

# Analysis of Management Strategy, Corporate Social Responsibility, and High-Profile Firm Value In Indonesia

Decmoon Destine<sup>1\*</sup>, Edison Siregar<sup>2</sup>

<sup>1,2,3</sup>Magister Manajemen, Universitas Kristen Indonesia, Indonesia

\*Corresponding Author:

Email: [2404190024@ms.uki.ac.id](mailto:2404190024@ms.uki.ac.id)

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## Abstract

Information regarding Corporate Social Responsibility (CSR) can encourage investors to make decisions that enhance firm value. Efficient risk management in operational activities further increases firm value while minimizing potential operational failures. High-profile companies show greater interest in disclosing CSR activities due to high external sensitivity and media coverage. This study examines the moderating effects of risk management and media exposure on the impact of CSR on high-profile firm value in Indonesia from 2016 to 2018. Using a quantitative approach, secondary data from 69 observations were analyzed through Moderated Regression Analysis (MRA). The empirical findings indicate that CSR has a significant positive effect on high-profile firm value. However, neither risk management nor media exposure moderates the relationship between CSR and firm value. These findings suggest that investors evaluate CSR implementation as a direct positive signal rather than focusing on risk disclosures or media coverage. Consequently, companies should prioritize genuine CSR practices to enhance corporate value, while regulators need to establish clearer standards for risk management disclosures.

**Keywords :** Firm Value, Corporate Social Responsibility, Risk Management and Media Exposure.

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## I. INTRODUCTION

High-profile companies operate under intense scrutiny from external stakeholders due to the high visibility and ecological impact of their business activities. According to legitimacy theory, these organizations must align their operational practices with societal expectations to secure public support and institutional credibility (Amaliyah, C et al., 2024). Consequently, disclosing Corporate Social Responsibility (CSR) initiatives becomes a strategic mechanism for high-profile firms to project positive signals, manage public perception, and satisfy stakeholder expectations (Bawai, R., & Kusumadewi, H., 2021). Non-financial disclosures such as CSR convey critical information regarding long-term sustainability, which encourages investors to make favorable valuation decisions and ultimately increases firm value.

However, the execution of CSR strategies presents financial and operational challenges (Hermawan, S., et al 2023). Companies must balance the cost of CSR activities against their overall economic benefits. Ineffective management or poor oversight can lead to governance failures, misallocation of funds, and reputational damage. A prominent example occurred in 2019 involving PT Garuda Indonesia, where alleged mismanagement and corruption related to CSR funds negatively impacted market sentiment and triggered an immediate decline in stock price.

This incident underscored the necessity of robust Enterprise Risk Management (ERM) to oversee operational uncertainties and safeguard corporate reputation. Proper risk management enables firms to optimize strategic opportunities, limit exposure to operational failures, and provide transparent disclosure to investors (Mussanadah, A. U., 2024). In addition to internal governance, external factors such as media exposure play a critical role in shaping public perception and corporate legitimacy.

High-profile companies attract substantial media attention, which amplifies information regarding their social and environmental performance (Oktadini, R. R., Kusuma, H., & Rahman, A., 2026). Media coverage serves as a primary information channel for external stakeholders, influencing investor sentiment and market response. Despite theoretical arguments supporting the benefits of CSR, empirical findings regarding its precise interaction with risk management and media exposure remain inconclusive (Pasaribu, A. N., 2025).

Prior studies demonstrate mixed results regarding whether ERM disclosures and media coverage effectively strengthen or attenuate the relationship between CSR disclosures and firm value. To address these empirical gaps, this study investigates the impact of CSR on firm value among high-profile companies in Indonesia, focusing on the potential moderating roles of risk management and media exposure (Tewu, M. L.,

2025). Grounded in stakeholder theory, signal theory, and legitimacy theory, this paper aims to evaluate whether rigorous risk frameworks and media coverage enhance the positive signaling effect of CSR initiatives on corporate market value (Utami, M. R., 2025). The empirical findings provide practical insights for corporate managers in optimizing CSR strategies, guide investors in evaluating non-financial disclosures, and inform regulators regarding the standardization of risk management reporting in capital markets (Widagdo, A. K., 2021).

