



# The Effect of Corporate Governance Implementation and Corporate Social Responsibility Disclosure on Firm Value: An Empirical Study on Manufacturing Sector Companies Listed on the Indonesia Stock Exchange in 2022–2023

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## Abstract

This study aims to analyze the effect of Corporate Governance implementation and Corporate Social Responsibility (CSR) disclosure on company value in manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2023 period. Corporate Governance is measured using several indicators such as institutional ownership and the proportion of independent commissioners. Meanwhile, CSR disclosure is analyzed based on the GRI (Global Reporting Initiative) disclosure index. Company value is measured using the Tobin's Q ratio. This study uses a quantitative method with a multiple linear regression approach. The sample was selected using a purposive sampling technique, with 33 companies meeting the criteria. Data were obtained through annual reports and sustainability reports published by each company. The results of the study indicate that the implementation of Corporate Governance partially has a significant effect on company value, especially on the variables of institutional ownership and independent commissioners. Meanwhile, CSR disclosure is also proven to have a positive and significant effect on company value. Simultaneously, Corporate Governance and CSR disclosure have a significant effect on increasing company value. This study provides implications that companies need to improve the quality of governance and disclosure of social and environmental information to increase investor confidence and company value in the capital market.

*Keywords:* Corporate governance, corporate social responsibility, company value, manufacturing sector.

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## 1. Introduction

In an era of global competition and increasingly complex capital market dynamics, corporate value has become one of the primary indicators investors use to assess the performance and long-term prospects of a business entity (Machdar, 2017). Corporate value reflects market perceptions of a company's ability to generate future profits and the extent of its inherent risks. Therefore, company management is required to continuously improve internal strategies, including through the implementation of good corporate governance (GCG) and disclosure of corporate social responsibility (CSR) (Kurniasari and Bernawati 2020).

Corporate governance functions as a system of control and oversight of management to ensure that it acts in accordance with the interests of shareholders and other stakeholders. Agency conflicts arising from differing interests between managers and company owners can be minimized through good governance mechanisms, such as institutional ownership and the existence of an independent board of commissioners. The application of Good Corporate Governance principles is believed to create transparency, accountability, and efficiency, which have a positive impact on increasing company value (OECD, 2015).

On the other hand, companies today are not only required to pursue financial profit but are also expected to play an active role in addressing social and environmental issues through CSR programs. CSR encompasses economic, legal, ethical, and philanthropic responsibilities, which form the basis of business sustainability in society (Caroll, 2016). CSR disclosure can be a positive signal for investors because it demonstrates a company's commitment to sustainability and business ethics. The higher the quality of CSR disclosure, the better the public and investor perception of the company, which ultimately impacts the company's value (Nurdin, 2024).

Manufacturing companies, as one of the sectors most directly involved in production activities and the use of natural resources, play a significant role in social and environmental issues. Therefore, this sector is a relevant focus for examining how the implementation of Corporate Governance and CSR disclosure can impact company value. Several previous studies, such as those conducted by Marius and Masri (2017), indicate that both have a significant influence on increasing company value, although these findings still show variability across sectors and periods. Based on this background, further research is important on the influence of Corporate Governance and CSR disclosure on company value, particularly in manufacturing sector companies listed on the Indonesia Stock Exchange during the 2022–2023 period, given the ever-evolving market dynamics and policies.

## 2. Literature Review

### 2.1. Company Value (Dependent Variable)

Company value reflects the level of management's success in managing company resources and generating future profits. This value is crucial because it is a key indicator in shareholder investment decisions. Company value represents market performance and reflects investor perceptions of the company (Whetyningtyas et al., 2025). A high company value indicates that the market positively evaluates the company's performance and prospects. Company value in this study was measured using Tobin's Q, with the following formula:

$$\text{Tobin's } Q = \frac{\text{Stock Market Price} + \text{Total Debt}}{\text{Total Assets}} \quad (1)$$

Tobin's Q is used because it reflects investors' assessment of a company's performance and better reflects the company's overall value than stock market value alone (Hutabarat and Senjaya, 2016).

### 2.2. Corporate Governance (Independent Variable 1)

Corporate governance is a mechanism that regulates and controls a company so that it is managed transparently, accountably, and responsibly to protect the interests of stakeholders (Said et al., 2025). The implementation of good corporate governance can minimize agency conflicts between management and shareholders and improve operational efficiency (Aziza and Aviola, 2024). Corporate Governance Measurement:

$$\text{Proportion of Independent Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{Total Commissioners}} \quad (2)$$

$$\text{Institutional Ownership} = \frac{\text{Shares owned by the Institution}}{\text{Total Shares Outstanding}} \quad (3)$$

Hermawan and Mulyawan (2014) demonstrated that these indicators have a positive effect on company value.

