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By Fioni

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Beyond the Bottom Line: CSR as a Catalyst for Profit-Driven Valuation in the Indonesian Tobacco Industry

Abstract

Purpose: This study aims to examine the direct impact of profitability achievement on firm value while dissecting the role of Corporate Social Responsibility (CSR) disclosure as a moderating variable. Specifically, the research highlights the tobacco industry—a highly regulated and controversial sector—to determine whether sustainable economic initiatives can multiply investor appreciation for the company's operating profit performance.

Methodology: The researcher designed a quantitative research framework by extracting secondary data from the annual and sustainability reports of tobacco companies listed on the Indonesia Stock Exchange from 2016 to 2025. Applying purposive sampling to three major companies and eliminating four extreme outliers, the researcher obtained 22 valid observations. To test the hypotheses, the researcher applied the PROCESS Macro Hayes Model 1 algorithm, reinforced by the HC3 matrix estimator to neutralize normality and heteroskedasticity assumption violations.

Findings: Empirical computations prove that both Return on Assets (ROA) and CSR initiatives (based on the GRI index) independently trigger a positive surge in Price to Book Value (PBV). Through the interaction pathway analysis, this study establishes CSR as a valid strengthening moderator. Furthermore, navigating the critical boundaries using the Johnson-Neyman algorithm reveals a crucial fact: massive profit generation only prompts an exponential market response if the company maintains its social care track record above the threshold of investor expectations.

Implications: Managerially, these findings urge executive boards to overhaul the classical financial paradigm. Companies must no longer treat CSR implementation as a cash-drain burden or a mere compliance formality. Management needs to integrate sustainability economics into core business strategies as a multiplier instrument for shareholder wealth, which ultimately assures the market of the company's future viability.

Originality: The novelty of this research lies in reconstructing the position of non-financial variables within the market valuation architecture of a controversial industry. Rather than positioning social programs merely as passive explanatory variables, this study precisely demonstrates the mathematical leverage of CSR as an accelerating engine. The presence of CSR proves to be an absolute prerequisite that determines whether fundamental financial ratios remain relevant in shaping stock prices in the modern business era.

Keywords: Firm Value, Profitability, Corporate Social Responsibility, Moderating Effect, Tobacco Industry.

Introduction

Market valuation of a company's fundamentals consistently sparks complex debates (Gangadharan & Murugesan, 2026), particularly when it involves business entities operating in highly controversial industries such as the tobacco manufacturing sector. Traditionally, investors and financial analysts position financial architecture—such as profitability achievements, capital structure, and operational governance—as the ultimate driver to predict performance and boost firm value in the stock market (Ferriswara et al., 2022). Classical economic logic assumes that management's expertise in maximizing profit (Return on Assets/ROA) correlates directly with high stock price appreciation (Price to Book Value/PBV). However, the tobacco industry in Indonesia faces a much steeper operational reality. The relentless onslaught of suffocating excise regulations, advertising restrictions, and global health campaign pressures continuously fuels negative sentiments that stifle market capitalization growth. In this high-pressure business vortex, pure financial ratios begin to lose their edge; fantastic operating profit achievements no longer guarantee skyrocketing stock valuations because modern investors constantly calibrate firm value by calculating the magnitude of controversy risks surrounding the business (Brighi et al., 2025).

Facing this valuation anomaly, tobacco companies can no longer hide behind an impressive array of financial report numbers. Executive boards face urgent demands to execute non-financial strategies—specifically sustainability practices—comprehensively to dampen public resistance and restore fluctuating investor confidence (Buallay et al., 2025). At this exact point, Corporate Social Responsibility (CSR) initiatives based on global sustainability standards take on a highly crucial role. Contemporary management literature no longer views social responsibility expenditures as a cash-draining burden or a mere administrative compliance formality, but rather as a strategic spending instrument that empirically proves capable of optimally driving shareholder value creation (Chettri & Makan, 2025). Through the synergy between CSR commitments and managerial innovation, companies actively construct a defense fortress against negative market sentiments while accelerating their long-term financial resilience (Ben Flah et al., 2026). Aligning with signaling theory postulates, this transparent CSR disclosure practice effectively broadcasts a positive signal that convinces investors that the financial profits the company currently achieves rest on a solid ethical foundation, thereby guaranteeing future business continuity (Nguyen, 2025).

