

Relationship Between Corporate Social Responsibility (CSR) and Firm Value with Profitability as a Mediating Factor in Indonesian Mining Companies (2021–2023)

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ABSTRACT

Mining companies are key drivers of Indonesia's economic growth. Their operations rely on the exploitation of non-renewable resources, which result in greater environmental and social impacts compared to other sectors. To maintain their reputation and sustain firm value, these companies must balance profit-oriented activities with Corporate Social Responsibility (CSR) initiatives as a form of environmental accountability. This study examines the direct effects of CSR disclosure and profitability on firm value, as well as the indirect effect of CSR disclosure on firm value through profitability as a mediating variable. The research focuses on mining companies listed on the Indonesia Stock Exchange (IDX) during 2021–2023. Using purposive sampling, 36 companies met the selection criteria. Data were analyzed using the Partial Least Squares (PLS) approach within a Structural Equation Modeling (SEM) framework, employing SmartPLS 4 software. The results reveal that CSR disclosure has a significant effect on firm value but no significant effect on profitability. In contrast, profitability has a significant positive effect on firm value. These findings suggest that CSR disclosure directly influences firm value rather than indirectly through profitability as a mediating variable.

Keywords: Corporate Social Responsibility (CSR), Profitability, Firm Value.

JEL Code: E44, F31, F37, G15

I. INTRODUCTION

Firm value is one of the important aspects that must be considered, because generating high firm value is one of the main objectives of establishing a company and illustrates that the company's performance is in good condition so that it can convince investors of the company's good prospects in the future (Simbiring & Trisnawati, 2019). The value of a company can be influenced by various factors, including company size, leverage, profitability, dividend policy, Corporate Social Responsibility (CSR), and Good Corporate Governance (GCG). According to Johan (2012), among these six factors, there are financial and non-financial aspects that have an effect on firm value. Profitability represents a financial factor, while CSR is categorized as a non-financial factor influencing firm value (Ayu & Suarjaya, 2017). The mining sector is a key pillar of economic development and contributes significantly to Indonesia's economic growth (Handayati et al., 2022). Globally, mining companies play a crucial role by supplying essential raw materials and energy to various industries. However, mining activities have received significant criticism due to their negative impacts on the health and

safety of workers and surrounding communities. The sector is also frequently perceived as a threat to broader societal well-being. Therefore, mining companies must ensure alignment between their production activities and Corporate Social Responsibility (CSR) initiatives (Pons et al., 2021).

Based on IDX statistical data from 2020 to 2022, the average value of mining companies, as measured by the Price to Book Value (PBV) ratio, is considered to be in good condition because the value exceeds 1, indicating that the market price of the company's shares is higher than their book value. However, this value fluctuated and tended to decline compared to the previous year. Furthermore, research by (Handayati et al., 2022) showed a decrease in PBV values from 2018 to 2020, reflecting a deterioration in the quality and fundamental performance of mining companies. As a non-financial aspect that can influence company's value, the disclosure of Corporate Social Responsibility (CSR) by mining sector companies listed on the Indonesia Stock Exchange (IDX) showed a yearly decline from 2021 to 2023. During this period, the number of mining companies increased by 11, bringing the total to 87 companies. However, only 77 of them reported CSR disclosures either in their annual reports or through their sustainability reports. This indicates that some companies have not yet fulfilled their responsibilities and obligations in disclosing CSR. Meanwhile, the Regulation of the Minister of Energy and Mineral Resources (Permen ESDM) Number 25 of 2018 explicitly mandates that all mining companies are required to allocate CSR funds and implement them through community empowerment programs (Novrizaldi, 2023). Furthermore, Article 108 of Law No. 4 of 2009 concerning Mineral and Coal Mining (as amended by Law No. 3 of 2020) also affirms that every holder of a Mining Business License (IUP) is obliged to develop and implement community development and empowerment programs as part of their CSR initiatives, which must be consulted with the government, local authorities, and the community.