**H<sub>1</sub>**: Corporate governance has a positive and significant effect on company value.

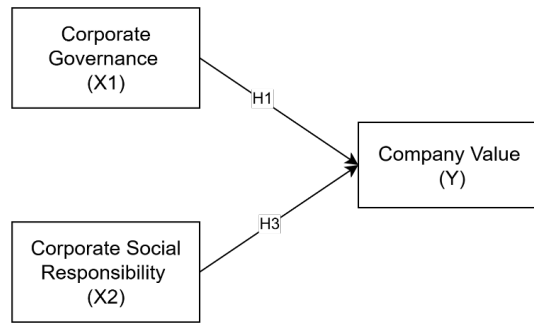
### 2.3. Corporate Social Responsibility (CSR) (Independent Variable 2)

Corporate Social Responsibility is a company's responsibility to contribute to social and environmental well-being beyond purely economic and legal interests. CSR encompasses four dimensions of corporate responsibility: economic, legal, ethical, and philanthropic. Consistently implemented CSR can strengthen a company's reputation and increase investor and consumer loyalty (Wirba, 2024).

$$\text{CSRI} = \sum \frac{X_i}{n} \quad (4)$$

Widespread CSR disclosure can improve a company's image and drive increased market value.

**H<sub>2</sub>**: Corporate Social Responsibility (CSR) has a positive and significant impact on company value.



**Figure 1:** Conceptual framework

### 3. Research Method

This research is a quantitative study using an associative approach. This approach is used to determine the relationship and influence between the independent variables, namely Corporate Governance and Corporate Social Responsibility (CSR), on the dependent variable, namely Firm Value. The data used in this study is secondary and was taken from company annual reports obtained from <https://www.idx.co.id> and the respective company websites. The study population comprised all 70 manufacturing companies listed on the Indonesia Stock Exchange for the 2022-2023 period. The sample was selected based on certain predetermined criteria.

**Table 1:** Sample criteria

| No           | Sample Criteria   | Number of Companies | Number of Data |
|--------------|---|---------------------|----------------|
| 1            | Manufacturing companies listed on IDX in 2022–2023                                      | 70                  | 140            |
| 2            | Companies that did not consistently publish annual reports as of December 31, 2022–2023 | -12                 | -24            |
| 3            | Manufacturing companies with no profits   | -16                 | -32            |
| 4            | Companies that did not provide information related to research variables                | -4                  | -8             |
| 5            | Companies that only joined after 2022   | -5                  | -10            |
| Total sample |   | 33                  | 66             |

### 4. Results and Discussion

#### 4.1. Classical Assumption Test

##### 4.1.1. Normality Test

**Table 2:** Results of the one-sample kolmogorov-smrinov normality test

|                                  |                | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N                                |                | 66                      |
| Normal Parameters <sup>a,b</sup> | Mean           | .0000000                |
|                                  | Std. Deviation | .40843791               |
| Most Extreme Differences         | Absolute       | .101                    |
|                                  | Positive       | .101                    |
|                                  | Negative       | -.052                   |
| Test Statistic                   |                | .101                    |
| Asymp. Sig. (2-tailed)           |                | .089 <sup>c</sup>       |

a. Test distribution is Normal.  
 b. Calculated from data.  
 c. Lilliefors Significance Correction.

Based on the results of the Kolmogorov-Smirnov test, the Asymp. Sig. (2-tailed) value was found to be 0.089. This indicates that the residual data in the regression model is normally distributed, as the Asymp. Sig. (2-tailed) value is above 0.05. Therefore, it can be concluded that the regression model meets the requirements for further analysis.

