

**THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY, INVESTMENT DECISIONS,  
AND PROFITABILITY ON FIRM VALUE  
(An Empirical Study of Consumer Non-Cyclicals Sector Companies Listed on the  
Indonesia Stock Exchange During 2020–2024)**

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**Abstract.** Firm value is the outcome of a series of activities and performance achievements attained by a company. It reflects the level of public and investor confidence in the company's ability to manage its operations and create favourable future prospects. This study aims to examine the effect of corporate social responsibility (CSR), investment decisions, and profitability on the firm value of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. This study employed a quantitative approach with an associative research design. The research sample consisted of 20 companies selected using the purposive sampling method, resulting in a total of 100 observations over five years. The data were analysed using multiple linear regression through SPSS. The results indicate that CSR and profitability have a positive and significant effect on firm value, while investment decisions have a negative and significant effect on firm value. This study implies that companies need to enhance their CSR practices and profitability to increase their firm value in the eyes of investors. Furthermore, this study contributes to the development of the literature on the factors affecting firm value and may serve as a reference for future research.

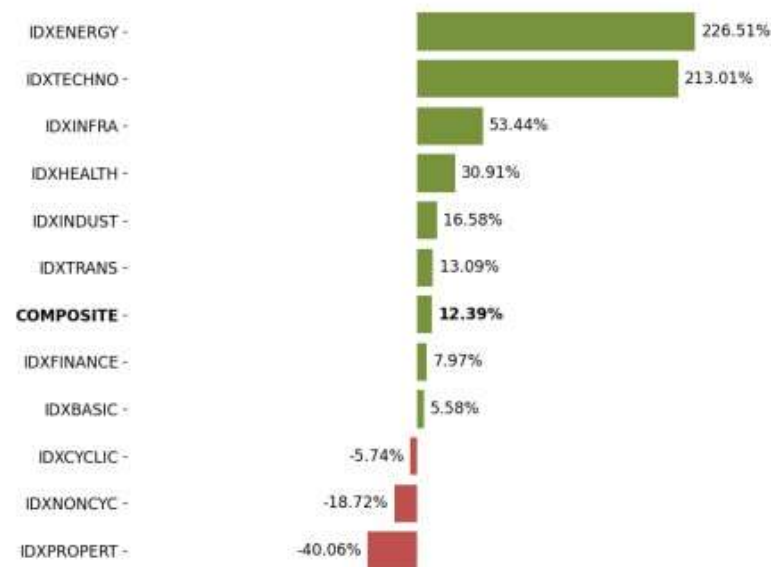
**Keywords:** Corporate Social Responsibility, Investment Decisions, Profitability, Firm Value

## **BACKGROUND**

Increasingly competitive business competition has encouraged companies to enhance their performance, transparency, and sustainability in order to create firm value capable of attracting investor confidence, as firm value is one of the primary indicators in investment decision-making (Ardelia & Retnani, 2024; Sari et al., 2025). The consumer non-cyclicals sector has long been recognised as relatively stable because it provides essential goods required by society, making it one of the sectors favoured by investors, although firm value remains influenced by various internal and external factors (Amira & Siswanto, 2022; Nugroho & Munari, 2021). However, the IDX Yearly Statistics 2024 data indicate that the consumer non-cyclicals sector

experienced the second-largest decline in performance after the property sector, suggesting that the stable characteristics of the sector do not always guarantee a sustained increase in firm value. This phenomenon is reinforced by the alleged environmental pollution case involving PT Unilever Indonesia Tbk, which affected investor perceptions and potentially exerted downward pressure on the company's share price, thereby highlighting the importance of sustainability factors in the formation of firm value.

**Figure 1. Sector Performance Movement Chart**  
**Sector Index 5Y Performance**



Source: IDX Yearly Statistics 2024

Based on the 2024 Sector Index Movement Chart, the consumer non-cyclicals sector recorded negative performance and ranked as the second-lowest performing sector after the property sector. This phenomenon indicates that although the consumer non-cyclicals sector is closely related to the daily needs of society, it does not guarantee that performance in this sector will continue to improve consistently every year. The phenomenon occurring in consumer non-cyclicals companies may be influenced by various factors that shape investor perceptions of the company. One such issue was the environmental pollution case involving PT Unilever Indonesia in 2023.

PT Unilever Indonesia Tbk is one of the companies with a large operational scale and a strong reputation for implementing sustainability programmes in the consumer non-cyclicals sector. Therefore, any environmental issues related to the company's operational activities tend to receive extensive attention from the public, the media, and investors. One of the issues that attracted considerable attention was the allegation of the company's contribution to environmental pollution, particularly concerning the use of single-use plastics and waste management practices that were considered not entirely environmentally friendly.