Based on the experience of companies that have implemented Corporate Social Responsibility (CSR) in their operational activities, it is acknowledged that CSR programs have brought substantial benefits to the company. When companies are committed to implementing CSR programs even though they require significant sacrifices and costs—they will, in the long term, undoubtedly gain considerable advantages. A harmonious and synergistic relationship between the company and its stakeholders, including the community, will be well established. Several research findings have reported that, in the long run, corporate concern for social responsibility and environmental issues, or the adoption of environmentally friendly business practices, has a positive impact. These include improved financial performance (profitability), increased business value, and a significant and sustainable rise in the company's market price or Market Value Added (MVA) (Lako, 2014). In this study, CSR disclosure is measured using the GRI Index. Companies that consistently report their CSR activities following GRI Index standards are considered to have fulfilled their disclosure obligations under Indonesian regulations, specifically POJK No. 51/2017 and the Ministry of Energy and Mineral Resources Regulation No. 25/2018. The measurement employs content analysis methodology, involving systematic assessment of each disclosed item in companies' annual reports and sustainability reports. A binary scoring system is applied: each disclosed item receives a score of 1, while undisclosed items receive a score of 0.

Profitability is a critical factor considered by prospective investors when making stock investment decisions. For companies, maintaining and improving financial performance or profitability is essential to ensure their stocks remain competitive in the stock market and continue to attract investor interest. Higher profit levels enhance a company's ability to pay dividends and increase stock prices (Yanti & Abundanti, 2019). Profitability reflects management's success in operating the company (Lutfi & Panuntun, 2024). Additionally, according to Kusuma Dilaga (2010), higher levels of company profitability lead to greater disclosure of social information by the company. Consequently, Corporate Social Responsibility (CSR) enhances firm value when profitability increases (Antony & Alhidayatullah, 2020). To focus on the efficiency of asset utilization particularly in mining companies, which generally have larger asset bases compared to other industries—this study measures profitability using the Return on Assets (ROA) ratio (Candra et al., 2024). Kasmir (2016:201) defines ROA as a ratio that shows the comparison between the company's return and the total assets used. Compared to other indicators, ROA is considered more comprehensive and stable, as it is not affected by

capital structure an important consideration for mining companies, which tend to experience fluctuations. In addition, Return on Assets (ROA) is also one of the key indicators used to assess a company's overall performance (Astuti et al., 2020).

Based on data from IDX Statistics for the period 2020–2022, it is evident that the average ROA ratio of several mining companies continued to decline compared to the previous year. In 2020, the average ROA was 1.76%, which dropped significantly to 0.032% in 2021, before slightly increasing to 0.075% in 2022. This indicates that the companies' financial performance remained unstable, suggesting that their operational activities had not yet been optimized in generating profit from the total assets owned. Based on the above explanation, the firm value of mining companies listed on the Indonesia Stock Exchange fluctuates annually, and the average value remains undervalued. Although the number of companies in the mining sector continues to increase, many have yet to optimize their CSR disclosures in annual reports, which may affect corporate image and stakeholder relationships. In addition, mining companies show low and declining profitability, indicating suboptimal profit management. This study aims to examine the effect of CSR disclosure on firm value and profitability, the effect of profitability on firm value, and the mediating role of profitability in the relationship between CSR disclosure and firm value.

Several previous studies on CSR, profitability, and firm value, including research by (Antony & Alhidayatullah, 2020; Ayu & Suarjaya, 2017; Handayati et al., 2022; Lutfi & Panuntun, 2024) have found that CSR and profitability influence firm value, and that profitability itself also has a direct effect on firm value. In addition, the findings of (Ayu & Suarjaya, 2017) emphasize that CSR can mediate the relationship between profitability and firm value. However, the study by (Antony & Alhidayatullah, 2020) revealed that CSR does not influence firm value, but profitability can mediate the relationship between CSR and firm value. These findings contradict research conducted by (Suhartini, 2017) and (Astuti et al., 2020), who asserted that CSR has no significant effect or contribution to firm value. Nonetheless, (Suhartini, 2017) emphasized that firm value can increase through profitability, measured using the EVA ratio. Meanwhile, (Astuti et al., 2020) stated that profitability does not have a significant effect on firm value. These inconsistencies in previous research findings create a research gap, which drives the present study to re-examine the effect of CSR on firm value through profitability as a mediating variable, focusing on mining sector companies in Indonesia.