Firm value evaluation consistently serves as the epicenter of debate in the stock market, especially for business entities operating in controversial sectors like the tobacco manufacturing industry. The classical financial management paradigm consistently glorifies high profitability achievement (Return on Assets/ROA) as an absolute prerequisite to boost market perception and generate a superior Price to Book Value (PBV) (Aydoğmuş et al., 2022). Nevertheless, recent empirical observations present sharp contradictions. Several studies prove that profit inflation in the tobacco sector does not always correlate positively with increased investor appreciation. High policy uncertainty, such as the threat of aggressive excise regulations and the barrage of negative global health sentiments, triggers this anomalous condition (Azimli, 2023). This volatile risk dynamic demands companies to design robust risk management schemes that go beyond mere numerical reporting (Farooq, Khan, et al., 2025). This inconsistent market response indicates that fundamental profitability ratios begin to lose their edge when standing alone. Financial experts now realize the urgency to

explore non-financial interventions, considering that financial performance inherently requires the anchors of innovation and sustainable governance to successfully transform into solid firm value (Asni & Agustia, 2022).

Responding to the limited explanatory power of pure profitability, the sustainable economics concept emerges through Corporate Social Responsibility (CSR) instruments as a strategic maneuver to neutralize negative industry sentiment. Social responsibility disclosure empirically proves capable of building intellectual capital—such as reputation and public trust—which ultimately accelerates corporate financial performance (Farooq, Nawaz Saleem, et al., 2025; Mahmuda & Muktadir-Al-Mukit, 2023). Unfortunately, the literature integrating CSR into the financial valuation architecture, particularly in the tobacco sector, remains highly limited. The majority of previous studies remain trapped in conventional designs that position CSR merely as an independent predictor variable, much like standard financial ratios. Meanwhile, contemporary financial discourse urges researchers to explore the conditional effects or moderating roles of various fundamental and sustainability elements throughout the corporate life cycle (Ahmed & Khalaf, 2025; Khuong & Anh, 2023).

This research aims to bridge this crucial theoretical gap. The researcher no longer positions social initiatives (based on GRI index guidelines) solely as a value-adding instrument operating separately from the company's core performance. Instead, this study reconstructs the role of CSR by formulating it as a moderating catalyst variable. Specifically, this research offers a novel argument: the strength and transparency of sustainability disclosures definitively determine a company's fate on the trading floor—dictating whether fantastic profit achievements (ROA) successfully convert into surging market appreciation (PBV) or ultimately stagnate because investors ignore them.

Building on this literature gap regarding the interaction mechanism between fundamental and non-fundamental elements, the researcher formulates three main research problems to dissect the Indonesian tobacco industry during the 2016–2025 period. First, does profitability achievement (ROA) exert a significant direct impact on firm value (PBV) fluctuations? Second, to what extent does the in-depth quality of sustainable economic disclosures (CSR) boost market perception regarding the company's capitalization? Third, and most crucially, do social responsibility initiatives statistically prove their capability as a moderating variable that accelerates the influence of corporate profit (ROA) in elevating the Price to Book of shareholders?

Research Method

This study employs a quantitative approach to empirically examine structural relationships among variables through statistical measurement. The researcher gathered secondary data from the annual and sustainability reports of tobacco manufacturing companies officially listed on the Indonesia Stock Exchange (IDX) spanning the 2016–2025 observation period. To determine the observation subjects, the researcher applied a purposive sampling technique, filtering the population based on report publication completeness. Out of five listed tobacco companies, the researcher selected three that consistently published comprehensive reports.

During the initial normality assumption testing, the researcher eliminated four observation points identified as extreme outliers to maintain regression curve symmetry, reducing the final number of valid, workable observations to 22 data samples.