This issue triggered criticism from the public and environmental organisations because it was perceived as having the potential to generate adverse impacts on ecosystems and environmental quality. Consequently, this condition may influence investor perceptions of the company, thereby potentially contributing to the decline in the share price of PT Unilever Indonesia Tbk in 2024.

**Figure 2. Share Performance of PT Unilever Indonesia Tbk**

| 2024            |                          |        |         |         |                |
|-----------------|--------------------------|--------|---------|---------|----------------|
| Period / Period | Total Outstanding Shares | Lowest | Highest | Closing | Trading Volume |
| Quarter 1 / Q1  | 38,150,000,000           | 2,570  | 3,580   | 2,700   | 1,110,512      |
| Quarter 2 / Q2  | 38,150,000,000           | 2,330  | 3,390   | 3,020   | 1,070,936      |
| Quarter 3 / Q3  | 38,150,000,000           | 2,170  | 3,080   | 2,210   | 1,354,884      |
| Quarter 4 / Q4  | 38,150,000,000           | 1,735  | 2,440   | 1,885   | 1,260,298      |
| 2023            |                          |        |         |         |                |
| Period / Period | Total Outstanding Shares | Lowest | Highest | Closing | Trading Volume |
| Quarter 1 / Q1  | 38,150,000,000           | 4,040  | 5,050   | 4,350   | 952,840        |
| Quarter 2 / Q2  | 38,150,000,000           | 3,960  | 4,630   | 4,260   | 926,804        |
| Quarter 3 / Q3  | 38,150,000,000           | 3,460  | 4,340   | 3,740   | 836,907        |
| Quarter 4 / Q4  | 38,150,000,000           | 3,330  | 4,100   | 3,530   | 974,599        |

Source: PT Unilever Indonesia Annual Report, 2024

Based on the share performance data of PT Unilever Indonesia Tbk, it can be observed that the company experienced a significant decline compared to the previous year. This decline was reflected in lower quarterly closing share prices, with a particularly sharp decrease occurring in the fourth quarter of 2024. This condition indicates a decline in market confidence regarding the company's performance and future prospects. Information concerning declining share prices represents one form of signal received primarily by investors and other external parties in assessing a company.

Signaling theory is highly relevant in explaining this phenomenon, as it describes how companies communicate information to external parties to minimise information asymmetry. As explained by (Mariani et al., 2023), signaling theory is an approach that emphasises that information disclosed by companies, particularly through financial statements, can influence market perceptions of firm value. This theory highlights the importance of providing accurate information to reduce information gaps between company management and external stakeholders. Investors interpret such information as signals, which may be either positive or negative. When financial statements indicate improved performance, this is perceived as a positive signal reflecting favourable corporate prospects. Conversely, a decline in financial performance may be perceived as a negative signal indicating risks or potential operational problems within the company (Mudjijah et al., 2019).

In addition to the perspective of signaling theory, the phenomenon of declining share prices can also be explained through legitimacy theory. Legitimacy

theory states that companies seek to ensure that their operational activities conform to the norms, values, and expectations prevailing within society. When companies fail to meet these expectations, their social legitimacy may be undermined. This indicates that the case involving PT Unilever Indonesia Tbk may affect public and investor perceptions of the company. Environmental pollution issues not only affect the environment but also damage the company's public image. This condition may reduce the confidence of external stakeholders, which is ultimately reflected in a decline in the company's share price. Consistent with signaling theory, companies communicate not only financial information but also non-financial information to investors as a basis for evaluating firm value. One form of non-financial information that has the potential to influence firm value is corporate social responsibility (CSR). The greater the company's concern for the surrounding environment, the higher the level of public appreciation for the company's performance, thereby enabling the company to gain public trust (Putri & Wirakusuma, 2020). This may serve as a positive signal for investors to invest in the company, which in turn will enhance firm value. Furthermore, from the perspective of legitimacy theory, companies strive to obtain and maintain acceptance from society by ensuring that their operational activities are consistent with prevailing social norms and values (Yanti et al., 2021). Through the implementation and disclosure of CSR, companies demonstrate their social and environmental responsibilities so that they are accepted as "legitimate" entities in the eyes of society. This is consistent with the findings of Kamil & Herusetya (2012). CSR implementation is an important aspect of corporate sustainability because it reflects the company's concern for and contribution to stakeholders and the environment in which it operates (Astuti et al., 2022). Environmental problems caused by companies, whether unintentionally or due to negligence, can damage a company's reputation in the eyes of the public and reduce investor confidence, ultimately affecting firm value. This demonstrates the importance of social legitimacy, whereby companies must ensure that their activities remain aligned with societal expectations in order to maintain public trust. Therefore, CSR implementation is regarded as an effective strategy for enhancing firm value by maintaining a positive reputation among both the public and investors (Gea & Ovami, 2020). This is supported by the findings of Soniami et al. (2021), who reported that CSR has a positive and significant effect on firm value. However, different findings were reported by Loekito & Setiawati (2021), who found that CSR has no effect on firm value due to the low level of CSR disclosure made by companies.