Figure 1 Conceptual Illustration: CSR, Risk Management, Media Exposure, and Firm Value - High Profile Companies and Theoretical Foundations

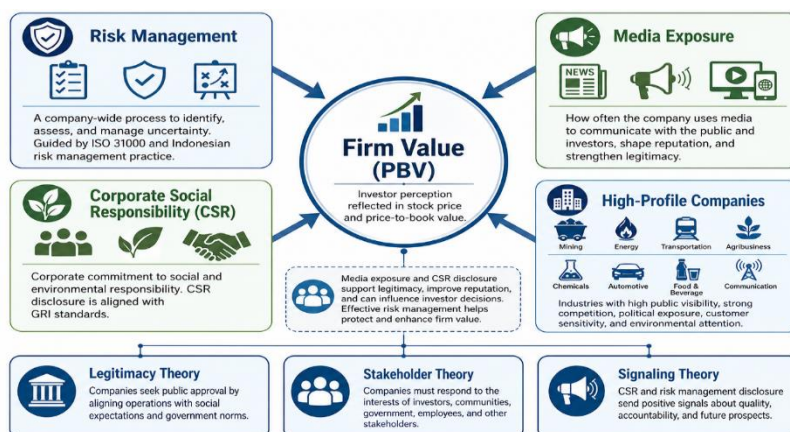


Fig. 1. presents the conceptual illustration of the relationship between risk management, media exposure, corporate social responsibility, and firm value in high-profile companies (Wijaya, L. I., 2022). The figure shows that firm value, represented by Price to Book Value (PBV), is influenced by how well a company manages uncertainty, communicates with the public and investors, and demonstrates its social and environmental responsibility. Risk management is positioned as an important internal mechanism that helps the company identify, assess, and control uncertainty, thereby protecting and enhancing firm value. At the same time, media exposure and CSR disclosure function as strategic channels through which companies build reputation, gain public trust, and influence investor perceptions.

The framework is particularly relevant for high-profile companies because these firms operate in sectors with high public visibility, strong stakeholder pressure, and greater environmental and political sensitivity. In such conditions, the disclosure of CSR activities and the implementation of sound risk management are not only managerial practices but also strategic signals to the market. This relationship is supported by three main theoretical perspectives. Legitimacy theory explains that companies seek public acceptance by aligning their actions with social expectations and regulatory norms. Stakeholder theory emphasizes that companies must respond to the interests of investors, communities, governments, employees, and other relevant parties. Signaling theory further suggests that CSR disclosure and risk management practices send positive signals regarding company quality, accountability, and future prospects. Therefore, the figure illustrates that effective risk management, supported by media exposure and CSR disclosure, can contribute to stronger firm value.

## II. RESEARCH METHOD

This quantitative exploratory study employs secondary data to evaluate the impact of Corporate Social Responsibility (CSR) disclosures on high-profile firm value in Indonesia, while examining the moderating effects of Enterprise Risk Management (ERM) and media exposure. The target population consists of 327 high-profile companies listed on the Indonesia Stock Exchange (IDX) across raw material, transportation, logistics, energy, and primary consumer sectors. Using a purposive sampling strategy based on predefined selection criteria, 23 companies were selected as the final research sample over a three-year observation period from 2016 to 2018, yielding a total of 69 firm-year observations.

Data collection was conducted using documentation techniques and literature reviews, drawing from annual reports, financial statements, and sustainability reports accessible via the IDX official website and

company portals. Media exposure data were gathered through online media monitoring via search engines such as Google News. The primary dependent variable is Firm Value, measured by Price to Book Value (PBV). The independent variable is CSR, quantified using the CSR Disclosure Index (CSRDI) based on Global Reporting Initiative (GRI) Standards. Moderating variables include ERM, evaluated via the Enterprise Risk Management Index (ERMI) aligned with Badan Standarisasi Nasional (BSN) and ISO 31000 guidelines, and Media Exposure (ME), measured as a dummy variable (1 if CSR initiatives received media coverage prior to annual financial reporting, 0 otherwise). Control variables include Profitability (ROA) and Leverage (DER). The variable operationalization and measurement formulas are detailed in Table 1.

Prior to regression estimation, data were subjected to classical assumption testing, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. Data non-normality was addressed using Winsorization, while robust regression techniques and Panel Corrected Standard Error (xtscc) estimation were applied to control for heteroscedasticity and multicollinearity. Data analysis techniques include descriptive statistics, coefficient of determination ( $R^2$ ) tests, partial t-tests, and Moderated Regression Analysis (MRA) across three specified empirical models:

$$PBV_{it} = \beta_0 + \beta_1 CSR_{i,t-1} + \beta_2 ROA_{it} + \beta_3 DER_{it} + \varepsilon_{it}$$

$$PBV_{it} = \beta_0 + \beta_1 CSR_{i,t-1} + \beta_2 ERM_{i,t-1} + \beta_3 (CSR_{i,t-1} \times ERM_{i,t-1}) + \beta_4 ROA_{it} + \beta_5 DER_{it} + \varepsilon_{it}$$

$$PBV_{it} = \beta_0 + \beta_1 CSR_{i,t-1} + \beta_2 ME_{i,t-1} + \beta_3 (CSR_{i,t-1} \times ME_{i,t-1}) + \beta_4 ROA_{it} + \beta_5 DER_{it} + \varepsilon_{it}$$

