CONTRIBUTION OF CORPORATE SOCIAL RESPONSIBILITY AS A MEDIATOR IN FIRM VALUE

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Abstract

This research investigates the impact of Environmental, Social, Governance (ESG) and Corporate Social Responsibility (CSR) factors on the value of transportation companies listed on the Indonesia Stock Exchange. ESG and CSR have become increasingly important for businesses as stakeholders demand sustainable and socially responsible practices. The objective of this study is to comprehend how ESG and CSR affect firm value, with CSR acting as a mediator in this relationship. Additionally, the study explores the influence of Good Corporate Governance (GCG) on firm value and CSR. Quantitative methods are employed, utilizing secondary data analysis from annual reports of transportation companies listed on the Indonesia Stock Exchange. Regression techniques are used to analyze the data and test hypotheses regarding the influence of ESG, CSR, and GCG on firm value. The results indicate that ESG has a negative impact on firm value, while CSR has a positive impact. Furthermore, CSR acts as a mediator between ESG and firm value. Conversely, GCG does not significantly influence CSR or firm value. These findings suggest that transportation companies should prioritize CSR practices to enhance their firm value. Additionally, further research is needed to gain a deeper understanding of the relationship between CSR, firm value, and sustainability.

Keywords: Corporate Social Responsibility, Firm Value, Good Corporate Governance, Environmental Social Governance

1. INTRODUCTION

Companies must be able to show their existence in order to survive in the midst of intense business competition. Companies that are able to survive for a long time and have a good reputation will gain high credibility and trust from the public so that they can increase the value of the company which will ultimately attract stockholders. Maximizing the welfare of stockholders can be realized by maximizing firm value. The higher the share price, the higher the firm value. Conversely, the lower the share price, the lower the firm value (Abbas et al., 2020). Firm value is an investor's perception of the manager's level of success in managing company resources entrusted to him which is often linked to share prices.

The transportation sector has had very low share price movements in the last three years when compared to several other sectors. In 2021, the share price movement of the transportation sector touched -1.03% and in the following year there was an increase to reach 3.91%. However, in 2023, the share price movement in the transportation sector will again touch the minus figure, namely -3.64%. Reporting from the Bisnis.com page, the movement in share prices which tends to be low is caused by weakening people's purchasing power and consumption, especially due to the sluggish e-commerce which is the main source of growth (www.market.bisnis.com).

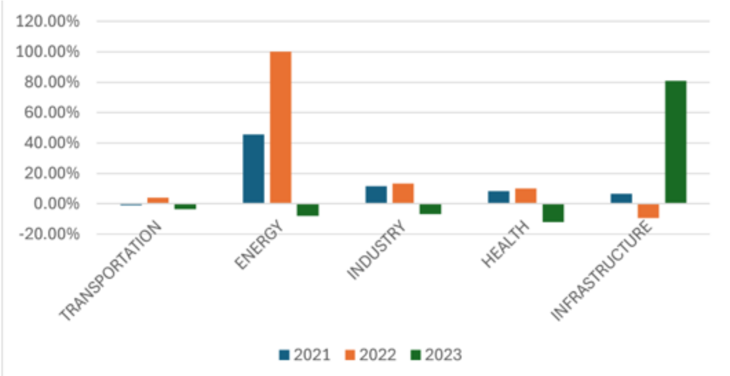

Figure 1. Stock Price Movements

Another phenomenon of concern is environmental conditions which are important to discuss at this time. There has been a lot of damage to the environment due to human activities, especially economic activities. Companies must pay special attention to the conditions of the surrounding environment to minimize the possibility of pollution. Pollution or what is usually called pollution includes noise pollution, air pollution, water pollution and land pollution.

Air pollution has become a hot topic to be discussed in Indonesia for the last two years. In 2022, Indonesia will occupy the top ranking as the country with the highest level of pollution in the Southeast Asia region with a concentration of PM 2.5 particulate matter reaching 34.3 µg per cubic meter (https://setkab.go.id/). Reporting from the CNBC Indonesia page, Minister of Transportation Budi Karya Sumadi said that the transportation sector contributed more than 50 percent of total emissions. Furthermore, Minister of Transportation Budi Karya Sumadi encouraged the transportation sector to contribute to the process of reducing carbon emissions in Indonesia.