II. Literature Review and Hypothesis Development

2.1. Literature Review

a. Agency Theory

According to Jensen and Meckling, as cited by (Lestari & Zulaikha, 2021) agency theory explains the contractual relationship between company owners (principals) and managers (agents), in which decision-making authority is delegated to agents. The separation between ownership and control often creates conflicts of interest that lead to agency costs. To minimize these costs and reduce information asymmetry, companies voluntarily disclose CSR and financial information through sustainability or annual reports.

b. Stakeholder Theory

Phillip et al. (2003) explain that stakeholders are individuals or groups who maintain a close relationship with the company and hold limited influence on its activities, yet both affect and experience the impact of the company's processes in achieving its objectives (Fuadah & Hakimi, 2020). Building upon the agency perspective, stakeholder theory emphasizes that companies should not only pursue their own interests but also create value for stakeholders through ethical, legal, and social responsibilities. This approach highlights the firm's commitment to sustainable development and long-term value creation. As noted by (Lako, 2014), a strong CSR commitment fosters harmonious stakeholder relationships and supports corporate sustainability, although its implementation may require substantial resources that affect short-term performance.

c. Signalling Theory

Building upon agency theory, signaling theory explains how companies communicate information to external stakeholders. Managers, who possess superior knowledge about the firm, use financial and non-financial disclosures to convey signals of firm quality (Lutfi & Panuntun, 2024). Consistent with this view, (Ayu & Suarjaya, 2017) suggest that earnings information and CSR disclosures act as positive signals that enhance investor confidence and, consequently, firm value.

d. Triple Bottom Line Theory

Elkington (1998) introduced the triple bottom line theory, which consists of the three pillars of People, Planet, and Profit. This concept encourages companies to pursue financial performance while supporting environmental sustainability and community well-being (Natasha, 2021). Wibisono (2007b), as cited in Ningtyas et al. (2022), explains that CSR reflects a company's ethical responsibility to its stakeholders by minimizing negative impacts and maximizing positive contributions across economic, social, and environmental dimensions to support sustainable development.

e. Firm Value

According to Husnan (2014), firm value represents the price that potential buyers are willing to pay if the company is sold. In the context of publicly listed firms, it reflects investors' perceptions of the company's performance and prospects (Suwardika & Mustanda, 2017). These definitions indicate that firm value is not solely determined by market price but also influenced by investor expectations and the firm's ability to maintain financial and non-financial credibility.

f. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to a company's commitment to account for the social and environmental impacts of its operations (Hanum & Fazrah, 2023). According to ISO 26000 Draft 3 of 2007, as cited in Suharto (2008) and (Lako, 2014), CSR represents an organization's responsibility for the effects of its decisions and activities on society and the environment through ethical and transparent practices that support sustainable development, stakeholder welfare, and compliance with legal and international norms. These definitions emphasize that CSR is not merely a philanthropic activity but an integral aspect of corporate governance aimed at achieving long-term sustainability and stakeholder trust. In addition, Corporate Social Responsibility (CSR) is defined as a company's commitment to enhancing community welfare, with the expectation of contributing to the organization's long-term survival positively (Paresta & Wulandari, 2025).

g. Profitability

One way to increase firm value is through higher profitability. Strong income statement performance enhances firm value because shareholder prosperity depends on the company's share price (Nurhasanah & Kahfi, 2023). According to Sartono (2010), as cited in (Nuranisa Fitri et al., 2022) profitability reflects a company's ability to generate earnings relative to sales, assets, or equity. It serves as a key indicator of financial performance and long-term sustainability, demonstrating the firm's capacity to maintain operational efficiency and future growth potential.

2.2. Hypothesis Development

a. The Influence of Corporate Social Responsibility (CSR) on Firm Value

According to agency theory, managers are expected to act in the best interests of shareholders. CSR disclosure can serve as a monitoring mechanism that reduces agency costs and demonstrates managerial accountability, thereby improving investor trust and increasing firm value (Lestari & Zulaikha, 2021). This suggests that CSR disclosure is not only theoretically relevant in reducing information asymmetry but also practically beneficial in strengthening market perception. Previous studies by (Antony & Alhidayatullah, 2020;