In addition to implementing CSR, companies must also consider investment decisions as an effort to enhance firm value. Investment decisions reflect management policies in allocating company funds to specific assets or projects, whether short-term or long-term (Murni et al., 2018). Investment expenditure generates positive responses toward company growth. Companies that are capable of making appropriate investment decisions will optimise the performance of their assets, thereby providing positive signals to investors. Positive signals received by

investors will influence their decisions regarding which companies to choose as investment vehicles in the capital market (Amaliyah & Herwiyanti, 2020).

Fernanda & Dwiati (2023) found that investment decisions have a positive effect on firm value. Appropriate investment decisions reflect promising future corporate prospects, which are subsequently reflected in rising share prices. Similar findings were reported by Syamsudin et al. (2020), who concluded that investment decisions have a positive effect on firm value, as investments directed toward profitable projects enhance the company's ability to generate future cash flows, thereby increasing firm value as reflected in higher share prices. However, contradictory findings were reported by Sinaga et al. (2020), who concluded that investment decisions do not have a significant effect on firm value.

Profitability is one of the important pieces of information presented in financial statements that can influence firm value. Profitability refers to a company's ability to manage its assets and working capital effectively in generating profits. In other words, profitability reflects the level of management efficiency in utilising the company's resources to achieve optimal earnings (Indra Wijaya & Putu Wirawati, 2019). Research by Setianingtiyas et al. (2022) demonstrated that profitability has a positive effect on firm value. These findings are also supported by the study of (A. Putri & Iswara, 2025). However, different results were reported by Safitri & Setiatin (2021), who found that profitability has a negative effect on firm value.

Based on the phenomenon of declining firm value in the consumer non-cyclicals sector and the inconsistencies among previous studies regarding the effects of corporate social responsibility, investment decisions, and profitability on firm value, this study offers several novel contributions. First, this research was conducted in a different sector from previous studies, namely companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX). Second, this study employs the most recent observation period, covering 2020 to 2024.

## **RESEARCH METHOD**

This study employed a quantitative approach with a causal associative research design to analyse the effects of corporate social responsibility (CSR), investment decisions, and profitability on firm value (Sugiyono, 2019). The research was conducted on consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, with firm value, proxied by Tobin's Q, serving as the research object. CSR was measured using the Corporate Social Responsibility Disclosure Index (CSRDi) based on the GRI Standards 2021, investment decisions were measured using Total Asset Growth (TAG), while profitability was proxied by Return on Assets (ROA). Firm value reflects the company's market condition and future prospects, with a Tobin's Q value greater than one indicating that the company's market value exceeds the replacement cost of its assets (Nugroho, 2023; Sabatini & Sudana, 2019; Suteja et al., 2023).

The study population consisted of 132 consumer non-cyclicals sector companies that were consecutively listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was determined using a non-probability

sampling technique with a purposive sampling method based on specific criteria, namely companies that were not delisted or suspended, published complete annual reports and sustainability reports throughout the research period, issued sustainability reports based on the GRI Standards, and generated profits during the 2020–2024 period. Based on these criteria, 20 companies were selected as the research sample, resulting in a total of 100 observations over five years. The data used were secondary quantitative data obtained through documentation of the companies' annual reports and sustainability reports available on the official websites of the Indonesia Stock Exchange (IDX) and the respective companies (Sugiyono, 2019).

The data analysis was conducted using the Statistical Package for the Social Sciences (SPSS). The analysis began with descriptive statistics to describe the minimum, maximum, mean, and standard deviation values. This was followed by classical assumption tests, including the normality test using the One-Sample Kolmogorov–Smirnov Test, the multicollinearity test using Tolerance and Variance Inflation Factor (VIF) values, the heteroscedasticity test using the Park Test, and the autocorrelation test using the Runs Test. Hypothesis testing was performed using multiple linear regression analysis to examine the effects of CSR, investment decisions, and profitability on firm value, complemented by the model feasibility test (F-test), partial significance test (t-test), and the coefficient of determination (Adjusted R<sup>2</sup>). The regression model employed was:  $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$ , with a significance level of 5 percent (Ghozali, 2018; Ghozali, 2021; Utama, 2016).