where  $PBV_{it}$  represents firm value for firm ( $i$ ) in year ( $t$ );  $CSR_{i,t-1}$  denotes the lagged corporate social responsibility disclosure index;  $ERM_{i,t-1}$  represents the lagged enterprise risk management index;  $ME_{i,t-1}$  denotes lagged media exposure;  $ROA_{it}$  represents return on assets; and  $DER_{it}$  denotes the debt-to-equity ratio. Furthermore,  $\beta_0$  represents the constant term,  $\beta_1$  through  $\beta_5$  represent the regression coefficients,  $\varepsilon_{it}$  denotes the error term,  $i$  identifies the cross-sectional unit or firm, and  $t$  indicates the observation year.

The measurement of each variable in the regression model is presented in Table 1 below:

Table 1. Variable Measurement

| Variable | Measurement                                                                                                                                                                                                                                                  |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PBV      | $PBV_i = \frac{\text{Market Price per Share at } t}{\text{Market Value per Share at } t}$                                                                                                                                                                    |
| CSR      | $CSRDI_{t-1} = \frac{\text{Number of items disclosed at } t-1}{\text{Total number of items in GRI Standards 2016}}$                                                                                                                                          |
| ERM      | $= \frac{\text{Number of items disclosed at } t-1}{\text{Total number of items in BSN 2018 Guidelines}}$                                                                                                                                                     |
| ME       | Dummy Variable<br>Score 1: Companies whose CSR efforts were covered by the media prior to that year's financial reporting period.<br><br>Score 0: Companies whose CSR efforts were not covered by the media prior to that year's financial reporting period. |
| ROA      | $ROA_t = \frac{\text{Net Profit at } t}{\text{Total Assets at } t}$                                                                                                                                                                                          |
| DER      | $DER_t = \frac{\text{Total Liabilities at } t}{\text{Total Equity at } t}$                                                                                                                                                                                   |

Source: Researchers' compilation (2022)

### III. RESULTS AND DISCUSSION {Cambria, size 12}

Table 2. Descriptive Statistics Results

| Variable | Obs | Mean      | Mean Std.Dev. | Min        | Max       |
|----------|-----|-----------|---------------|------------|-----------|
| PBV      | 69  | 1,474072  | 1,051675      | 0,159447   | 4,550005  |
| CSR      | 69  | 0,5092531 | 0,1337404     | 0,3384615  | 0,8615385 |
| ERM      | 69  | 0,5217391 | 0,1973539     | 0,1333333  | 0,9333333 |
| ROA      | 69  | 0,0637249 | 0,0892842     | -0,0156441 | 0,3580319 |
| DER      | 69  | 1,627714  | 1,341328      | 0,1753983  | 5,183089  |

Source: Data processed using Stata and SPSS (2022)

The first, second, and third regression models all exhibited normality issues during classical assumption testing. Consequently, Winsorization was applied to the data, successfully achieving normal distribution. Additionally, the Driscoll-Kraay standard errors approach (xtscc) was employed to address heteroscedasticity in the initial regression model. Meanwhile, robust standard errors were utilized to resolve multicollinearity and heteroscedasticity issues present in the second and third regression models. Before conducting the regression analysis, descriptive statistical analysis was performed on the data that had passed all classical assumption tests to facilitate a clearer interpretation of the research variables. The descriptive statistical results are presented in Table 2. When the standard deviation exceeds the mean of a variable, it indicates high data variation and dispersion within the sample over the three-year observation period, whereas a smaller standard deviation relative to the mean suggests low variability. Furthermore, the minimum and maximum values highlight the lowest and highest scores among the sampled companies across the three-year study timeframe.

Table 3. Coefficient of Determination Test Results

|         | whitin R-squared |
|---------|------------------|
| Model 1 | 0,2845           |
| Model 2 | 0,2982           |
| Model 3 | 0,2766           |

Source: Data processed using SPSS (2022)

The coefficient of determination  $R^2$  test results for the first regression model in Table 3 yielded a value of 0.2845, indicating that Corporate Social Responsibility (CSR), profitability (ROA), and leverage (DER) account for 28.45% of the variance in firm value (PBV). Meanwhile, the  $R^2$  value for the second regression model is 0.2982, demonstrating that the inclusion of Enterprise Risk Management (ERM) as a moderating variable along with profitability, leverage, and CSR explains 29.82% of the variation in firm value. Finally, the third regression model produced an  $R^2$  value of 0.2766, signifying that media exposure as a moderating variable, alongside CSR, profitability (ROA), and leverage (DER), explains 27.66% of the variance in firm value.