In constructing the conceptual model architecture, the researcher formulated three primary operational variables. The researcher designated firm value as the dependent variable, objectively measured using the Price to Book Value (PBV) market ratio proxy. As the primary determining factor, the researcher selected profitability, proxied by Return on Assets (ROA), to evaluate management's effectiveness in converting assets into financial gain. Furthermore, the researcher incorporated the sustainable economics agenda as a moderating variable, represented by the intensity of Corporate Social Responsibility (CSR) disclosure. The researcher scored the quality and quantity of these social activity disclosures based on the Global Reporting Initiative (GRI) international standard checklist.

To execute hypothesis testing, the researcher applied moderation regression analysis using the PROCESS Macro Hayes computational algorithm. Specifically, the researcher selected the Model 1 specification to evaluate the interaction pathway among variables simultaneously. Applying this advanced method enables the researcher to go beyond calculating the separate direct impacts of profitability and social initiatives. More importantly, this model detects conditional effects, proving the extent to which robust CSR programs multiply the impact of profit achievement (ROA) in polishing corporate image and elevating firm value (PBV) in the eyes of national tobacco industry shareholders.

Result and Discussion

The researcher initiated regression diagnostics by assessing the baseline Ordinary Least Squares (OLS) model's viability, which clearly revealed classical assumption violations. Evaluating the residual distribution recorded a skewness value of -1.0265 and a kurtosis value of 3.5834. The proportion of these two figures relative to their standard errors generated a deviation range violating normal curve symmetry. The researcher traced the root of this distortion to observation case number 20, an aggressive outlier registering an extreme t-residual of -4.1391 with a Bonferroni-corrected p-value of 0.0151. This extreme sample unilaterally corrupted data symmetry.

The impact of this non-normality trickled down to residual variance instability within the model. The researcher proved this through a standard Breusch-Pagan test, which yielded a probability of 0.0272. Because this significance value fell below the 5% threshold, the data definitively suffered from heteroskedasticity. Forcing conventional OLS testing under these skewed, non-constant variance residual conditions would merely produce biased standard errors, placing hypothesis conclusions at high risk of inaccuracy.

As a methodological corrective step, the researcher decided against altering the dataset or discarding observation number 20. Instead, the researcher took a more advanced analytical route by applying the HC3 matrix estimator (Davidson-MacKinnon) through the robust standard error feature within the PROCESS Macro Hayes Model 1 architecture. The researcher

specifically selected the HC3 algorithm because this method acts as a mathematical protective shield. This estimator automatically corrects the standard error of each variable without requiring the data to follow a perfect normal distribution.

Evidence of this successful transition to the HC3 model registered clearly in the final diagnostic indicators. When the researcher executed the Breusch-Pagan test in robust mode, the significance value jumped dramatically to 0.2592. This figure, residing well above the 0.05 safety threshold, confirms that the algorithm successfully dampened variance shock effects and neutralized outlier impacts. At this juncture, the moderation analysis (Model 1) conducted by the researcher obtained statistical immunity. All probability values and coefficients generated by the model are now fully valid, no longer compromised by classical assumption issues, and ready for confident interpretation.

The researcher designed a testing framework on 22 data samples to investigate the extent to which Corporate Social Responsibility (CSR) disclosure moderates the influence of Return on Assets (ROA) on Price to Book Value (PBV). As an initial baseline, Pearson correlation analysis mapped a positive direction among all three measurement instruments. ROA recorded the most dominant bidirectional relationship with PBV at a coefficient of 0.8596. Meanwhile, CSR initiatives also confirmed a strong linear relationship with PBV (r = 0.5828).

Entering the model calibration phase, this multiple regression structure demonstrated superior predictive performance. Combining ROA as the primary determinant, CSR as the moderator, and their interaction effect successfully drove the composite correlation coefficient (R) to 0.9426. Furthermore, the model captured an explanatory power (R-square) of 0.8886. This figure confirms that the mix of profitability and social responsibility initiatives governs 88.86% of firm value movements. The remaining 11.14% gap stems from other fundamental factors outside the scope of this study. Aggregate model fit testing reinforced these findings, yielding an F-statistic of 47.8452 that reached absolute significance (p = 0.0000).

