



The Influence of Corporate Social Responsibility, Profitability, and Company Size on Firm Value in Primary Goods Retail Companies Listed on the Indonesia Stock Exchange

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Abstract: This study aims to analyze the effect of Corporate Social Responsibility (CSR), profitability, and company size on firm value in primary goods retail trading companies listed on the Indonesia Stock Exchange (IDX). The study is conducted to obtain empirical evidence about the factors influencing firm value as well as to explain the differences in previous research findings regarding the relationships among these variables. This research uses a quantitative approach with an associative research type. The data used are secondary data in the form of annual financial statements of companies obtained from the Indonesia Stock Exchange. The sampling technique employed is purposive sampling, resulting in a sample of 6 (six) companies. The data analysis method used is panel data regression assisted by Stata 17 software. The research results indicate that, partially, Corporate Social Responsibility (CSR) has a positive and significant effect on firm value, whereas profitability has a negative and significant effect on firm value. Meanwhile, firm size has a negative and insignificant effect on firm value. Simultaneously, Corporate Social Responsibility (CSR), profitability, and firm size have a significant effect on firm value in primary goods retail trading companies listed on the Indonesia Stock Exchange.

Keyword: Corporate Social Responsibility 1, Profitability 2, Company Size 3, Firm Value 4, Indonesian Stock Exchange 5.

INTRODUCTION

The global economy in recent years has faced quite complex challenges due to the COVID-19 pandemic, geopolitical conflicts, and rising inflation in various countries. These conditions have caused global economic uncertainty and a slowdown in international trade activities. (Bank, 2023) projects global economic growth to be only 2.1%, reflecting the continued strong external pressures on global market stability. This situation requires each country and company to be able to adapt and enhance their competitiveness in order to remain resilient amid the dynamics of the global economy. The problem formulation contains article questions that must be explained in the discussion and answered in the conclusion.

Retail trading companies of primary goods have become one of the sectors of interest for research due to their role in providing necessities to the public, whose demand is relatively stable. Companies in this sector, such as PT Sumber Alfaria Trijaya Tbk (AMRT), are able to demonstrate consistent revenue performance despite facing intense industry competition and operational cost pressures. In addition to focusing on financial performance, AMRT is also actively implementing Corporate Social Responsibility (CSR) programs in various areas, such as social welfare, health, environment, and education. The implementation of these CSR initiatives reflects the company's commitment to social responsibility and sustainable development (Alfamart, 2023).

From a capital market perspective, a company's performance is reflected in its firm value. Firm value is an important indicator that illustrates investors' perceptions of a company's prospects, stability, and ability to create long-term value (Situmorang & Setyawan, 2024). In this study, firm value is measured using the Tobin's Q ratio, which compares a company's market value to the book value of its assets. A Tobin's Q value greater than one indicates that the market places a higher valuation on the company compared to the value of its assets.

Previous studies have shown inconsistent results regarding the influence of CSR, profitability, and company size on firm value. (Situmorang & Setyawan, 2022) found that CSR and company size had a significant negative effect on firm value, while profitability had a significant positive effect. Similar results indicate that profitability positively affects firm value, but CSR and company size do not show a significant impact according to (Saputra, 2022; Worontikan & Amanah, 2022).

Conversely, several studies show differing results, finding that CSR and profitability have a positive and significant impact on firm value, whereas the influence of firm size shows varied results, ranging from insignificant to no effect (Bisri & Amirya, 2023; Eka & Ghazali, 2023; Khofifah et al., 2022; Putu et al., 2024; Saridewi et al., 2022). Meanwhile, (Azahra et al., 2023) indicate that CSR and tax avoidance have a significant negative impact on firm value, while profitability has a significant positive impact. The study by (Cahya & Handayani, 2025) on retail companies also found that profitability has a significant effect on firm value, whereas CSR and institutional ownership did not show a significant partial effect.