Companies must contribute to preserving the environment and be involved in meeting the welfare of stakeholders and, or what is often referred to as the Triple Bottom Line concept. The triple bottom line concept is a concept that includes three dimensions, including the social dimension (people), the environmental dimension (planet), and the economic dimension (profit) (Lock & Araujo, 2020).

Seeing this fact, transportation sector companies must pay more attention to air waste generated from their operational activities. One way is to make corporate social responsibility a priority or what is better known as corporate social responsibility. Companies are required to carry out social and environmental responsibilities to the community as a result of the company's presence in the environment and community areas (Purawan & Wirakusuma, 2020).

Every year companies need to provide an annual company report as a medium for accountability and communication with external parties. The report contains information regarding Corporate Social Responsibility (CSR), Good Corporate Governance (GCG) and Environmental, Social, Governance (ESG). The existence of this report shows that the company is able to provide guarantees to stakeholders and the community so that it can improve the company's image in the eyes of the public. Having a good image results in company performance and firm value continuing to increase.

GCG can help increase the trust and confidence of stakeholders and other external parties in the company (Worokinasih & Zaini, 2020b). GCG focuses on benefits for stakeholders, where companies must create added value from products and the actions of stakeholders, and maintain the sustainability of the added value created. Research by Fatma & Chouaibi (2023) and Worokinasih & Zaini (2020b), shows that GCG influences CSR and firm value. This shows the importance for companies to implement GCG well to maintain firm value.

Another factor that influences the firm value and CSR of a company is ESG. The term ESG is used to assess a company's non-financial performance, including environmental, social and corporate governance aspects. The company's ESG will be communicated to stakeholders through disclosure (Syafrullah & Muharam, 2017). ESG assessment is a tool that can be used by shareholders to comprehensively evaluate the sustainability performance of a company (Aryonanto & Dewayanto, 2022). Shareholders can use ESG as a guide in determining their investment in the company. Research by Dkhili (2024) shows that ESG influences firm value. Meanwhile, research conducted by Igbinovia & Agbadua (2023), Al-Issa et al. (2022), and Arofah & Khomsiyah (2023) ESG results do not affect firm value.

Research conducted by Worokinasih & Zaini (2020) shows that GCG significantly influences CSR. In line with this, research by Fatma & Chouaibi (2023) also shows that GCG has a positive effect on CSR. Research conducted by Oktapriana & Bhuana (2023), Worokinasih & Zaini (2020b), and Fatma & Chouaibi (2023) show that GCG influences firm value. This is different from research conducted by (Kurniasari & Bernawati, 2020) and (Arofah & Khomsiyah, 2023) which results that GCG has no influence on firm value.

Research by Fatma & Chouaibi (2023) show that CSR influences firm value. Meanwhile, research by Kurniasari & Bernawati (2020) and Suhartoko & Perwiro (2023) shows that CSR does not affect firm value. Research by Apriliani et al. (2023) and Putri & Wahidahwati (2018) shows that CSR is able to mediate the relationship between GCG and firm value. Meanwhile, research by Nurfianti & Simatupang (2024), Musfiyana & Inayah (2022), and Shafina & Anwar (2021) shows that CSR is unable to mediate the relationship between GCG and firm value.

Researching the relationship between GCG, ESG, CSR, and firm value in the transportation sector from 2021 to 2022 is crucial. This sector was selected due to the lack of prior research, making it a fresh area of study. By combining variables from various studies, this research brings a new perspective to the table.

2. LITERATURE REVIEW

2.1. Stakeholder Theory

Stakeholder theory explains that the relationship between company management and all stakeholders influences the company's success (Freeman & McVea, 2005). According to stakeholder theory, a business must serve all its stakeholders, including the government, society, suppliers, shareholders, creditors, and customers, in addition to its own interests. Stakeholders have the power to influence how a business uses its financial resources. As a result, when stakeholders have influence over significant financial resources for a business, the business will respond in a way that satisfies their needs, thereby giving stakeholders the right to know how business operations impact them (Purawan & Wirakusuma, 2020).