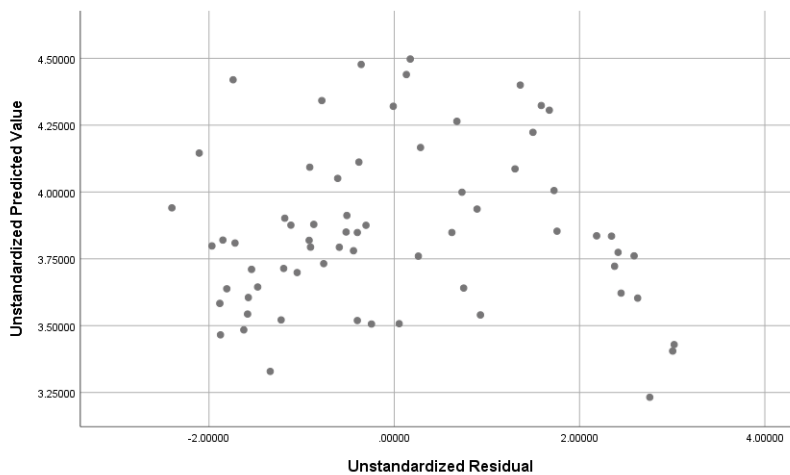
**4.1.2. Multicollinearity Test**

**Table 3:** Results of the multicollinearity test

| Coefficients <sup>a</sup>       |                             |            |                         |       |
|---------------------------------|-----------------------------|------------|-------------------------|-------|
| Model                           | Unstandardized Coefficients |            | Collinearity Statistics |       |
|                                 | B                           | Std. Error | Tolerance               | VIF   |
| 1 (Constant)                    | 1.634                       | .336       |                         |       |
| Corporate Governance            | -.048                       | .355       | .989                    | 1.011 |
| Corporate Social Responsibility | .111                        | .426       | .989                    | 1.011 |

Based on the test results in the table above, the Corporate Governance (X1) variable has a Tolerance Value of 0.989 and a VIF of 1.011, while Corporate Responsibility (X2) has a Tolerance Value of 0.989 and a VIF of 1.011. Since the tolerance values for all variables are greater than 0.1 and the VIF is less than 10, it can be concluded that there is no multicollinearity among the independent variables, fulfilling the classical assumptions.

**4.1.3. Heteroscedasticity Test**



**Figure 2:** Heteroscedasticity test results

Based on the heteroscedasticity test, although specific numerical results are not presented in the table, a heteroscedasticity test is usually performed to ensure there is no unequal variance in the residuals. If the assumption of no specific pattern is met, or if the significance value is >0.05 using methods such as the Glejser test, it can be concluded that there is no heteroscedasticity in the regression model used in this study.

**4.1.4. Autocorrelation Test**

**Table 4:** Results of the autocorrelation test with durbin watson

| Model Summary <sup>b</sup> |       |          |                   |                            |               |
|----------------------------|-------|----------|-------------------|----------------------------|---------------|
| Model                      | R     | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1                          | .196a | .038     | .008              | 153.872                    | 2.109         |

a. Predictors: (Constant), CSR(X2), CG(X1)  
 b. Dependent Variable: Company Value (Y)

Based on the autocorrelation test, the Durbin-Watson value was 2.109, which falls within the range of 1.5 to 2.5. This value indicates that there is no autocorrelation between the residuals in the regression model. Therefore, the regression model used in this study is free from autocorrelation issues and the residuals are independent.

## 4.2. Multiple Linear Regression

**Table 5:** Results of the multiple linear regression test

| Coefficients <sup>a</sup> |                                      |                             |            |                           |       |      |
|---------------------------|--------------------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                                      | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |                                      | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant)                           | .317                        | .092       |                           | 3.426 | .001 |
|                           | Corporate Governance (X1)            | .012                        | .003       | .551                      | 3.940 | .000 |
|                           | Corporate Social Responsibility (X2) | .009                        | .003       | .375                      | 2.682 | .009 |

a. Dependent Variable: Company Values

$$Y = a + b_1x_1 + b_2x_2 + e$$

$$Y = 0.317 + 0.012x_1 + 0.009x_2 + e$$

The interpretation of the regression above is as follows: Constant (a). This means that if all independent variables have a value of (0), then the dependent variable (Beta) has a value of 0.317. Corporate Governance (X1) on Firm Value (Y) has a coefficient value of 0.012 for variable X1, assuming that the other independent variables remain constant or zero (0). Corporate Responsibility (X2) on Firm Value (Y) has a coefficient value of 0.009, positive. This indicates that for every one-unit increase in corporate responsibility, the Firm Value (Y) variable will increase by 0.009, assuming that the other independent variables remain constant or zero (0).

## 4.3. Hypothesis Testing

### 4.3.1. T-Test

**Table 6:** T-test results

| Coefficients <sup>a</sup> |                                      |                             |            |                           |       |      |
|---------------------------|--------------------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                                      | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |                                      | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant)                           | .317                        | .092       |                           | 3.426 | .001 |
|                           | Corporate Governance (X1)            | .012                        | .003       | .551                      | 3.940 | .000 |
|                           | Corporate Social Responsibility (X2) | .009                        | .003       | .375                      | 2.682 | .009 |

a. Dependent Variable: Company Values

Based on the hypothesis test above, it is known that the corporate governance variable has a significance value of 0.000, while corporate responsibility has a significance value of 0.009. Both are less than 0.05, indicating that both corporate governance and corporate responsibility have a significant partial effect on firm value. This means that each variable has an individual influence on firm value in this study.