## RESULTS AND DISCUSSION

### Descriptive Statistics of the Research Variables

**Table 1. Descriptive Statistics Results**

|                                      | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------------------------|-----|---------|---------|--------|----------------|
| Corporate Social Responsibility (X1) | 100 | 0,0562  | 0,7079  | 0,4042 | 0,1824         |
| Investment Decisions (X2)            | 100 | -0,2008 | 0,2966  | 0,0442 | 0,0973         |
| Profitability (X3)                   | 100 | 0,0010  | 92,6654 | 1,9893 | 10,8135        |
| Firm Value (Y)                       | 100 | 0,3110  | 0,6467  | 0,4489 | 0,0717         |
| Valid N (listwise)                   | 100 |         |         |        |                |

Source: Processed Secondary Data, 2026

Based on the descriptive statistical analysis presented in Table 1, this study employed 100 observations obtained from 20 companies during the 2020–2024 period. The Corporate Social Responsibility (CSR) variable, measured using the Corporate Social Responsibility Disclosure Index (CSRDI), recorded a minimum value of 0.0562 for BISI Internasional Tbk. in 2020 and a maximum value of 0.7079 for Eagle High Plantations Tbk. in 2024, with a mean value of 0.4042 and a standard deviation of 0.1824, which is lower than the mean. These results indicate that, on average, the companies disclosed 40.42% of the total CSR indicators, with relatively low variation in CSR disclosure among the companies. The investment decisions

variable, measured using Total Asset Growth (TAG), recorded a minimum value of -0.2008 for DFI Retail Nusantara Tbk. in 2020 and a maximum value of 0.2966 for the same company in 2021. The variable had a mean value of 0.0442 and a standard deviation of 0.0973, which is higher than the mean, indicating that corporate asset growth tended to be relatively low with considerable variation across companies. The profitability variable, measured using Return on Assets (ROA), recorded a minimum value of 0.0010 for Eagle High Plantations Tbk. in 2022 and a maximum value of 92.6654 for Japfa Comfeed Indonesia Tbk. in 2024. The mean value was 1.9893, while the standard deviation reached 10.8135, substantially exceeding the mean. This finding indicates a very high degree of variation in profitability across the sampled companies. Meanwhile, the firm value variable, measured using Tobin's Q, recorded a minimum value of 0.3110 for Cisadane Sawit Raya Tbk. in 2024 and a maximum value of 0.6467 for Unilever Indonesia Tbk. in 2023. The mean value was 0.4489, with a standard deviation of 0.0717, which is lower than the mean. This indicates that the distribution of firm value was relatively homogeneous, with low variation across the sampled companies.

## Results of the Classical Assumption Tests

### 1) Normality Test

The normality test was conducted to determine whether the residuals in the regression model were normally distributed. One of the methods used to test data normality is the One-Sample Kolmogorov–Smirnov Test. The data are considered to be normally distributed if the significance value of the test is greater than 0.05 (Ghozali, 2018). The normality test results are presented in Table 2.

**Table 2. Normality Test Results**  
**One-Sample Kolmogorov-Smirnov Test**

|                                     |                | Unstandardized Residual |
|-------------------------------------|----------------|-------------------------|
| N                                   |                | 100                     |
| Normal Parameters <sup>a,b</sup>    | Mean           | 0,0000000               |
|                                     | Std. Deviation | 0,02550059              |
| Most Extreme Differences            | Absolute       | 0,057                   |
|                                     | Positive       | 0,057                   |
|                                     | Negative       | -0,044                  |
| Test Statistic                      |                | 0,057                   |
| Asymp. Sig. (2-tailed) <sup>c</sup> |                | ,200 <sup>d</sup>       |

Source: Processed Secondary Data, 2026

Based on the One-Sample Kolmogorov–Smirnov normality test presented in Table 2, the Asymp. Sig. (2-tailed) value is 0.200. Since this value is greater than 0.05, it can be concluded that the residuals are normally distributed. Therefore, the regression model satisfies the normality assumption.

## 2) Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation among the independent variables in the regression model. If the Tolerance value is  $\geq 0.10$  or the VIF value is  $\leq 10$ , multicollinearity is not present. Conversely, if the Tolerance value is  $\leq 0.10$  or the VIF value is  $\geq 10$ , multicollinearity is present (Ghozali, 2021:157). The multicollinearity test results are presented in Table 3.

**Table 3. Multicollinearity Test Results**

| Model                                  | Collinearity Statistics |       |
|----------------------------------------|-------------------------|-------|
|                                        | Tolerance               | VIF   |
| 1 Corporate Social Responsibility (X1) | 0,977                   | 1,023 |
| Investment Decisions (X2)              | 0,988                   | 1,012 |
| Profitability (X3)                     | 0,989                   | 1,011 |

Source: Processed Secondary Data, 2026

Based on the multicollinearity test presented in Table 3, the Corporate Social Responsibility variable has a Tolerance value of 0.977 and a VIF value of 1.023. The Investment Decisions variable has a Tolerance value of 0.988 and a VIF value of 1.012. Meanwhile, the Profitability variable has a Tolerance value of 0.989 and a VIF value of 1.011. All variables have Tolerance values greater than 0.10 and VIF values below 10. Therefore, it can be concluded that the regression model in this study does not exhibit multicollinearity.