According to this theory, the role of stakeholders will influence the sustainability of a company. CSR functions as a mediator between the company and its stakeholders.

2.2. Firm Value

One measure of public trust in business is firm value. An increase in share prices indicates that people have a positive opinion of the company and are willing to pay more, which is consistent with people's expectations of receiving high returns. The company's main goal is to maximize wealth or profits, especially for shareholders. Firm value maximization is achieved when the share price is no longer attainable; The higher the share price, the higher the firm value, and the richer the shareholders. Firm value is a condition that has been achieved by a business as a representation of public trust in the business during an operating period covering several years, especially since the company's founding until now (Alipudin, 2019).

2.3. Corporate Social Responsibility (CSR)

According to Cahyaningtyas (2018) CSR is a concept that emphasizes the need for businesses to actively consider the welfare of society at large. CSR is defined as an industry's commitment to be responsible for the impact of its operations on the social, economic and environmental, and to ensure that these impacts are beneficial to the environment and society as a whole. Long-term public acceptance of a company's existence can be fostered by continuously implementing corporate social responsibility.

The implementation of CSR certainly has several principles that are implemented. According to Cahyaningtyas (2018) the basic principles in CSR are divided into three, namely sustainability, accountability and transparency. As the environmental situation worsens which affects the sustainability of business operations, the existence of CSR is now starting to be considered. Apart from being implemented, CSR is also communicated with the aim of letting the public know how businesses run their business and carry out their social responsibilities as a whole.

2.4. Good Corporate Governance (GCG)

GCG is defined by the Organization for Economic Co-operation and Development (OECD) as a framework for managing and directing an organization's business operations (Nasrum & Uleng, 2015). Corporate governance regulates how the board of commissioners, shareholders, directors and other stakeholders who have an interest in the company divide their responsibilities, rights and obligations. GCG is a procedure that can help businesses manage their financial performance effectively. Effective implementation of GCG can improve financial performance (Anaima & Trisnaningsih, 2021).

To maximize shareholder value and meet the interests of multiple stakeholders, including suppliers, customers, employees, government agencies, and the general public, companies must adopt systems and structures known as governance. Undang-Undang No. 40 Tahun 2007 Kementerian Hukum dan HAM Republik Indonesia concerning limited liability companies and Good Corporate Governance in running a company, then in the Keputusan Menteri BUMN Tahun 2002 concerning the principles of Good Corporate Governance must reflect these matters-the following: Transparency, Independence, Accountability, Responsibility, Fairness and Fairness.

2.5. Environmental, Social, Governance (ESG)

Environmental, Social, Governance is considered important in today's business world in measuring the sustainability and social impact of investments in companies or businesses in the future. ESG is a company standard in its investment practices which consists of three concepts or criteria. In other words, companies that apply ESG principles in their business and investment practices will also integrate and implement their company policies so that they are in line with the sustainability of these three elements.

2.6. Hypotheses

2.6.1. The Influence of GCG on Firm Value

Good implementation of GCG can influence firm value. To maximize value and meet the interests of stakeholders, including suppliers, customers, employees, government agencies, and the general public, companies must adopt systems and structures known as GCG. Companies that implement GCG can help companies increase firm value (Suhara & Susilowati, 2022). This is in line with stakeholder theory, where good implementation of GCG will be able to increase firm value. Research conducted by Oktapriana & Bhuana (2023), Worokinasih & Zaini (2020b), and Fatma & Chouaibi (2023) show that GCG influences firm value. This is different from research conducted by Kurniasari & Bernawati (2020) and Arofah & Khomsiyah (2023) which resulted in GCG having no influence on firm value.

H1: Good Corporate Governance Influences Firm Value

2.6.2. The Influence of ESG on Firm Value

Environmental, Social, Governance is considered important in today's business world in measuring the sustainability and social impact of investments in companies or businesses in the future. This is in line with stakeholder theory, where perfect implementation of ESG will increase firm value. ESG ideas consider the benefits of a business to the environment, society, and government in addition to profits, having the potential to significantly increase a company's value over time. Research by Dkhili (2023) shows that ESG influences firm value. Meanwhile, research conducted by Igbinovia & Agbadua (2023) and Arofah & Khomsiyah (2023) produce that ESG does not affect firm value.

