determination (R2)

Adjusted R-squared	0.909645
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According to Table 14, the variables of CSR, ROA, and CAR can affect 90.9% (91%) of the Company Value variable. This is supported by an adjusted R-squared value of 0.909645. Some more factors not addressed here could account for the remaining 9%.

4.7. Discussion of Research Results

- a. The Effect of Corporate Social Responsibility (CSR) on Company Value

Firm value is unaffected by corporate social responsibility (CSR), according to hypothesis testing (Meliza et al., 2021), (Alfiadin & Susilo, 2021), (Ismatasari et al., 2024), (Wiranata et al., 2023), and (Hasanuddin et al., 2024) all find similar findings. Corporate social responsibility (CSR) initiatives undertaken by the traditional public banking organisations that made up the study's sample have failed to have the desired impact on firm value, according to the results. This study's findings contradict those of other studies that have shown that CSR positively affects firm value (Pratama & Serly, 2024), (Maryoso & Sari, 2023), (Fana & Prena, 2021), (Louis et al., 2025),.

b. The Effect of Profitability (ROA) on Company Value

A positive and statistically significant relationship exists between ROA profitability and Firm Value, according to the findings of the hypothesis testing (Meliza et al., 2021), (Amrulloh & Amalia, 2020), (Maryoso & Sari, 2023), (Louis et al., 2025), (Wiranata et al., 2023), and (Hasanuddin et al., 2024) have all reached similar conclusions. Firm Value is positively and significantly impacted by ROA in this study. An improved ROA suggests that a business is making good use of its assets to boost its bottom line. When a firm's bottom line improves, not only will investors be more interested in purchasing shares, but the value of the company itself will rise. This study's findings contradict those of other studies that found a negative relationship between Return On Asset (ROA) and Firm Value (Alfiadin & Susilo, 2021), (Kansil et al., 2021), (Putri, 2023), and (Handayani et al., 2023).

c. The Effect of Capital Adequacy Ratio (CAR) on Company Value

Firm Value is positively and significantly affected by profitability as measured by Return On Asset (ROA), according to the results of the hypothesis testing (Meliza et al., 2021), (Amrulloh & Amalia, 2020), (Maryoso & Sari, 2023), (Louis et al., 2025), (Wiranata et al., 2023), and (Hasanuddin et al., 2024) The research shows that ROA has a favourable and statistically significant impact on company value. When a company's Return On Asset (ROA) is high, it means that its assets are being used effectively and efficiently to boost earnings. An growth in the value of a firm is a byproduct of increasing profitability, which in turn encourages investment and the purchase of shares by investors. Research by (Alfiadin & Susilo, 2021), (Kansil et al., 2021), (Putri, 2023), and (Handayani et al., 2023) indicates that ROA negatively affects Firm Value, which is at odds with the findings of this study.

V. Conclusion

The results of this study show that Corporate Social Responsibility (CSR) and the Capital Adequacy Ratio (CAR) do not have a significant effect on firm value, while Return on Assets (ROA) has a significant positive effect. This finding indicates that profitability, as reflected by ROA, plays an important role in increasing firm value, whereas CSR and CAR were not proven to influence it. However, the study has limitations, particularly in data processing where many outliers had to be removed to meet the normality test, leading to a reduction in the number of data used. In addition, from the three hypotheses tested, only the ROA variable was accepted, while CSR and CAR were rejected. Based on these findings, it is suggested that further research use quarterly data or select study periods under more stable conditions to produce more robust results. Researchers are also encouraged to examine other variables that may have a stronger effect on firm value, or to modify indicators and measurements that better align with the characteristics of the banking industry. This approach is expected to enrich insights and provide a more comprehensive picture of the factors influencing company value, especially in the context of conventional commercial banks.

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