## 3) Autocorrelation Test

**Table 4. Autocorrelation Test Results**

| Runs Test               |                         |
|-------------------------|-------------------------|
|                         | Unstandardized Residual |
| Test Value <sup>a</sup> | -0,00206                |
| Cases < Test Value      | 49                      |
| Cases $\geq$ Test Value | 50                      |
| Total Cases             | 99                      |
| Number of Runs          | 52                      |
| Z                       | 0,34                    |
| Asymp. Sig. (2-tailed)  | 0,761                   |

Source: Processed Secondary Data, 2026

Based on Table 4, the Asymp. Sig. (2-tailed) value is 0.761. Since this value is greater than 0.05, it can be concluded that there is no autocorrelation among the residuals, indicating that the regression model is free from autocorrelation.

## 4) Heteroscedasticity Test

**Table 5. Heteroscedasticity Test Results**

| Coefficients   |              |
|----------------|--------------|
| Unstandardized | Standardized |

|   |            | Coefficients |            | Coefficients |         |       |
|---|------------|--------------|------------|--------------|---------|-------|
|   | Model      | B            | Std. Error | Beta         | t       | Sig.  |
| 1 | (Constant) | -8,520       | 0,555      |              | -15,354 | 0,001 |
|   | X1_CSRDi   | -0,155       | 1,217      | -0,013       | -0,127  | 0,899 |
|   | X2_TAG     | 2,655        | 2,269      | 0,118        | 1,170   | 0,245 |
|   | X3_ROA     | -0,029       | 0,020      | -0,144       | -1,425  | 0,158 |

a. Dependent Variable: LnRes\_2

Source: Processed Secondary Data, 2026

Based on Table 5, the heteroscedasticity test using the Park method shows that the Corporate Social Responsibility (CSRDI) variable has a significance value of 0.899, the Investment Decisions (TAG) variable has a significance value of 0.245, and the Profitability (ROA) variable has a significance value of 0.158. These findings indicate that all independent variables have significance values greater than 0.05. Therefore, it can be concluded that the regression model in this study does not exhibit heteroscedasticity.

### Results of the Multiple Linear Regression Analysis

**Table 6. Results of the Multiple Linear Regression Analysis**

|   |            | Coefficientsa               |            |                           |         |       |
|---|------------|-----------------------------|------------|---------------------------|---------|-------|
|   |            | Unstandardized Coefficients |            | Standardized Coefficients |         |       |
|   | Model      | B                           | Std. Error | Beta                      | t       | Sig.  |
| 1 | (Constant) | 0,373                       | 0,007      |                           | 56,728  | 0,001 |
|   | X1_CSRDi   | 0,232                       | 0,014      | 0,590                     | 16,058  | 0,001 |
|   | X2_TAG     | -0,462                      | 0,027      | -0,627                    | -17,156 | 0,001 |
|   | X3_ROA     | 0,001                       | 0,000      | 0,174                     | 4,760   | 0,001 |

a. Dependent Variable: Y\_Tobins'q

Source: Processed Secondary Data, 2026

Based on Table 6, the multiple linear regression equation used in this study is as follows:

$$Y = 0,373 + 0,232X_1 - 0,462X_2 + 0,001X_3 + e \quad (7)$$

Based on the regression equation, the following interpretations can be made:

- 1) The constant ( $\alpha$ ) value of 0.373 indicates that when the independent variables in this study, namely Corporate Social Responsibility (CSRDI), Investment Decisions (TAG), and Profitability (ROA), are equal to zero or remain constant, the Firm Value (Tobin's Q) is 0.373.
- 2) The regression coefficient of the Corporate Social Responsibility ( $X_1$ ) variable is 0.232, indicating that a one-unit increase in Corporate Social Responsibility will increase Firm Value by 0.232, assuming that the other variables remain constant. This positive coefficient indicates a positive relationship between Corporate Social Responsibility and Firm Value, suggesting that higher levels of Corporate Social Responsibility are associated with higher Firm Value.