H2: Environmental, Social, Governance Influence Firm Value

2.6.3. The Influence of GCG On CSR

GCG and CSR have a very close relationship with each other. The two are interrelated, namely about responsibility towards stakeholders. The difference is, GCG focuses more on benefits for stakeholders, where companies must create added value from products and the actions of stakeholders, and maintain the sustainability of the added value created. This is in line with stakeholder theory where responsibility in implementing GCG will increase CSR or the company's role in realizing its social responsibilities. Research conducted by Worokinasih & Zaini (2020a) shows that GCG significantly influences CSR. In line with this, research by by (Fatma & Chouaibi, 2023) also shows that GCG has a positive effect on CSR.

H3: Good Corporate Governance Influences Corporate Social Responsibility

2.6.4. The Influence of ESG On CSR

Stakeholders, especially investors, demand disclosure on ESG-related issues (Albitar et al., 2023). This means that companies are now required to participate in ESG disclosures in order to meet the demands of stakeholders. By linking ESG and CSR disclosures, it will provide stakeholders with a better understanding of the company and its future. This is in line with stakeholder theory where good ESG implementation will encourage companies to fulfill their CSR responsibilities. Research by Albitar et al. (2023) shows the influence of ESG on CSR.

H4: Environmental, Social, Governance Influence Corporate Social Responsibility

2.6.5. The Influence of CSR on Firm Value

Corporate Social Responsibility that is implemented well will certainly increase firm value. The thoroughness of the disclosure feature provides comprehensive information about the company's role in environmental protection and its obligations as an organization. Companies that fully disclose their CSR activities to the public will be seen as having more value in society and gain the trust of the public, which will increase the value of the company. Apart from reducing information asymmetry from various parties and other stakeholders, implementing CSR can improve corporate and social survival requirements. This is in accordance with stakeholder theory which states that information related to corporate social responsibility, in particular, must be equally accessible to all stakeholders to maximize firm value. Research by Fatma & Chouaibi (2023) show that corporate social responsibility (CSR) influences firm value. Meanwhile, research by Kurniasari & Bernawati (2020) and Suhartoko & Perwiro (2023) shows that CSR does not affect firm value.

H5: Corporate Social Responsibility Influences Firm Value

2.6.6. CSR mediates GCG on Firm Value

Implementing good CSR cannot be separated from the role of internal and external parties to the company. Every business person must understand the principles of good corporate governance well in order to apply them in the company's operational activities. GCG can also help increase the trust and confidence of stakeholders and other external parties in the company (Worokinasih & Zaini, 2020b). When GCG and CSR are related to each other, they can be linked to firm values.

H6: Corporate Social Responsibility Is able to Mediate the Influence of Good Corporate Governance on Firm Value

2.6.7. CSR mediates ESG on Firm Value

Companies are currently required to participate in ESG disclosures in order to meet the demands of stakeholders. ESG and CSR have a very close relationship with each other. The two are interrelated, namely the same in terms of disclosure regarding the company's environmental and social aspects. The difference lies in one aspect of the disclosure. ESG reveals aspects of corporate governance, while CSR reveals economic aspects. When ESG and CSR are related to each other, they can link to firm value

H7: Corporate Social Responsibility is able to Mediate the Influence of Environmental, Social, Governance on Firm Value