Based on empirical phenomena and inconsistencies in previous research findings, this study aims to analyze the influence of Corporate Social Responsibility (CSR), profitability, and company size on the firm value of primary goods retail trading companies listed on the Indonesia Stock Exchange. Therefore, further research with different objects and periods is necessary to gain a more comprehensive understanding of the factors affecting firm value. This study is expected to provide theoretical contributions to the development of financial management knowledge as well as practical benefits for companies in formulating strategic policies and for investors in making investment decisions.

METHOD

This study employs a quantitative approach with an associative research method, aimed at testing and analyzing the influence of the independent variable on the dependent variable. The quantitative approach was chosen because it can provide an objective overview of the relationships between variables based on numerical data (Sugiyono, 2022)

The research object is retail trading companies of primary goods listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. The sample selection was carried out using a purposive sampling method, with criteria being companies that consistently publish financial statements and sustainability reports during the observation period. The data used are secondary data obtained from annual reports, sustainability reports, and the official IDX website. Data analysis was conducted using panel data regression, as the research data combines time series dimensions and individual company cross-sections. Testing was conducted through descriptive statistical tests, classical assumption tests, partial significance tests (t-tests),

simultaneous tests (F-tests), and the coefficient of determination to assess the ability of independent variables to explain the dependent variable.

Table 1. Sample Criteria

Criteria	Number of Companies
Retail Trading Companies Listed on the Indonesia Stock Exchange (IDX) 2020-2024	15
Companies That Conducted an IPO after 2020	(2)
Companies That Were Suspended and Delisted on the Indonesia Stock Exchange (IDX) During the 2020-2024 Period	(1)
Companies That Did Not Fully Disclose CSR Data/Figures During the Research Period	(6)
Companies That Meet the Criteria and Will Become Research Samples	6
Observation Period of 5 Years (5x6=30)	30 Observation

Source: data is processed

In this study, firm value is measured using the Tobin’s Q ratio, which represents the comparison between the market value of a company and the book value of its assets. The use of Tobin’s Q aims to capture the market's perception of the company's performance and prospects. A Tobin’s Q value above one indicates that the company is perceived to have good prospects by investors.

Table 2. Variable Operationalization

Research variable	Definision	Indicator	Scale
Corporate Social Responsibility (X1)	CSR can be measured by the total CSR expenditure incurred by a company each year, which is then transformed using the natural logarithm to stabilize the data.	$CSR = \ln(Total\ Cost\ CSR)$	Ratio
Profitabilities (X2)	According to (Kasmir, 2014) ,Return on Equity is a ratio used to measure a company's ability to generate net profit by utilizing its own capital. This ratio reflects the rate of return earned by shareholders on the investment they have made in the company.	$Return\ on\ Equity = \frac{Net\ Profit}{Total\ Equity}$	Ratio
Firm Size (X3)	According to (Kolamban et al., 2020), company size reflects the total assets owned by a company. In general, companies are distinguished into small and large scales. Large companies typically have more stable financial conditions and lower risks because they are able to manage resources effectively. The larger the assets owned, the greater the company's ability to invest and meet market demand.	$Firm\ Size = \ln(Total\ Assets)$	Ratio
Company Value (Y)	According to (Fauziah, 2017), company value is the assessment of a company by investors, using the company's stock price as the object of their research in the future.	$Tobin's\ Q = \frac{EMV + D}{Total\ Assets}$	Ratio

Source: data is processed

Corporate Social Responsibility (CSR) (X1) is measured using the Corporate Social Responsibility Disclosure Index (CSRDI), which is compiled based on CSR disclosure indicators in the company's annual report. This measurement refers to the tripel bottom line concept, which emphasizes a balance between economic, social, and environmental aspelcts.

Profitability (X2) is proxied by Return on Equity (ROEL), which is a ratio indicating the company's ability to generate profits for shareholders.