- 3) The regression coefficient of the Investment Decisions ( $X_2$ ) variable is  $-0.462$ , indicating that a one-unit increase in Investment Decisions will decrease Firm Value by  $0.462$ , assuming that the other variables remain constant. This negative coefficient indicates a negative relationship between Investment Decisions and Firm Value, suggesting that higher levels of Investment Decisions are associated with lower Firm Value.
- 4) The regression coefficient of the Profitability ( $X_3$ ) variable is  $0.001$ , indicating that a one-unit increase in Profitability will increase Firm Value by  $0.001$ , assuming that the other variables remain constant. This positive coefficient indicates a positive relationship between Profitability and Firm Value, suggesting that higher levels of Profitability are associated with higher Firm Value.

### Model Feasibility Test (F-test)

**Table 7. Results of the Model Feasibility Test (F-test)**

| ANOVA <sup>a</sup> |            |                |    |             |        |                    |
|--------------------|------------|----------------|----|-------------|--------|--------------------|
| Model              |            | Sum of Squares | df | Mean Square | F      | Sig.               |
| 1                  | Regression | 0,444          | 3  | 0,148       | 220,94 | 0,001 <sup>b</sup> |
|                    | Residual   | 0,064          | 96 |             | 0,001  |                    |
|                    | Total      | 0,509          |    | 99          |        |                    |

a. Dependent Variable: Y\_Tobins'q

b. Predictors: (Constant), X3\_ROA, X2\_TAG, X1\_CSRDi

Source: Processed Secondary Data, 2026

Based on Table 7, the calculated F-value is  $220.94$  with a significance value of  $0.001$ . Since the significance value is less than  $0.05$ , the regression model is considered appropriate for use in this study. This also indicates that the Corporate Social Responsibility ( $X_1$ ), Investment Decisions ( $X_2$ ), and Profitability ( $X_3$ ) variables simultaneously have a significant effect on the dependent variable, namely Firm Value.

### Hypothesis Testing (t-test)

The t-test aims to examine the partial effect of each independent variable on the dependent variable and serves as the hypothesis test (Ghozali, 2018). The decision is based on the significance value. If the significance value is  $> 0.05$ ,  $H_a$  is rejected, indicating that there is no significant effect. Conversely, if the significance value is  $\leq 0.05$ ,  $H_a$  is accepted, indicating that the independent variable has a significant partial effect on the dependent variable. The results of the hypothesis testing (t-test) are presented in Table 8.

**Table 8. Results of the Hypothesis Testing (t-test)**

| Coefficients <sup>a</sup> |              |
|---------------------------|--------------|
| Unstandardized            | Standardized |

|   |            | Coefficients |            | Coefficients |         |       |
|---|------------|--------------|------------|--------------|---------|-------|
|   | Model      | B            | Std. Error | Beta         | t       | Sig.  |
| 1 | (Constant) | 0,373        | 0,007      |              | 56,728  | 0,001 |
|   | X1_CSRDi   | 0,232        | 0,014      | 0,590        | 16,058  | 0,001 |
|   | X2_TAG     | -0,462       | 0,027      | -0,627       | -17,156 | 0,001 |
|   | X3_ROA     | 0,001        | 0,000      | 0,174        | 4,760   | 0,001 |

a. Dependent Variable: Y\_Tobins'q

Source: Processed Secondary Data, 2026

Based on Table 8, the results of the hypothesis testing (t-test) are explained as follows:

1) Testing of the First Hypothesis (H<sub>1</sub>)

The first hypothesis (H<sub>1</sub>) examines the relationship between Corporate Social Responsibility and Firm Value. Based on the SPSS results, the CSRDI variable has a significance value of 0.001, which is less than 0.05, with a t-value of 16.058. These statistical results indicate that Corporate Social Responsibility has a positive effect on Firm Value. Therefore, H<sub>1</sub> is accepted.

2) Testing of the Second Hypothesis (H<sub>2</sub>)

The second hypothesis (H<sub>2</sub>) examines the relationship between Investment Decisions and Firm Value. Based on the SPSS results, the TAG variable has a significance value of 0.001, which is less than 0.05, with a t-value of -17.156. These statistical results indicate that Investment Decisions have a negative and significant effect on Firm Value. Therefore, H<sub>2</sub> is rejected.

3) Testing of the Third Hypothesis (H<sub>3</sub>)

The third hypothesis (H<sub>3</sub>) examines the relationship between Profitability and Firm Value. Based on the SPSS results, the ROA variable has a significance value of 0.001, which is less than 0.05, with a t-value of 4.760. These statistical results indicate that Profitability has a positive effect on Firm Value. Therefore, H<sub>3</sub> is accepted.