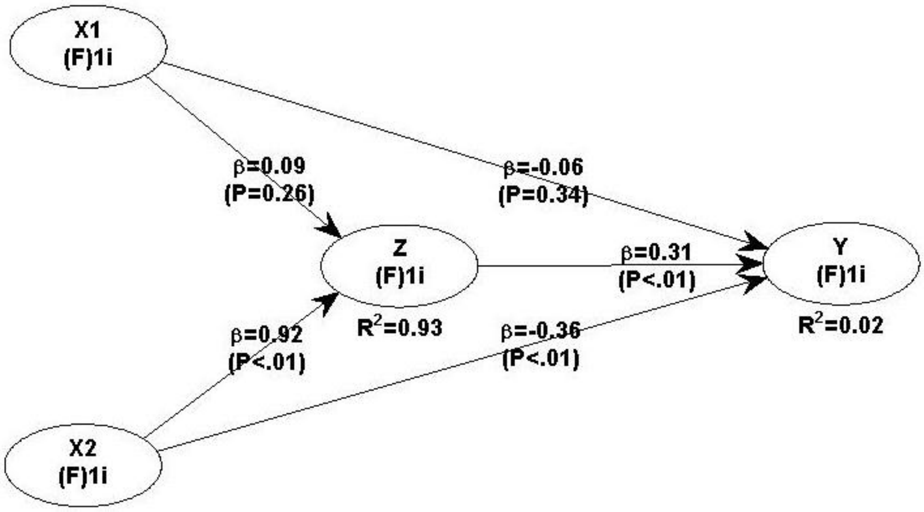

Figure 2. Conceptual Framework

3. RESEARCH METHODS

This research uses a quantitative approach. The type of data in this research is panel data. The data used is secondary and comes from publications on the Indonesian Stock Exchange. Data in the form of annual reports and/or sustainability reports.

3.1 Population and Sample

The population in this research are transportation sector companies listed on the Indonesia Stock Exchange in the 2021 - 2022 period. The sample selection method used in this research is a non-probability sampling method with a purposive sampling technique. Purposive sampling uses certain criteria to obtain samples that are relevant to research problems and phenomena. Companies that met the criteria were 26 companies with 2 years of observation so that the sample used was 52 samples.

Table 1. Sample Criteria

No.	Criteria	Does not meet the criteria	Amount
1.	Transportation sector companies listed on the Indonesian stock exchange during the 2021 - 2022 period	0	29
2.	Companies that publish consecutive annual and/or sustainability reports during 2021 - 2022	(3)	26
Companies that Meet the Sample Criteria			26
Number of Analysis Units (2021 – 2022)			52

3.2. Variable Operationalization

3.2.1. Independent Variable

3.2.1.1. Good Corporate Governance

GCG is measured using the good corporate governance index, which consists of 32 indicators of GCG implementation which are adapted to the 2006 general good corporate governance guidelines (Putra & Dewayanto, 2019). There are a total of 32 indicator items contained in the annual financial report. If there is an indicator item, then the item is given a score of 1. If not, then the item is given a score of 0. The Good Corporate Governance Index for each company is obtained by adding up the scores for each item. GCG can be measured using the following formula (Putra & Dewayanto, 2019):

$$\mathbf{GCGI} = \frac{\textbf{Total Items disclosed by the Company}}{\textbf{Maximum score obtained by the company}}$$

3.1.1.2. Environmental, Social, Governance

According to Ghazali & Zulmaita (2020), companies that adopt an ESG approach can use GRI 300 for environmental topics which has a total of 37 disclosure indicators, GRI 400 for social topics which has a total of 40 disclosure indicators, and GRI 102 for governance information with 22 items. successfully reported by the company compared to the total number of indicators in each GRI module for each ESG aspect can be used as a technique for calculating Environmental, Social and Governance disclosures. For calculations using the GRI indicator, a dummy variable is used which gives a value of 0 if the disclosure item is not disclosed and a value of 1 if it is disclosed. According to Ghazali & Zulmaita (2020) the formula for calculating Environmental, Social, Governance disclosures is:

$$\mathbf{ESG_D} = \frac{\textbf{Total Company Disclosure Items}}{\textbf{Total GRI Standard Disclosures}}$$

Information :
ESG_D : Disclosure Environmental, Social, Governance

3.2.2. Dependent Variable

3.2.2.1. The value of the company

Firm value in this research is proxied by Price to Book Value (PBV). PBV can be used as a comparison between the closing market price of the company's shares at the end of the year and the book value of the shares. The measurement scale for the firm value variable in this research is the ratio, PBV which can be formulated :

$$\mathbf{PBV} = \frac{\textbf{Market Price per Share}}{\textbf{Book Value per Share}}$$