Handayati et al., 2022; Lestari & Zulaikha, 2021) consistently show that Corporate Social Responsibility (CSR) disclosure has a significant positive effect on firm value. Therefore, the following hypothesis is proposed:

H1: CSR disclosure has an effect on firm value

b. The Influence of CSR on Profitability

Panjaitan (2015) states that the disclosure of Corporate Social Responsibility (CSR) can provide long-term benefits for companies, particularly through improvements in profit and overall financial performance. CSR activities may enhance stakeholder trust, which can lead to increased customer loyalty and operational support, ultimately contributing to higher profitability. Consistent with this view, (Handayati et al., 2022) explain that companies with higher profitability tend to disclose CSR more extensively as part of maintaining positive stakeholder relations. Furthermore, prior studies by (Astuti et al., 2020; Fadilah, 2023) also demonstrate that Corporate Social Responsibility (CSR) disclosure has a significant positive effect on the profitability of mining companies listed on the Indonesia Stock Exchange. Based on this theoretical explanation, the following hypothesis is proposed:

H2: CSR disclosure has an effect on company profitability.

c. The Influence of Profitability on Firm Value

High profitability indicates strong financial performance and tends to attract investor interest because investors expect higher returns. When investor confidence increases, the company's market perception improves, which ultimately raises firm value (Mia Novianti et al., 2023) Similarly, (Fadilah, 2023) show a positive relationship between profitability and firm value, suggesting that firms with higher profitability are more likely to experience growth in their value. Previous studies by (Antony & Alhidayatullah, 2020; Fadilah, 2023; Khasanah, 2020) show that profitability has a significant positive effect on firm value. Based on this theoretical explanation, the following hypothesis is proposed:

H3: Profitability has an effect on firm value.

d. The Relationship/Effect of CSR on Firm Value Through Profitability

According to (Lako, 2014) a company's commitment to social and environmental responsibility can generate long-term benefits, including increased profitability and firm value. Effective CSR disclosure can strengthen stakeholder trust and operational support, which in turn may improve the company's profitability. Higher profitability signals strong managerial performance and financial stability, thereby increasing investor confidence and ultimately enhancing firm value. This reasoning positions profitability as a mediating variable that explains how CSR disclosure contributes to firm value both theoretically and in practice. Based on this argument, the following hypothesis is formulated:

H4: Profitability mediates the effect of CSR disclosure on firm value.

(Indirect Relationship)

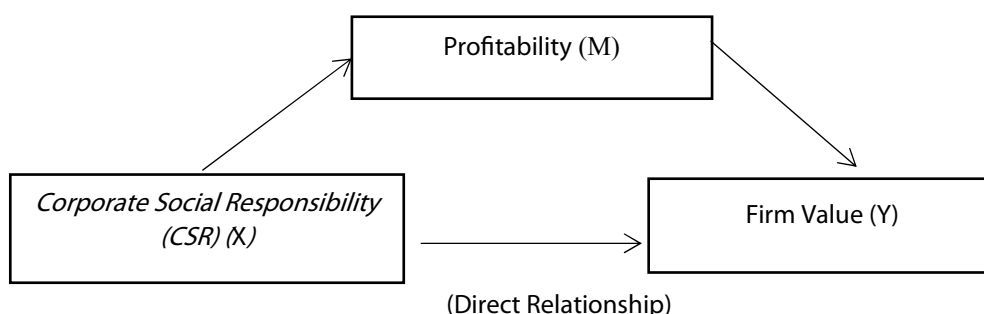


Figure 1. Conceptual Framework

The research model illustrates both direct and indirect relationships among the variables. Corporate Social Responsibility (CSR) (X) is proposed to have a direct effect on Firm Value (Y). In addition, CSR is expected

to influence Firm Value indirectly through Profitability (M). This means that CSR may first improve a company's profitability, which then enhances its firm value.

III. Research Method

This study employs an explanatory research design with a quantitative approach. The purpose of explanatory research in this context is to examine the causal relationship between the independent variable, namely Corporate Social Responsibility (CSR), and the dependent variable firm value, with profitability serving as a mediating variable. According to Sugiyono (2022) in a study conducted by (Retno & Widyasari, 2025) a population is a generalization area consisting of objects or subjects that have specific quantities and characteristics, as determined by researchers, to be studied, and from which conclusions are drawn. The population of this study includes all mining sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023. According to Sugiyono (2022) in a study conducted by (Retno & Widyasari, 2025), a sample is a portion of the population's quantity and characteristics. The sample was selected using a *purposive sampling* technique, which involves selecting sample members based on specific criteria relevant to the objectives of the study. A total of 36 companies met the criteria, resulting in 108 observational data points.