### Coefficient of Determination Test (R<sup>2</sup>)

**Table 9. Results of the Coefficient of Determination Test**

| Model Summary <sup>b</sup> |                   |          |                   |                            |
|----------------------------|-------------------|----------|-------------------|----------------------------|
| Model                      | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                          | ,935 <sup>a</sup> | 0,873    | 0,870             | 0,0258960                  |

a. Predictors: (Constant), X3\_ROA, X2\_TAG, X1\_CSRDi

b. Dependent Variable: Y\_Tobins'q

Source: Processed Secondary Data, 2026

ased on Table 9, the Adjusted R<sup>2</sup> value is 0.870. This indicates that 87.0% of the variation in Firm Value (Y) can be explained by Corporate Social Responsibility (X<sub>1</sub>), Investment Decisions (X<sub>2</sub>), and Profitability (X<sub>3</sub>). The remaining 13.0% is explained by other factors that are not included in the regression model of this study.

## **Discussion**

### **The Effect of Corporate Social Responsibility on Firm Value**

The first hypothesis indicates that Corporate Social Responsibility (CSR), measured using the Corporate Social Responsibility Disclosure Index (CSRDI), has a positive and significant effect on Firm Value. Therefore,  $H_1$  is accepted. This finding indicates that the higher the level of CSR disclosure made by a company, the higher its firm value tends to be. CSR disclosure can generate a positive market response because it demonstrates that the company is not solely focused on profit generation but also pays attention to its social, environmental, employee, community, and other stakeholder responsibilities. Companies that actively disclose CSR activities are also perceived as having a stronger commitment to business sustainability and a better ability to manage social and environmental risks. This condition serves as a positive signal to investors, thereby increasing their confidence in and interest toward the company. Greater investor interest may lead to an increase in share prices, which ultimately reflects an increase in firm value.

The findings of this study are consistent with those of Mazida & Purwantini (2019), who reported that Corporate Social Responsibility disclosure has a positive effect on firm value. The more extensively a company discloses its CSR activities, the higher its firm value tends to be. These findings are also supported by Bajic & Yurtoglu (2018), who argued that companies implementing and extensively disclosing CSR are more likely to gain investor confidence. Furthermore, the results of this study are consistent with those reported by Zolotoy et al. (2019), Barlian et al. (2022), Thuy Ta et al. (2018), and Yudiantari & Yasa (2023).

These findings support both legitimacy theory and signaling theory. According to legitimacy theory, companies undertake CSR activities to obtain acceptance and trust from society and other stakeholders. Meanwhile, signaling theory suggests that CSR disclosure serves as a positive signal to investors because it reflects a favourable corporate image and stronger long-term sustainability prospects. Positive investor responses to this signal are subsequently reflected in higher firm value.

### **The Effect of Investment Decisions on Firm Value**

Based on the hypothesis testing (t-test) presented in Table 8, the Investment Decisions variable, proxied by Total Asset Growth (TAG), has a regression coefficient of  $-0.462$ , a t-value of  $-17.156$ , and a significance value of  $0.001$ , which is less than  $0.05$ . It can therefore be concluded that Investment Decisions have a negative and significant effect on Firm Value (Tobin's Q) in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Accordingly,  $H_2$  is rejected because the findings are inconsistent with the proposed hypothesis stating that investment decisions have a positive effect on firm value. These findings indicate that an increase in corporate investment is not necessarily accompanied by an increase in firm value.

This finding suggests that higher corporate investment does not necessarily lead to higher firm value. The negative regression coefficient of  $-0.462$  indicates that every one-unit increase in TAG is associated with a  $0.462$ -unit decrease in Firm

Value (Tobin's Q). The large t-value of  $-17.156$  indicates a very strong relationship. When companies in the consumer non-cyclicals sector increase their total asset growth, firm value, as reflected by Tobin's Q, tends to decline.

These findings do not support signaling theory. Investment decisions are theoretically expected to serve as positive signals to investors because they reflect management's confidence in the company's future growth prospects. Such positive signals are expected to encourage investors to purchase shares, thereby increasing share prices and firm value. However, the findings of this study indicate that investment decisions, proxied by TAG, do not provide a positive signal because TAG measures only changes in the quantity of assets rather than their quality or productivity. Investors cannot infer whether newly acquired assets will generate future profits based solely on the TAG value. In the consumer non-cyclicals sector, asset growth is more frequently associated with capacity expansion, which may not necessarily be required, rather than with high-value innovation or product diversification. Moreover, during the 2020–2024 period, economic uncertainty caused by the COVID-19 pandemic and post-pandemic cost pressures made investors more cautious and risk-averse. Under such conditions, new investments were perceived as increasing risk rather than creating additional value.