3.2.3. Mediation Variables

3.2.3.1. CSR

The GRI G4 index is used to measure the CSR variable as the dependent variable. The Global Reporting Initiative (GRI) is a sustainability reporting standard developed to help companies disclose their economic, environmental and social impacts to the public to highlight both good and bad contributions. The 91 performance indicators in GRI G4 are divided into three categories: social, environmental and economic. CSR calculations are presented in the following formula :

$$\mathbf{CSRI_j} = \frac{\mathbf{\Sigma X_{ij}}}{\mathbf{n_j}}$$

Information :

$CSRI_j$: Disclosure index corporate social responsibility

ΣX_{ij} : Dummy variables (1 if disclosed, 0 if not disclosed)

n_j : Number of items on corporate social responsibility for company j, ≤ 91

3.2.4. Data Analysis Method

This research uses the Partial Least Square (PLS) data processing method assisted by WarpPLS 7.0 software. This method is called an analytical method that has extraordinary power, because it does not use assumptions, such as the data does not have to be normally distributed and the number of samples does not have to be large (large), and can be nominal, categorical, original, interval or ratio data (Ghozali, 2018). The PLS analysis technique itself has two stages, namely the outer model (convergent validity, discriminant validity, reliability) and the inner model (r-square and path coefficients).

4. RESULT AND DISCUSSION

4.1. Result

4.1.1. Validity Test

Table 2. Convergent Validity

	X1	X2	Z	Y
GCG	1,000			
ESG		1,000		
CSR			1,000	
PBV				1,000

Table 3. AVE Test Results

	X1	X2	Z	Y
AVE	1,000	1,000	1,000	1,000

Based on the data processing presented in tables 2 and 3, it can be stated that each indicator used meets the requirements for validity and correlation, namely with an outer loadings value > 0.7 with an AVE > 0.5. The following is Table 4 which shows the discriminant validity of the cross loading values measuring each variable:

Table 4. Discriminant Validity

	X1	X2	Z	Y
GCG	1,000	0,000	0,000	0,000
ESG	0,000	1,000	0,000	0,000
CSR	0,000	0,000	1,000	0,000
PBV	0,000	0,000	0,000	1,000

The data presented in table 4 are the results of discriminant validity testing which shows a cross loading value > 0.7 so it can be said that the measurements determined can validly measure the variables to be used.

4.1.2. Reliability Test

Table 5. Reliability Test

	Composite Reliability	Cronbach's Alpha
GCG	1,000	1,000
ESG	1,000	1,000
CSR	1,000	1,000
PBV	1,000	1,000

Table 5 shows that the reliability test value for composite reliability and Cronbach alpha has a value of more than 0.70. It can be concluded that the conditions from the outer model results have been met.

4.1.3. R-Square (R2)

Table 6. R-Square Value

	R-Square	R-Square Adjusted
CSR (Z)	0.930	0.927
PBV (Y)	0.016	-0.046

Table 6 shows that the R-square for the corporate social responsibility variable is 0.930, this can be said to be a very strong model. In contrast, the R-Square of the firm value is 0.016, it can be said to be a weak model because the value is less than 0.25.

4.1.4. Path Coefficient

Table 7. Path Coefficient Value

	Path Coefficient	P-value	Result
GCG → Firm value	-0.058	0.336	No effect
ESG → Firm value	-0.361	0.002	Negative influence
GCG → CSR	0.086	0.263	No effect
ESG → CSR	0.922	0.001	Positive influence
CSR → Firm value	0.308	0.008	Positive influence
GCG → CSR → Firm value	0.026	0.393	No effect
ESG → CSR → Firm value	0.284	0.001	Positive influence