Table 1. Sample Criteria

No	Description	Quantity
1	Mining companies listed on the Indonesia Stock Exchange (2021–2023)	87
2	Mining companies that do not provide annual reports for 2021–2023 and complete financial data	-8
3	Mining companies that do not disclose CSR in their annual reports or sustainability reports	-4
4	Mining companies with total assets of less than IDR 5 billion	-39
Number of Companies		36
Number of Companies × Research Period		108

The type of data used in this research is secondary data, obtained from the companies' annual reports and sustainability reports. The data were collected through documentation techniques and sourced from the official website of the Indonesia Stock Exchange (www.idx.co.id) as well as the official websites of the respective companies.

3.1. Data Analysis

In this study, data analysis employed SmartPLS using a variance-based Structural Equation Modeling (SEM) approach. Partial Least Squares (PLS) is considered a robust analytical technique because it does not require strict assumptions, such as multivariate normality or the absence of multicollinearity among exogenous variables Ghozali (2015) as cited in (Astuti et al., 2020) The research model uses formative or single-item constructs; therefore, the analytical procedures include descriptive statistical analysis, evaluation of the outer model, assessment of the structural model, and hypothesis testing.

a. Statistical Analysis

According to Ghozali (2018), this study (Paresta & Wulandari, 2025) descriptive statistical analysis summarizes and presents data characteristics through measures such as mean, variance, maximum, minimum, range, sum, kurtosis, and skewness. This analysis aims to provide a clear and interpretable representation of the data so that the information can be understood more effectively.

b. Outer Model Test

The outer model represents the measurement model, which explains the relationship between indicator blocks and their latent variables. Since the variables in this study are formative constructs, they are not assessed using AVE, the Fornell–Larcker criterion, Cronbach’s alpha, or composite reliability. According to (Astuti et al., 2020), formative constructs are evaluated using two criteria: indicator reliability, with a minimum weight of 0.2, and collinearity, indicated by a VIF value below 10. The indicator weights are obtained from the PLS algorithm in the outer weights output, while VIF values are assessed through the collinearity diagnostics in the same algorithm.

c. Inner Model Test

According to Abdillah and Hartono (2015), the inner model, or structural model, illustrates the causal relationships among latent variables. The purpose of the inner model is to explain the interactions between these variables (Wijaya, 2019:94). The structural model evaluation is conducted by examining the significance of the path coefficients and the R-square values of the endogenous constructs. A small R² value indicates that the independent variables explain only a limited portion of the variation in the dependent variable. Conversely, an R² value close to one suggests that the independent variables provide nearly complete information for predicting the variation in the dependent variable. The criteria are as follows:

- 1) If the R² value = 0.75 → substantial (large/strong)
- 2) If the R² value = 0.50 → moderate (medium)
- 3) If the R² value = 0.25 → weak (small)

d. Hypotesis Testing

Hypothesis testing in this study was conducted using the Bootstrapping method in SEM-PLS software version 4.1.2 by looking at the t-statistic and p-values. Bootstrapping is a resampling method that uses repeated samples from the original data sample to calculate statistical tests (Wijaya, 2019:94). In this study, the statistical significance level used to accept or reject a hypothesis is 5%. This means that the confidence level required to reject the hypothesis is 0.05 if 5% is chosen for significance.

IV. Results and Discussion

4.1. Analysis Result

a. Descriptive Statistical Test Results

The purpose of presenting descriptive statistical data in this study is to provide an overview of each variable under investigation. The following are the results of the descriptive statistical analysis for mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period.