This finding is also consistent with investor behaviour in the Indonesian capital market. As investors become more sophisticated, they no longer regard asset growth (TAG) alone as a positive signal. Instead, they evaluate whether the company's investments improve operational efficiency, generate positive free cash flows, and produce returns exceeding the cost of capital. When asset growth is not accompanied by these outcomes, investors tend to interpret a high TAG as an indication of inefficient management or poor resource allocation rather than as evidence of promising growth prospects. This explains why the TAG coefficient in this study is negative and highly significant ( $t = -17.156$ ). During the 2020–2024 period, investors in the consumer non-cyclicals sector consistently responded to corporate asset growth by selling shares rather than purchasing them because they did not perceive convincing evidence that the investments would improve profitability in the near future.

The case of PT Unilever Indonesia Tbk (UNVR) provides one of the clearest illustrations of the phenomenon identified in this study. Based on the company's annual financial statements published on the Indonesia Stock Exchange (IDX), UNVR recorded positive total asset growth (positive TAG), while its firm value consistently declined throughout the 2020–2024 research period. The company's total assets increased, yet its net profit declined substantially, and its share price fell from approximately Rp7,500 in 2020 to around Rp2,800 in 2023. This decline in share price reflects a reduction in the company's market value, causing UNVR's Tobin's Q, which represents the ratio of market value to the book value of assets, to decline over the same period. Investors perceived that UNVR's asset growth failed to generate a proportional increase in profitability and therefore responded negatively by selling the company's shares.

A second relevant case is PT Indofood CBP Sukses Makmur Tbk (ICBP). In 2020, ICBP completed the acquisition of Pinehill Company Limited for Rp44 trillion.

As a result of this acquisition, the company's total assets increased dramatically from Rp38.7 trillion in 2019 to Rp103.6 trillion in 2020, representing exceptionally high TAG. However, investor response was negative. ICBP's share price declined from approximately Rp11,000 before the acquisition announcement to around Rp8,150 following the acquisition.

Accordingly, the findings of this study are consistent with Anggraini & Andayani (2019), who argued that asset growth exceeding its optimal level generates additional costs that weaken corporate performance, as well as with Tanaya & Wiyanto (2022), who found that inefficient and high-risk investments reduce investor confidence, thereby decreasing firm value.

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

The third hypothesis indicates that Profitability, measured using Return on Assets (ROA), has a positive and significant effect on Firm Value. Therefore,  $H_3$  is accepted. This finding indicates that the higher the level of corporate profitability, the higher the firm's value tends to be. Profitability reflects a company's ability to generate profits through the effective management of its resources and operational activities. Companies with high profitability are generally perceived as having strong financial performance and promising business prospects. This condition serves as a positive signal to investors because such companies are considered capable of providing stable and sustainable returns. Increased investor confidence encourages higher demand for the company's shares, which subsequently raises share prices and enhances overall firm value.

The findings of this study are consistent with those of Subiyanto et al. (2024), who explained that companies with high profitability are regarded as having strong financial performance and promising business prospects, thereby increasing investor confidence. Similarly, Hamzah et al. (2025) found that a high level of profitability reflects a company's ability to generate profits efficiently, thereby improving corporate performance and increasing firm value. Furthermore, high profitability also reflects sound financial conditions, enabling companies to better fulfil and repay their financial obligations or debts. The findings of this study are also consistent with those reported by Mubyarto (2020), Utami et al. (2025), Bon & Hartoko (2022), and Kamaliah (2020).

These findings support signaling theory, which suggests that information regarding profitability serves as an important signal for investors in assessing a company's condition and future prospects. High profitability indicates that a company is able to manage and utilise its resources efficiently to generate profits. This condition is perceived as a positive signal because it reflects strong financial performance and favourable business prospects. As investor confidence increases, investors become more willing to invest in the company, thereby contributing to an increase in firm value.

## **CONCLUSION**

Based on the results of this study conducted on consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, the following conclusions can be drawn:

- 1) Corporate Social Responsibility (CSR) has a positive and significant effect on the Firm Value of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. These findings indicate that higher levels of CSR disclosure tend to increase firm value. This occurs because CSR disclosure provides a positive signal to investors that the company is committed to social responsibility, environmental stewardship, and business sustainability. Such positive investor responses enhance investor confidence and investment interest, thereby contributing to an increase in firm value.
- 2) Investment Decisions have a negative and significant effect on the Firm Value of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. These findings indicate that higher asset growth, used as a proxy for investment decisions, is not always accompanied by an increase in firm value. This may occur because an increase in assets does not necessarily reflect greater operational efficiency, higher profitability, or more favourable business prospects. When corporate investments fail to generate optimal returns, the market may respond negatively, causing firm value to decline.
- 3) Profitability has a positive and significant effect on the Firm Value of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. These findings indicate that higher corporate profitability tends to increase firm value. This is because high profitability reflects a company's ability to generate profits efficiently. Such conditions serve as a positive signal to investors, as the company is perceived to have strong financial performance and promising business prospects, thereby enhancing firm value.

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