4.2. Discussion

4.2.1. The Effect of Good Corporate Governance on Firm Value

The results of the path coefficient analysis are -0.058 and a p-value of 0.336, where this figure does not meet the p-value limit so that this hypothesis is not accepted, meaning that Good Corporate Governance has no effect on Company value. Several studies have shown that the application of GCG principles can directly increase company value through increased efficiency, transparency and accountability in company management. However, there are also findings that show that the direct impact of GCG on firm value is not always consistent or significant. Other factors such as market conditions, industry, and internal factors also play a role in determining firm value. Thus, while GCG is considered important to improve corporate governance, its impact on firm value cannot always be measured directly or instantly. GCG's role in the long run may be more visible in the sustainability of corporate performance and investor confidence, which in turn may affect firm value indirectly. Therefore, an assessment of the effect of GCG on firm value needs to consider the various factors and contexts that affect firm performance and value holistically. The results of this research are in line with those conducted by Kurniasari & Bernawati (2020) and Arofah & Khomsiyah (2023) which resulted in GCG having no effect on company value.

4.2.2. The Effect of Environmental, Social, Governance on Firm Value

The path coefficient results show a value of -0.361 and a p-value of 0.002, where the value meets the p-value limit so that this hypothesis is accepted, which means that Environmental, Social, Governance has a negative effect on firm value. An unfriendly environment or social conflict in the community can disrupt company operations, trigger a decrease in production, and increase operating costs which will ultimately harm the company's value. An unhealthy social and work environment can also lead to decreased employee productivity, increased absenteeism rates, and reduced employee loyalty, all of which contribute to decreased firm value. On the other hand, poor corporate governance, such as non-transparency in financial management or corruption scandals, can damage a company's reputation, reduce investor confidence, and lower share prices. Therefore, it is important for companies to pay attention to and effectively manage environmental, social, and governance factors to maintain and increase firm value. This is in line with the results of Dkhili (2023).

4.2.3. The Effect of Good Corporate Governance on Corporate Social Responsibility

The results of the analysis show that Good Corporate Governance has no significant effect on Corporate Social Responsibility. The resulting path coefficient of 0.086 indicates that the relationship between the two variables is weak. In addition, the large p-value of 0.263 indicates that there is not enough statistical evidence to support the relationship between Good Corporate Governance and Corporate Social Responsibility. Although GCG has become a major focus for companies to improve transparency, accountability, and protection of shareholder interests, this does not necessarily result in a significant increase in CSR practices. Other factors, such as market pressures, government policies, and social awareness, can also influence companies' decisions in adopting and implementing CSR programmes. In addition, the approach and level of engagement in GCG can vary between companies, so the impact on CSR can also vary. Therefore, while GCG is an important foundation for responsible business practices, it cannot always be guaranteed that the adoption of good GCG will directly result in a significant increase in CSR. The results of this study contradict the results of research by Worokinasih & Zaini (2020a) and Fatma & Chouaibi (2023).

4.2.4. The Effect of Environmental, Social, Governance on Corporate Social Responsibility

Path analysis shows a significant positive influence between Environmental, Social, Governance (ESG) on Corporate Social Responsibility (CSR), with a path coefficient of 0.922 and p-value 0.001. These results indicate that the existence of environmental, social, and good governance factors together contribute positively to the implementation of corporate social responsibility. Thus, the hypothesis stating the relationship between ESG and CSR is accepted.

Environmental factors require companies to pay attention to their impact on the environment, encourage sustainable business practices and reduce their carbon footprint. This forces companies to pay attention to their social responsibility towards their surrounding environment. Secondly, social aspects reinforce companies' commitment to social welfare, including diversity, equality and relationships with the communities in which they operate. By paying attention to the needs and interests of social stakeholders, companies tend to improve their CSR practices. Finally, the governance element plays a key role in upholding ethical and transparent business practices and ensuring corporate accountability for their actions, including in terms of CSR. Overall, the integration of ESG in business strategy can be a catalyst for increased CSR, as it forms a solid foundation for responsible and sustainable business practices as a whole. The results of this study are in line with the results of research conducted by Albitar et al. (2023).

4.2.5. The Effect of Corporate Social Responsibility on Firm Value

The results showed that Corporate Social Responsibility (CSR) has a positive influence on firm value. The analysis uses a path coefficient of 0.308 and a p-value of 0.008, which indicates a significant relationship between CSR and firm value. The low p-value, which is below the predetermined threshold, confirms that this result does not occur by chance alone. Thus, the hypothesis that CSR has a positive impact on firm value is accepted. The results of this study are in line with the research of Fatma & Chouaibi (2023) show that corporate social responsibility (CSR) influences firm value.