Deconstructing the structural coefficients reveals the driving strength of each individual variable. Profitability (ROA) directly drove PBV in a positive direction, evidenced by a coefficient of 0.1989 at a strict significance level (p = 0.0045). Aligning with this finding, the CSR variable independently elevated market perception toward PBV with a substantial coefficient of 21.6465 (p = 0.0016). This constellation of figures formulates the empirical conclusion that the market consistently responds positively to every increase in profit and expansion of social responsibility coverage.

The core of this Hayes modeling lies in testing the interaction effect (Int_1). Computational results establish CSR as a valid moderating variable. The interaction between profitability (ROA) and social initiatives (CSR) generates a positive directional coefficient of 2.7542 (p = 0.0002). Practically, this positive coefficient signifies that CSR practices function as a strengthening mechanism. As companies intensify their social commitments, market appreciation for profit achievements (ROA) multiplies exponentially. The researcher validated the significance of this dual role through the supplementary R-square change metric,

confirming that incorporating the moderation component successfully injected an additional 12.99% (p = 0.0002) in predictive accuracy into the regression architecture.



Figure 1. Moderated Regression Equation

Referencing the model estimation results, the researcher formulates the mathematical equation to map the moderated relationship as follows:

PBV = α + β1ROA + β2CSR + β3 (ROA X CSR) + e

PBV = 2,2338 + 0,1989 ROA + 21,6465 CSR + 2,7542 (ROA X CSR)

This mathematical structure explicitly illustrates how Corporate Social Responsibility (CSR) modifies the slope of the Return on Assets ROA effect on Price to Book Value (PBV). Specifically, every 1-unit increase in ROA directly raises PBV by 0.1989 units when CSR equals zero, while CSR disclosure independently increases PBV by 21.6465 units. Most importantly, the interaction term (2.7542) confirms that higher CSR scores progressively steepen the positive trajectory between ROA and PBV, demonstrating the tangible multiplier effect of sustainability disclosures in the Indonesian tobacco sector.

Conditional Effects Analysis and Johnson-Neyman Critical Point Determination

The researcher dissected the moderation dynamics in greater depth through conditional effects analysis to trace how the intensity of Return on Assets (ROA)'s influence on Price to Book Value (PBV) varies across fluctuating Corporate Social Responsibility (CSR) levels. The first phase of testing used a pick-a-point approach, dividing the moderator variable (CSR) into three crucial points: low (-0.0739), moderate (0.0000), and high (0.0739).

Calibration across these three points revealed a highly contrasting pattern. When companies neglect social responsibility or maintain low social engagement (CSR = -0.0739), profitability achievement (ROA) fails to provide any meaningful boost to firm value. A pseudo-negative coefficient of -0.0046 lacking statistical significance (p = 0.9622) confirms this outcome. However, the situation shifts dramatically once companies implement CSR at an average level

(0.0000). At this phase, ROA demonstrates its strength by injecting a positive effect of 0.1989 at a valid significance level (p = 0.0045). This moderating force reaches its peak when companies execute extensive CSR programs (0.0739). At this highest level, the effect of ROA on PBV more than doubles to 0.4024 with absolute statistical significance (p = 0.0000).

To pinpoint the mathematically precise transition threshold, the researcher utilized the Johnson-Neyman (J-N) algorithm. This technique sweeps across the entire spectrum of Corporate Social Responsibility (CSR) values to map the exact juncture where the market begins to statistically recognize the impact of Return on Assets (ROA). The computational output identifies -0.0193 as the critical boundary of significance.