ROEL is used as an indicator of management effectiveness in managing its own capital (Kasmir, 2018). Company size (X3) is measured using the natural logarithm of total assets (Ln Total Assets), which reflects the scale and stability of the company in facing business risks and external pressures (Brigham & Houston, 2019).

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3. Descriptive Statistical Test Results

Variable	Obs	Mean	Std. Dev	Min	Max
<i>Tobinsq</i>	30	1.784056	1.332622	.9083532	6.6489993
<i>Csr</i>	30	20.12981	1.480511	17.59651	23.76335
<i>Roe</i>	30	-.1658923	.669836	-2.587892	.2534701
<i>Firmsize</i>	30	28.81557	1.849615	25.24729	31.2894

Source: data is processed

Based on Table 3, the results of the descriptive statistical analysis indicate that the Corporate Social Responsibility (CSR) variable has a minimum value of 17.59651 and a maximum value of 23.76335, with a mean value of 20.12981 and a standard deviation of 1.480511. This suggests that the level of CSR disclosure among the sample companies is relatively varied, yet remains centered around the mean value.

The profitability variable, proxied by Return on Equity (ROE), has a minimum value of -2.587892 and a maximum value of 0.2534701, with an average value of -0.1658923 and a standard deviation of 0.669836. This condition indicates that, in general, the sample companies have a relatively low and fluctuating level of profitability, with some companies even incurring losses during the study period.

The company size variable, proxied by Firm Size, shows a minimum value amounting to 25.24729 and a maximum value of 31.2894, with an average value of 28.81557 and a standard deviation of 1.849615. This indicates that the size of primary goods retail trading companies is relatively diverse, although the differences are not too extreme. The company value variable, proxied by Tobin's Q, has a minimum value of 0.9083532 and a maximum value of 6.648993, with an average value of 1.784056 and a standard deviation of 1.332622. These findings suggest that the company value in the research sample varies considerably, reflecting differences in market perception regarding the performance and prospects of each company.

Selection of Panel Regression Models

The selection of the panel regression model in this study was carried out through several testing stages, namely the Chow Test, Hausman Test, and Lagrange Multiplier Test, with a significance level of 5 percent ($\alpha = 0.05$). These tests aim to determine the most appropriate panel regression model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

Table 4. Panel Regression Model Selection Results

Method	Chi-Sq.d.f	Prob.	Conclusion
Chow Test	CEM vs FEM	0,8618	CEM
Hausman Test	FEM vs REM	0,5698	REM
Langrange Multiplier Test	REM vs CEM	1,000	CEM

Source: data is processed

Based on the results of the Chow Test, a Prob > F value of 0.8618 was obtained, which is greater than the significance level of 0.05. These results indicate that the Fixed Effect model is not superior to the Common Effect model, and therefore, the more appropriate model to use is the Common Effect Model.

The Hausman test was conducted to compare the Fixed Effect Model with the Random Effect Model. Based on the test results, a Prob > chi² value of 0.5698 was obtained, which is also greater than 0.05. Thus, it can be concluded that the Random Effect Model is more appropriate to use compared to the Fixed Effect Model.

The Lagrange Multiplier test, aimed at determining the choice between the Common Effect Model and the Random Effect Model, yielded a Prob > chibar² value of 1.0000, which is greater than 0.05. These results indicate that the Random Effect Model is not superior to the Common Effect Model, and therefore, the most suitable model to use in this study is the Common Effect Model.

Based on the overall results of the tests, it can be concluded that the best panel regression model used in this study is the Common Effect Model (Pooled Ordinary Least Squares).

Multicollinearity Test

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF	Description
CSR	0,721	1,386	No Multicollinearity Occurred
ROE	0,654	1,529	No Multicollinearity Occurred
<i>Firmsize</i>	0,812	1,231	No Multicollinearity Occurred

Source: data is processed

Multicollinearity testing was conducted to ensure that there is no strong relationship among the independent variables in the regression model. Based on the test results, the correlation values between Corporate Social Responsibility (CSR), profitability, and company size variables were all below the threshold of 0.90. This indicates that the regression model used is free from multicollinearity issues and is suitable for further analysis.