Corporate Social Responsibility (CSR) is a practice in which companies voluntarily consider the social, environmental, and economic impacts of their business decisions, and take responsibility for the consequences on various stakeholders. Numerous studies have shown that CSR implementation can have a positive influence on firm value. Firstly, by adopting CSR practices, companies can strengthen their image in the eyes of consumers, investors, and society as a whole. This can result in greater trust from stakeholders towards the company, which in turn can increase consumer loyalty and investment. Secondly, effective CSR practices can also assist companies in minimising reputational risks that may arise from their business activities. By paying attention to social and environmental responsibilities, companies can reduce the likelihood of conflicts with communities and regulators, and avoid sanctions or public pressure that could harm their reputation. In addition, the adoption of CSR can also assist companies in attracting and retaining the best talent in the labour market by demonstrating their commitment to social and environmental values that are important to potential employees. Thus, overall, CSR practices can help increase a company's value through a variety of mechanisms, from strengthening the company's image to managing risk and attracting top talent.

4.2.6. The effect of Corporate Social Responsibility Mediates the Relationship Between Good Corporate Governance and firm Value

Corporate Social Responsibility is not able to mediate the effect of Good Corporate Governance on firm value. The resulting parameter is a path coefficient of 0.026 and a p-value of 0.393 which is an insufficient p-value so that this hypothesis is not accepted. While GCG emphasises transparency, accountability and fairness in corporate management, CSR is often considered a broader form of social and environmental responsibility. However, even though companies implement good GCG practices, their success in increasing firm value does not always align with their CSR efforts. This can be due to several factors, including a lack of integration between CSR and core business strategy, a lack of effective performance measurement related to CSR, or even differences in value perception between stakeholders. In this context, it is important to recognise that while GCG provides a framework for good governance, the sustainability of corporate value also requires a strong commitment to social responsibility and effective integration between CSR and business strategy. As such, companies need to consider how they can integrate CSR principles into their GCG practices in a holistic manner to enhance their long-term value for all stakeholders.

4.2.7. The effect of Corporate Social Responsibility Mediates the Relationship Between Environmental, Social, Governance on Firm Value

The results of the analysis show that Corporate Social Responsibility (CSR) has a significant role in mediating the influence of Environmental, Social, and Governance (ESG) on firm value, indicated by the path coefficient of 0.284 with a p-value of 0.001. The significant path coefficient number and low p-value indicate that the hypothesis stating that CSR mediates the influence of ESG on firm value can be accepted.

Corporate Social Responsibility (CSR) plays a crucial role in mediating the impact of Environmental, Social, and Governance (ESG) factors on firm value. CSR leads to a company's obligation to be socially, environmentally, and ethically responsible in its operations. In this context, CSR practices help manage the risks and opportunities associated with ESG factors. Specifically, through CSR initiatives, companies can reduce negative environmental impacts, strengthen relationships with stakeholders, and enhance corporate reputation. This can result in increased corporate value in the long run, as investors and consumers increasingly pay attention to non-financial factors such as sustainability and social responsibility in their decision-making. Thus, CSR integration becomes an important strategy in creating long-term value for companies that are oriented towards sustainable growth and social responsibility.

5. CONCLUSION

In conclusion, this study investigates the impact of Corporate Social Responsibility as a mediator between Good Corporate Governance and Environmental Social Governance on firm value in the transportation sector companies listed on the Indonesia Stock Exchange from 2021 to 2022. The findings reveal that while Corporate Social Responsibility does not mediate the relationship between Good Corporate Governance and firm value, it does mediate the relationship between Environmental, Social, Governance and firm value. Companies are advised to adhere to CSR guidelines and disclose related information in their annual reports to comply with PP No. 47 of 2012. Future research should consider larger samples, delve deeper into each component of ESG, and explore variables beyond firm value affected by CSR to enhance our understanding of CSR's impact on corporate sustainability.

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