Based on this J-N cutoff point, the researcher constructed two distinct significance zones dividing the sample population, Social Deficit Zone (31.82% of observations): Encompasses companies whose CSR values fall below the critical threshold (-0.0193). In this zone, regardless of the magnitude of profit (ROA) generated, the market awards no statistically meaningful appreciation toward firm value (PBV). The confidence intervals in this range cross zero (spanning from negative to positive values), invalidating the statistical impact of ROA. Optimal Moderation Zone (68.18% of observations): Captures the majority of the sample, where companies successfully maintain CSR scores above the -0.0193 cutoff. Once a firm crosses this boundary (starting at an effect coefficient of 0.1458, p = 0.0500, with the lower limit of the Confidence Interval touching 0.0000), the moderation mechanism operates at full capacity.

The conditional effects table demonstrates a consistent escalating trend: as CSR scores shift further into positive territory (reaching a maximum of 0.1114), the potency of ROA in driving PBV increases sharply (the effect coefficient surges up to 0.5056). All values above this critical point maintain confidence intervals strictly bounded away from zero, providing statistical legitimacy that CSR is an absolute prerequisite for converting financial performance into maximum firm value.

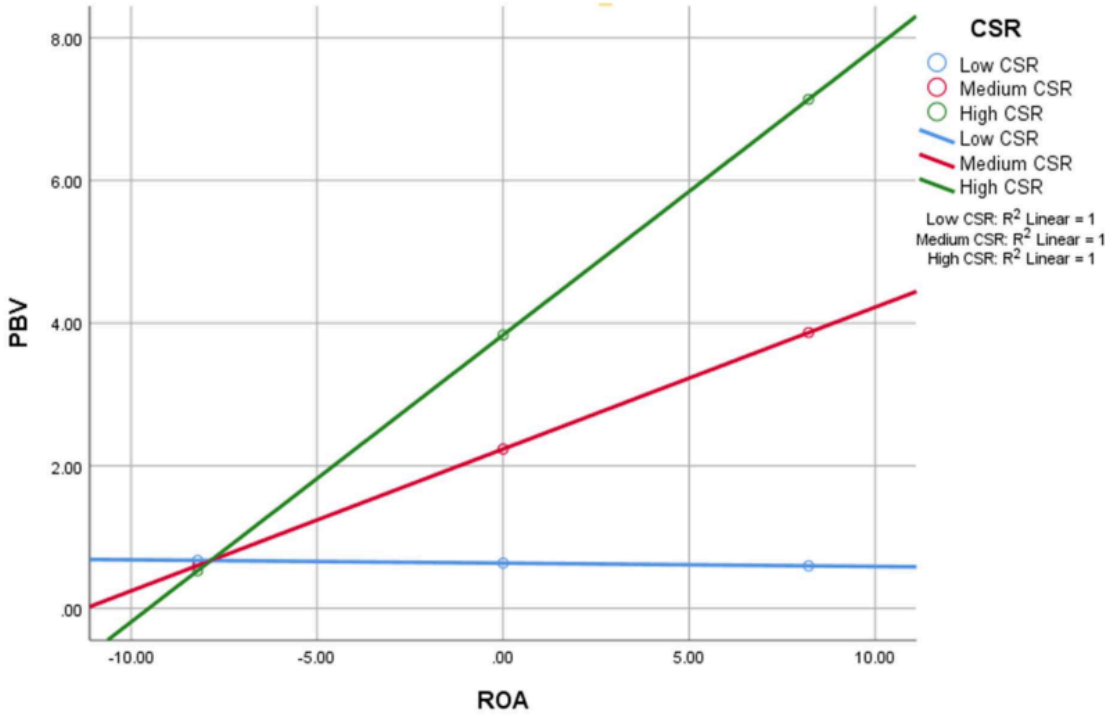

Figure 2. Conditional Effects Analysis

Profitability as the Driving Engine of Firm Value

Empirical testing in this study definitively proves that profitability, measured by Return on Assets (ROA), exerts a positive and significant driving force on Price to Book Value (PBV) appreciation. Statistical figures confirm that the capital market consistently preserves its fundamental principles: investors continuously pursue and reward business entities operating at high efficiency levels. As companies successfully generate expanding profit percentages, management essentially broadcasts a strong signal to market participants, demonstrating exceptional expertise in steering operations and exploiting assets to produce maximum gains. This sequence of financial achievements instantly pumps positive sentiment onto the trading floor, boosts stock demand, and ultimately propels valuation prices far beyond the company's reported book value.