Table 2. Results of Descriptive Statistical Tests

Variable	Sample	Mean	Standard Deviation	Minimum	Maximum
Corporate Social Responsibility (X)	108	0.62	0.23	0.12	1
PBV (Y)	108	1.82	3.27	-4.11	23.59
ROA (Z)	108	0.11	0.16	-0.28	0.62

Based on the table above, the following results can be observed:

1) Corporate Social Responsibility (CSR)

CSR in this study was measured using the 2021 Global Reporting Initiative (GRI) Standards, which include 117 disclosure indicators, a greater number compared to the 2016 GRI Standards with 91 indicators. CSR serves as a communication platform between the company and stakeholders who are directly or indirectly

involved in its activities, reflecting the company's commitment to social responsibility. The measurement of CSR based on the GRI Standards was carried out using content analysis. Each disclosed indicator was assigned a score of 1, while undisclosed indicators received a score of 0. The total score obtained by each company was then divided by 117 to generate the CSR disclosure index. The average Corporate Social Responsibility (CSR) disclosure score is 0.62 with a standard deviation of 0.23. This indicates a moderate level of variation in CSR disclosure among the companies, suggesting that not all companies exhibit the same level of social responsibility in their reporting practices. The minimum CSR disclosure score is 0.12, while the maximum is 1.

2) Price to Book Value (PBV)

Price to Book Value (PBV) serves as the indicator for measuring firm value in mining sector companies in this study. The average PBV of the 108 mining companies in the sample was 1.82, indicating that their shares were, on average, traded at nearly twice their book value. The standard deviation of the firm value variable was 3.27, showing a high dispersion of data (326.76%) and suggesting substantial differences in market valuation across companies in the mining sector. The lowest PBV value was -4.11, recorded by Waskita Beton Precast Tbk in 2023, indicating that the company's market value was significantly below its book value. Meanwhile, the highest PBV value was 23.59, observed in Bayan Resources Tbk in 2022, reflecting that the market valued the company at approximately 24 times its book value.

3) Return On Asset (ROA)

Return on Assets (ROA) in this study serves as the mediating variable between CSR and firm value (PBV). ROA measures a company's ability to generate profit from its total assets. Based on the descriptive statistical analysis presented in Table 6, the average ROA of the 108 mining companies in the sample was 0.11, indicating that, on average, these companies generated an 11% return on their total assets. The standard deviation of 0.16 reflects variation in profitability across the companies. The minimum ROA value was -0.28, recorded by Waskita Beton Precast Tbk (WSBP) in 2021, indicating a loss equivalent to 28% of its total assets. In contrast, Golden Energy Mines Tbk achieved the highest ROA in 2022 at 0.62, demonstrating a 62% return on its total assets. This wide range of ROA values shows significant differences in profitability performance among mining sector companies.

b. Outer Model Test

The outer model refers to the measurement model that explains the relationship between indicator blocks and their corresponding latent variables. In this study, the variables are formative constructs, and therefore assessed using two main indicators: indicator reliability, with a minimum threshold of 0.2, and collinearity, which requires a VIF (Variance Inflation Factor) score of less than 10. The indicator reliability scores are obtained from the outer weights section of the PLS algorithm, while the VIF scores are also derived using the PLS algorithm. The following table presents the results of reliability and collinearity tests for each variable used in the study.

Table 3. The Results of Reliability Indicator and Collinearity Indicator Measurements

Variabel	VIF	Outer Weight
Corporate Social Responsibility (CSR)	1.000	1.000
Nilai Perusahaan (PBV)	1.000	1.000
Profitabilitas (ROA)	1.000	1.000

Based on the results in the table, the indicators forming the variables Corporate Social Responsibility (CSR), profitability, and firm value show no multicollinearity. Each latent variable has an Outer Weight value of 1.000. The formative construct test also shows that the variables are valid and reliable, allowing the analysis to proceed to the inner model stage

c. Structural Model Evaluation (Inner Model Test)

After confirming the validity and reliability of the variables through the outer model test, you can continue with the inner model analysis or structural model evaluation. Structural model testing is used to describe the causal relationship between latent variables. The results of the structural model test are presented through the significance values and the R-square (R^2) values of the research model. The following are the results of the t-statistics test, which illustrate the coefficient of determination (R-square) for the variables used.