### 4.3.2. F-test

**Table 7:** F-test results

| ANOVA <sup>a</sup> |            |                |    |             |         |                   |
|--------------------|------------|----------------|----|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df | Mean Square | F       | Sig.              |
| 1                  | Regression | 8.995          | 2  | 4.497       | 152.128 | .000 <sup>b</sup> |
|                    | Residual   | 1.862          | 63 | .030        |         |                   |
|                    | Total      | 10.857         | 65 |             |         |                   |

a. Dependent Variable: Company Values

b. Predictors: (Constant), Corporate Responsibility (X2), Corporate Governance (X1)

Based on the f-test, a significance value of 0.000 was obtained, which is less than 0.05. This indicates that corporate governance and corporate responsibility simultaneously have a significant effect on firm value. Thus, both independent variables together significantly explain changes in firm value in this model.

#### 4.4. Coefficient of Determination ( $R^2$ )

**Table 8:** R2-test results

| Model Summary <sup>b</sup> |       |          |                   |                            |
|----------------------------|-------|----------|-------------------|----------------------------|
| Model                      | R     | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                          | .910a | .828     | .823              | .1719                      |

a. Predictors: (Constant), Corporate Responsibility (X2), Corporate Governance (X1)

b. Dependent Variable: Company Values

Based on the "Model Summary" output table, the coefficient of determination, or R-square, is 0.828. The R-square value of 0.828 is derived from squaring the correlation coefficient, or "R," which is  $0.910 \times 0.910 = 0.828$ . This means that the Corporate Governance and Corporate Responsibility variables simultaneously (together) influence the Firm Value variable by 0.828, or 82.8%. The remaining 17.2% ( $100\% - 82.8\% = 17.2\%$ ) is influenced by other variables outside this regression equation, or variables not examined.

#### 4.5. Discussion

**H<sub>1</sub>:** There is an effect of Corporate Governance (X1) on Firm Value (Y).

The output table shows that the sig. value of the Corporate Governance (X1) variable is 0.395. Since the sig. value of 0.000 is  $<0.05$  probability, it can be concluded that H1, or the first hypothesis, is accepted. This means that Corporate Governance (X1) has an effect on Company Value (Y). The calculated t-value for the motivation variable is 3.940. Since the calculated t-value of 3.940 is greater than the t-table value of 1.998, it can be concluded that H1, or the first hypothesis, is accepted. This means that Corporate Governance (X1) has an effect on Company Value.

**H<sub>2</sub>:** Corporate Responsibility (X2) has an effect on Company Value (Y).

The output table shows that the sig. value for the Corporate Responsibility variable (X2) is 0.009. Since the sig. value of 0.009 is less than the probability of 0.05, it can be concluded that H2, or the second hypothesis, is accepted. This means that Corporate Responsibility (X2) has an effect on Company Value (Y). The calculated t-value for the Corporate Responsibility variable is 2.682. Since the calculated t-value of 2.682 is greater than the t-table value of 1.998, it can be concluded that H<sub>2</sub>, or the second hypothesis, is accepted. This means that Corporate Responsibility (X2) has an effect on Company Value.

**H<sub>3</sub>:** Corporate Governance (X1) and Corporate Responsibility (X2) have an effect on Company Value (Y).

Based on the significance value (sig) from the ANOVA output, the sig value is 0.000. Since the sig value of 0.000 is  $<0.05$ , the F-test decision-making standard concludes that the hypothesis is accepted. In other words, Corporate Governance (X1) and Corporate Responsibility (X2) simultaneously influence Company Value (Y).

#### 5. Conclusion

Based on the results of this study on the effect of corporate governance implementation and corporate social responsibility (CSR) disclosure on company value in the manufacturing sector listed on the Indonesia Stock Exchange in 2022–2023, it was found that both variables play a significant role in increasing company value. This study shows that the implementation of good corporate governance, such as an effective board of commissioners structure, proportional institutional ownership, and transparent oversight mechanisms, can positively impact investor perceptions and overall company value. Furthermore, disclosure of information regarding corporate social responsibility has been shown to contribute to increased company value. The higher the level of CSR disclosure, the more positive the company's image in the eyes of the public and stakeholders, which ultimately impacts market confidence and increases the company's stock value. These findings demonstrate that social responsibility is not merely an ethical aspect but also a strategic component supporting business sustainability.

Overall, the simultaneous implementation of corporate governance and CSR disclosure has been shown to significantly impact company value. This indicates that the combination of good corporate governance and a commitment to social responsibility is a crucial factor in creating long-term value and enhancing a company's competitiveness in the capital market. Therefore, manufacturing companies are expected to continue strengthening governance practices and improving the quality of CSR disclosure as part of a sustainable business strategy oriented towards creating value for all stakeholders.

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