This primary finding regarding the robustness of the profitability factor aligns seamlessly with the constellation of contemporary financial research. Financial performance evaluation inherently remains tied to how the market calibrates a company's future value based on its current earnings power. Aydoğmuş et al. (2022) confirm a similar pattern in their analysis, where a solid profitability foundation serves not only as a cushion for financial resilience but also acts as the primary anchor attracting investors to award higher valuations. Management's proficiency in synthesizing assets into pure profit provides a primary guarantee for investors before they weigh other non-financial variables.

Furthermore, this profitability resilience continues to prove its edge even amidst macroeconomic turbulence and fierce regional integration competition. Dissecting the firm value architecture of Islamic entities in Indonesia, Nikmah and Hung (2024) discovered that fundamental firm performance retains dominant control in shaping market valuation responses, breaking through various economic structural barriers. Additionally, cash flow and profit-generating capabilities grant companies broader leeway to direct their valuation strategies flexibly in the eyes of investors—a dynamic also highlighted by Ahmed and Khalaf (2025) when they analyzed the fundamental determinants moderating corporate value creation. Thus, evidence proves that before investors factor in a company's sustainability narrative, they demand absolute certainty that the firm's profit-generating engine operates at peak condition.

Social Responsibility Builds a Premium Reputation

The independent regression path test results shatter the classic paradigm that has long trapped many executives. The analysis convincingly proves that Corporate Social Responsibility (CSR) initiatives do not merely function as a cost center that erodes company margins, but rather serve as a strategic investment that skyrockets market capitalization. Issuers that aggressively design, execute, and publish their socio-environmental programs successfully harvest high appreciation from investors, a condition directly measured by escalating Price to Book Value (PBV) metrics. This empirical fact signals a fundamental shift: contemporary capital market participants now definitively integrate sustainability metrics into their valuation radars. A solid CSR commitment effectively dampens potential social friction and strengthens the loyalty of various stakeholders, ultimately granting the company the privilege to trade its shares at a "premium price."

This transition of investor orientation toward sustainability gains a very strong foothold in modern financial management literature. Market participants no longer assess social commitment merely as a philanthropic showcase, but rather calculate it as a mitigation shield that protects the company from structural shocks. Aydoğmuş et al. (2022) confirm this shift by explaining that ESG performance possesses dual capabilities: it instantly polishes public reputation and directly injects a positive impact into corporate profitability and valuation on the stock exchange.

Furthermore, CSR practices offer essential protection when companies face macro-scale external pressure storms. When doubt strikes the market due to global climate and environmental policy fluctuations, companies holding a track record of social concern maintain investor trust much more stably than their competitors (Azimli, 2023). Looking deeper, this sustainability orientation internally triggers structural transformations within the company. Tan et al. (2024) highlight that a company's attachment to social pacts and sustainable governance compels management to drive more efficient technological innovation. This constellation of eco-friendly innovation subsequently operates like an engine, accelerating long-term firm value creation and ensuring that market capitalization continues to grow organically.

CSR Strengthens the Effect of Profitability on Firm Value

The peak finding of this research architecture proves the interaction effect among variables. Through conditional effect testing, the researchers successfully demonstrate empirically that Corporate Social Responsibility (CSR) does not merely serve as a complementary ornament in annual reports; instead, it takes control as a moderating variable that multiplies the impact (strengthening/quasi-moderator). Operationally, these findings mean that the explosive power of profitability (ROA) in boosting market capitalization (PBV) depends heavily on the company's level of concern for its social ecosystem. When management successfully generates fantastic profits but ignores environmental responsibilities, the market responds coldly and withholds its appreciation. Conversely, when a surge in financial profits combines with a capable portfolio of social initiatives, investors validate it as a high-quality signal and reward the company with aggressive stock valuations.