Table 4 R-square Test Results

Variable	R-square
Firm Value (PBV)	0.264
Profitability (ROA)	0.011

Based on the table above, it can be seen that the R^2 value for the firm value variable is 0.246 or 24.6%, which indicates a weak effect. This means that the independent variable, Corporate Social Responsibility (CSR), is able to explain 24.6% of the variance in firm value, while the remaining 75.4% is explained by other variables not included in this study. On the other hand, the R-square value for profitability is 0.011 or only 1.1%, which is considered very weak. This indicates that the independent variable CSR explains only 1.1% of the variance in the profitability variable (ROA), while the remaining 98.9% is explained by other variables not covered in this study.

d. Hypothesis Testing

A direct effect refers to the coefficient of a single-headed arrow that links one construct directly to another. The results of the direct effect test can be observed from the path coefficients and p-values, as presented in the table below.

Table 5. Direct Effect Test Results

	Original (O)	Sample	T statistik	P values	Deskripton
CSR -> PBV	-0.101		2.157	0.033	Significant
CSR -> ROA	-0.103		0.948	0.345	Not Significant
ROA -> PBV	0.494		7.184	0.000	Significant

Based on Table 3 above, it can be seen that the path coefficient value of the CSR variable on firm value (PBV) is -0.101, which is significant with a t-statistic value of 2.157 > t-table value of 1.96, and a p-value of 0.033 < 0.05. These results indicate that the CSR variable has a significant effect on firm value as measured by the Price to Book Value (PBV), Thus, the statistical results support the first hypothesis of this study. The second analysis shows that CSR has a negative and insignificant effect on profitability (ROA), with a path coefficient of -0.103, a t-statistic of 0.948, and a p-value of 0.345. Therefore, the results do not support the second hypothesis. The profitability variable, measured by the Return on Assets (ROA) ratio, has a path coefficient of 0.494. This effect is statistically significant, as indicated by a t-statistic of 7.184, which exceeds the critical value of 1.96, and a p-value of 0.000. These results show that profitability (ROA) strongly influences firm value, as reflected in the PBV ratio. Therefore, the third hypothesis of this study receives empirical support.

The indirect effect analysis evaluates whether the independent variable influences the dependent variable through an intervening variable. In this study, profitability—measured by the Return on Assets (ROA)—acts as the intervening variable linking Corporate Social Responsibility (CSR) to firm value, which is assessed using the Price to Book Value (PBV) ratio. The following table presents the indirect effect of CSR on firm value through profitability.

Table 6. Indirect Effect Test Result

	Original Sample (O)	T statistic	P values	Description
CSR -> ROA -> PBV	-0.051	0.892	0.375	Not Significant

Based on the results in the table above, the indirect effect of Corporate Social Responsibility (CSR) on firm value through profitability shows a path coefficient of -0.051 , a t-statistic of 0.892 —below the critical value of 1.96 —and a p-value of 0.375 , which exceeds the 0.05 significance level. These results show that CSR does not produce a significant indirect impact on firm value through profitability, and profitability does not function as a mediating variable in this relationship. Thus, based on the results of the analysis, the fourth hypothesis in this study is rejected.

4.2. Discussion

a. The Effect of Corporate Social Responsibility (CSR) Disclosure on Firm Value

Based on the analysis, Corporate Social Responsibility (CSR) disclosure influences the value of mining companies listed on the Indonesia Stock Exchange (IDX). The path coefficient shows a negative direction, indicating that firms with higher CSR disclosure tend to report lower firm value, and firms with lower disclosure tend to show higher firm value. This finding aligns with previous studies by (Antony & Alhidayatullah, 2020; Handayati et al., 2022; Lestari & Zulaikha, 2021), which also report that CSR disclosure significantly affects firm value. The significant relationship in this study shows that the level of responsibility a company communicates to its stakeholders—whether high or low—directly shapes how the market evaluates the firm. However, this result contrasts with the findings of (Astuti et al., 2020; Fadilah, 2023; Khasanah, 2020), who conclude that CSR does not influence firm value. The results support stakeholder theory and agency theory. Stakeholder theory explains that companies must create value not only for themselves but also for the stakeholders who shape their reputation through the company's social activities. Agency theory suggests that managers need to share clear information about CSR initiatives with investors to reduce information asymmetry and improve firm value. In addition, as noted by (Khasanah, 2020), CSR activities help companies anticipate and avoid social pressure that could harm their public image.