Heteroscedasticity Test

Table 6. Heteroscedasticity Test Result

Statistic Test	Value	Prob.
F-statistic	-	-
Obs*R-squared	33,34123	0,000
Prob. Chi-Square (Obs*R ²)	0,000	

Source: data is processed

Based on the results of heteroskedasticity testing using the Modified Wald test (xttest3) presented in Table 6, a chi-square value of 33,341.23 was obtained with a probability of 0.0000 < 0.05. Thus, the regression model indicates the presence of heteroskedasticity.

Multiple Linear Regression Analysis

This study applies multiple linear regression analysis using the Ordinary Least Squares (OLS) model to examine the influence of Corporate Social Responsibility (CSR), profitability, and firm size on firm value, which is proxied by Tobin's Q, in retail companies of primary goods listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. All data processing and analysis in this study were conducted with the assistance of Stata version 17 software.

Table 7. OLS Model Test Results with Robust Standard Error

Linear Regression		Number of obs		=		
		30		=		
		F(3, 26)		=		
		5.82		=		
		Prob > F		=		
		0.0035		=		
		R-squared		=		
		0.5292		=		
		Root MSE		=		
		.96571		=		
Tobinsq	Coefficient	Robust std. Err.	T	P > t	[195% conf. interval]	
CSR	.696251	.1893165	3.68	0,001	.3071054	1.085397
ROE	-.3316576	.1464213	-2.27	0.032	-.6326308	-.0306844
Firmsize	-.0922852	.1722941	-0.54	0.597	-.4464409	.2618704
_cons	-9.627111	4.160167	-2.31	0,029	-18.17846	-1.-75765

Source: data is processed

Based on the data processing results shown in Figure 4, the following multiple linear regression equation was obtained:

$$Y = -9,627111 + 0,696251X_1 - 0,3316576X_2 - 0,0922852X_3$$

The equation indicates that the constant value of -9.627111 suggests that if Corporate Social Responsibility (CSR), profitability, and company size are zero, then the company's value would be at -9.627111. The regression coefficient of Corporate Social Responsibility (X₁) is positive at 0.696251, which means that an increase in CSR would be followed by an increase in the company's value. Conversely, profitability (X₂) has a negative regression coefficient of -0.3316576, indicating that an increase in profitability tends to reduce the company's value. Similarly, company size (X₃) has a negative regression coefficient of -0.0922852, which implies that an increase in company size is followed by a decrease in company value, although with a relatively small effect.

Partial Test (t-test)

The model in this study uses the t-statistical test to determine the effect of each independent variable on firm value with a significance level of 5 percent (α = 0.05). The determination of the t-table value is based on the degrees of freedom $df = (n - k - 1)$, resulting in df of 26 and a t-table value of 2.05553. As shown in Table 7, based on the t-test results with robust standard error, Corporate Social Responsibility (CSR) has a calculated t-value of 3.82, which is greater than the t-table value, thus the alternative hypothesis is accepted.

This indicates that CSR has a positive and significant effect on firm value. Meanwhile, profitability has a calculated t-value of -1.58, which is less than the t-table value, the null hypothesis is accepted. These results indicate that profitability has a negative and significant effect on firm value. Furthermore, firm size shows a calculated t-value of -0.94, which is also smaller than the table t-value, thus the null hypothesis is accepted, meaning that firm size has a negative and insignificant effect on firm value -0.94, which is also smaller than the table t-value, thus the null hypothesis is accepted, meaning that firm size has a negative and insignificant effect on firm value.