Table 4. Regression Analysis Results

| PBV    | Model 1 |       | Model 2 |       | Model 3 |       |
|--------|---------|-------|---------|-------|---------|-------|
|        | Coef.   | P > t | Coef.   | P > t | Coef.   | P > z |
| CSR    | 3,131   | 0,021 | 1,482   | 0,573 | 3,284   | 0,116 |
| ERM    | -       | -     | -1,649  | 0,567 | -       | -     |
| ME     | -       | -     | -       | -     | 1,881   | 0,05  |
| CSRERM | -       | -     | 2,956   | 0,599 | -       | -     |
| CSRME  | -       | -     | -       | -     | -3,398  | 0,089 |
| ROA    | 1,376   | 0,019 | 1,458   | 0,32  | 4,624   | 0,008 |
| DER    | 0,387   | 0,000 | 0,389   | 0,037 | 0,203   | 0,032 |
| cons   | -0,837  | 0,227 | 0,075   | 0,955 | -0,934  | 0,409 |

Table 4 presents the regression analysis findings for the three regression models used in this study. The first regression model, which examines the impact of Corporate Social Responsibility (CSR) on the value of high-profile companies in Indonesia, yielded a probability value of 0.021 ( $P > t = 0.021$ ). Since this is lower than the 0.05 significance level, it is concluded that CSR influences organizational value. With a CSR coefficient of 3.131, a one-unit increase in disclosure leads to a 3.131-unit increase in the value of high-profile companies, assuming other variables remain constant.

The second regression model yielded a probability value of 0.599 ( $P > t = 0.599$ ), which exceeds the 0.05 significance level. Consequently, the null hypothesis ( $H_0$ ) regarding the moderating role of risk management on the relationship between CSR and the value of high-profile Indonesian companies was accepted; the hypothesis that risk management mitigates the impact of CSR on the value of these companies was rejected. The second regression model showed a coefficient of 2.956 for the moderating relationship. This implies that the value of high-profile companies increases by 2.956 units—assuming other factors remain constant—for every one-unit increase in the moderating relationship between CSR and ERM. The third regression model, incorporating media exposure as a moderating variable, tested the hypothesis that

CSR impacts the value of high-profile Indonesian companies. Based on the regression analysis, the null hypothesis (H0) was accepted because the probability value for the moderating relationship between CSR and media exposure (ME) exceeded the study's 0.05 significance level ( $P > z = 0.089$ ). The hypothesis that media exposure mitigates the impact of CSR on the value of high-profile Indonesian companies was rejected. The moderation coefficient for CSR and ME was -3.398. Assuming all other variables remain constant, firm value decreases by 3.398 for each increase in the ranking of the moderating relationship between CSR and ME.

#### IV. CONCLUSION AND RECOMMENDATIONS

##### CONCLUSION

Based on the empirical findings, Corporate Social Responsibility (CSR) disclosure significantly enhances firm value among high-profile companies in Indonesia, supporting the core premises of legitimacy theory, stakeholder theory, and signaling theory. However, neither Enterprise Risk Management (ERM) nor media exposure acts as a moderating variable in the relationship between CSR and firm value. Indonesian investors evaluate CSR disclosures as a direct positive signal of operational sustainability rather than relying on risk disclosures or media coverage. The lack of moderation by ERM stems from the current qualitative and non-standardized nature of risk disclosures, which prevents investors from effectively comparing risk profiles across firms. Similarly, investors perceive media coverage of CSR initiatives primarily as public relations promotions rather than objective indicators of fundamental corporate performance.

##### RECOMMENDATIONS

To address these limitations and enhance capital market transparency, regulators—including the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX)—should establish mandatory, standardized guidelines for Enterprise Risk Management reporting in annual reports, similar to Global Reporting Initiative (GRI) standards for CSR. Furthermore, corporate managers should move beyond superficial media promotions and focus on comprehensive, quantitative risk and CSR disclosures to build long-term stakeholder confidence. Future research should expand the observation period, incorporate broader industry sectors, and utilize updated GRI framework disclosures to capture a more comprehensive picture of corporate sustainability practices in emerging markets.

#### V. ACKNOWLEDGEMENTS {Cambria, size 12}

The author would like to express sincere gratitude and appreciation to Universitas Kristen Indonesia (UKI), particularly the Master of Management Program, for providing the academic platform, resources, and administrative support necessary to complete this study. Special thanks are extended to the faculty advisors and lecturers for their invaluable guidance, constructive critiques, and scholarly insights throughout the research process. The author also acknowledges the Indonesia Stock Exchange (IDX) for access to corporate annual reports and financial data. Finally, profound gratitude goes to family, colleagues, and friends for their continuous encouragement, moral backing, and unwavering support during the preparation of this paper.

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