b. The Effect of Corporate Social Responsibility (CSR) Disclosure on Profitability

Based on the direct effect analysis, Corporate Social Responsibility (CSR) does not influence profitability. This result is consistent with the findings of (Antony & Alhidayatullah, 2020; Khasanah, 2020) who also report that CSR does not affect the profitability of mining companies listed on the Indonesia Stock Exchange. However, these findings differ from those of (Astuti et al., 2020; Fadilah, 2023), who conclude that CSR disclosure significantly increases the profitability of mining companies in Indonesia. The current results also challenge the core idea of legitimacy theory. This theory states that CSR disclosure helps companies strengthen their legitimacy in the eyes of stakeholders, including customers. (Lako, 2014) argues that public legitimacy serves as a strategic tool for firms to ensure long-term sustainability. Through CSR activities, companies can build trust among consumers, communities, and investors. Stronger trust leads to higher stakeholder loyalty, which in turn encourages greater sales and ultimately increases profitability

c. The Effect of Profitability on Firm Value

Based on the analysis, the profitability of mining companies listed on the Indonesia Stock Exchange (IDX) shows a positive and significant effect on firm value. A higher profitability ratio reflects stronger financial performance, which encourages an increase in firm value. These results align with the findings of (Antony & Alhidayatullah, 2020; Fadilah, 2023; Khasanah, 2020), who also report that profitability plays an important role in determining firm value. However, the results contrast with the conclusions of (Astuti et al., 2020) who state that profitability does not significantly influence firm value. The findings support the perspectives of signaling theory, agency theory, and stakeholder theory. According to signaling theory, strong profitability sends a positive signal to investors regarding the company's future prospects. From the agency theory viewpoint, high

profits indicate that managers act efficiently and represent the interests of owners effectively. In line with stakeholder theory, consistent profitability strengthens the company's reputation, increases stakeholder confidence, and enhances market valuation.

d. The Effect of Corporate Social Responsibility (CSR) Disclosure on Firm Value Through Profitability

Based on the analysis, the profitability of mining companies listed on the Indonesia Stock Exchange (IDX) shows a positive and significant effect on firm value. A higher profitability ratio reflects stronger financial performance, which encourages an increase in firm value. These results align with the findings of (Antony & Alhidayatullah, 2020; Fadilah, 2023; Khasanah, 2020), who also report that profitability plays an important role in determining firm value. However, the results contrast with the conclusions of (Astuti et al., 2020) who state that profitability does not significantly influence firm value. The findings support the perspectives of signaling theory, agency theory, and stakeholder theory. According to signaling theory, strong profitability sends a positive signal to investors regarding the company's future prospects. From the agency theory viewpoint, high profits indicate that managers act efficiently and represent the interests of owners effectively. In line with stakeholder theory, consistent profitability strengthens the company's reputation, increases stakeholder confidence, and enhances market valuation.

V. Conclusion

Based on the analysis presented above, it can be concluded that Corporate Social Responsibility (CSR) disclosure has a significant influence on firm value, while it does not have a direct effect on profitability. Furthermore, profitability is found to significantly influence firm value; however, it does not function as a mediating variable in the relationship between CSR disclosure and firm value. Overall, these findings indicate that although CSR disclosure contributes directly to enhancing firm value, its impact is not transmitted through profitability. The analysis also shows that CSR explains 26.4% of the variation in firm value, while the remaining 73.6% is influenced by other factors not examined in this study. Future research should consider additional variables that may affect profitability, such as firm size and corporate governance. Extending the observation period is also recommended to improve the robustness of the findings. CSR disclosure contributes to a company's value and reputation. Therefore, companies are encouraged to implement and report CSR activities responsibly to strengthen their image among stakeholders and the public. This study has several limitations that affect how far the findings can be generalized. The sample includes only mining companies listed on the Indonesia Stock Exchange for 3 years, and the use of purposive sampling limits the ability to apply the results to a wider population. The study measures CSR, profitability, and firm value using single indicators GRI 2021 disclosure, ROA, and PBV which simplifies constructs that have broader dimensions. Future research can expand the sample across multiple sectors and adopt more comprehensive measurement approaches to strengthen external validity.

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