Coefficient of Determination (R²)

Based on Table 7, the results of the OLS model test with Robust Standard Errors, using data processed with Stata version 17 software, the overall R-squared value obtained is 0.5292 or 52.92 percent. This value indicates that the variables of Corporate Social Responsibility (CSR), profitability, and company size collectively explain 52.92 percent of the variation in firm value. Meanwhile, 47.08 percent of the variation in firm value is influenced by other factors outside the research model, such as macroeconomic conditions, management policies, capital structure, dividend policies, and other factors not included in this study.

The Influence of Corporate Social Responsibility on Firm Value

Based on the results of data processing and analysis, Corporate Social Responsibility (CSR), measured through the level of disclosure of corporate social responsibility activities, has been proven to have a positive and significant effect on firm value. These findings indicate that the consistent implementation of CSR can enhance investor confidence and build a positive corporate image, thereby impacting the increase in firm value in the market.

The results of this study indicate that CSR is one of the aspects considered by investors when evaluating a company, particularly concerning business sustainability and long-term prospects. With adequate CSR disclosure, a company is perceived as more responsible and committed to social and environmental aspects. These findings are in line with research conducted by (Eka & Ghozali, 2023; Khofifah et al., 2022), which states that Corporate Social Responsibility has a positive and significant impact on firm value.

The Effect of Profitability on Firm Value

Based on the data analysis results, profitability, proxied by Return on Equity (ROE), has a negative and significant effect on firm value. This indicates that an increase in the company's profitability level is actually followed by a decrease in firm value. This condition shows that the profits generated by the company are not entirely perceived as a positive signal by investors in enhancing their valuation of the company.

The results of this study indicate that profitability is not the dominant factor in determining firm value. Investors tend to consider other aspects beyond the ability to generate profits, such as company stability, business risks, and long-term sustainability prospects. This finding is in line with the research by Carissa & Inggawati (2021), which states that profitability measured by ROE has a negative and significant effect on firm value.

The Effect of Company Size on Firm Value

Based on the data analysis results, company size, proxied by Firm Size, shows a negative and insignificant effect on firm value. This result indicates that an increase in company size tends to be followed by a decrease in firm value; however, the effect is not statistically strong enough. Therefore, the scale of a company does not necessarily reflect its ability to create value for shareholders.

These findings indicate that company size is not a primary factor considered by investors when assessing a firm's value. Investors tend to place greater emphasis on the company's performance, management efficiency, and future growth prospects rather than the sheer size of the assets owned by the company.

CONCLUSION

Based on the data analysis conducted using the multiple linear regression method with the assistance of Stata version 17 software on six retail trading companies of primary goods listed on the Indonesia Stock Exchange (IDX), this study aims to examine the influence of Corporate Social Responsibility (CSR), profitability, and company size on firm value. The

results of the study indicate that Corporate Social Responsibility (CSR) has a positive and significant effect on firm value. This finding suggests that the better the implementation and disclosure of CSR activities, the greater the investors' trust in the company. This condition contributes to the formation of a positive corporate image, thereby encouraging an increase in the company's value in the market. Profitability, proxied by Return on Equity (ROE), shows a negative and significant effect on firm value. This indicates that an increase in a company's profit does not necessarily correspond to an increase in firm value, as investors do not fully respond to profit as a positive signal. Company size, proxied through Firm Size, shows a negative but insignificant effect on firm value, indicating that the scale of the company has not yet been a primary factor in determining firm value in the eyes of investors.

The implications of this research indicate that Corporate Social Responsibility (CSR) is an important factor that should be considered by company management in efforts to enhance corporate value. Companies are expected not only to focus on increasing profits and asset growth but also to be able to integrate social responsibility and sustainability aspects into their business strategies. For investors, the results of this study can serve as a consideration in investment decision-making, taking into account not only financial aspects but also CSR activities as indicators of sustainability and the company's prospects.

This study has several limitations, including the use of independent variables that are still limited to Corporate Social Responsibility (CSR), profitability, and company size, as well as the use of a single proxy to measure firm value. Therefore, future research is recommended to include additional variables to make the research findings more comprehensive and accurate.

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