Modern business literature firmly rationalizes this value-multiplying mechanism. Financial experts agree that social transparency and fundamental resilience constitute two sides of a coin that mutually sustain each other. Mahmuda and Muktadir-Al-Mukit (2023) highlight how the intensity of social commitment disclosure ignites positive public sentiment, which ultimately injects additional profitability into the business entity. Of course, such sustainability initiatives and green innovations do not automatically transform into firm value without the mediating bridge of excellent financial performance (Asni & Agustia, 2022). In other words, the combination of an efficient profit-generating engine (ROA) and transparent social commitment (CSR) creates an absolute synergy; investors view profit as proof of the ability to survive today, and they see CSR as a guarantee for business continuity in the future.

This CSR moderating leverage essentially operates through the instruments of intangible asset accumulation and risk mitigation shields. Farooq, Nawaz Saleem, et al. (2025) assert that companies nurturing good relationships with their social environment automatically build intellectual capital—such as brand reputation, public trust, and consumer loyalty—that acts as the true driver of long-term financial performance. Furthermore, CSR initiatives closely integrated with enterprise risk management and clean governance provide high-level certainty for the market, causing the company's valuation to soar beyond its intrinsic number (Farooq, Khan, et al., 2025). Although the intensity of this connection fluctuates according to business life-cycle stages where the market demands different portions of social responsibility at each stage of company maturity (Khuong & Anh, 2023), the basic principle remains unshakable. This constellation of findings formulates a new law on the trading floor: mere profit generation no longer holds magical power; it absolutely requires legitimacy from social commitment to successfully transform into premium market value.

In-depth analysis using the Johnson-Neyman algorithm maps these dynamics precisely. The researchers discovered a critical point that divides companies into two distinct market realities. When corporate social concern falls below this critical standard (a condition affecting approximately 31% of the sample), even high profit achievements become meaningless in the eyes of investors—these financial accomplishments fail to significantly elevate firm value. Investors tend to view such profits as high-risk or unsustainable because the company ignores social aspects.

Conversely, for the majority of companies (68%) that successfully maintain their CSR commitments above the critical point, the interaction of these two variables triggers a multiplier effect. When a company operates highly profitably while simultaneously holding a stellar social track record, the market reacts enthusiastically. CSR initiatives function as a catalyst, convincing investors that the profits the company earns today possess a solid sustainability foundation for the future. The broader the scope of CSR programs, the sharper the effect of ROA surges in skyrocketing firm value.

In aggregate, this empirical model successfully demonstrates that pure financial fundamentals no longer suffice to captivate the market. Companies must integrate efficient operational performance (ROA) with concrete social responsibility (CSR) commitments. This combination of both elements serves as the primary key for management to polish the corporate image, capture investor trust, and sustainably maximize shareholder wealth.

Conclusions

This research successfully mapped the constellation of relationships among fundamental performance, social concern, and market perception. Based on empirical test results utilizing robust standard error estimators, the researchers draw three main conclusions. First, a company's capability to optimize assets to generate profit (ROA) convincingly proves its ability to boost firm value (PBV). Second, a company's active involvement in Corporate Social Responsibility (CSR) initiatives also provides a strong independent push toward increasing firm value in the eyes of investors. Third, and serving as the central finding of this research, CSR proves to operate as a strengthening moderator. The effectiveness of profitability in boosting firm value heavily depends on the social foundation the company builds. The market will only respond exponentially to massive profit achievements if the company combines them with a solid social responsibility track record, at least surpassing the critical threshold required by investor expectations.

Although the research design adopted strict statistical mitigation procedures, the researchers recognize several operational limitation gaps. First, the narrow population scope results in a relatively small final sample size. This condition makes the study vulnerable to data distortion or the presence of extreme outliers—although HC3 matrix analysis ultimately mitigated these issues. Second, the CSR indicators in this study use a quantitative measurement base that relies on the availability of secondary data within annual or sustainability reports. This approach carries potential bias because it only captures the number of activities the company reports, which does not necessarily reflect the essential depth or quality of the program's actual execution in the field. Third, the model's high predictive power (88.86%) indicates a highly solid regression structure, yet the static observation period (only at one cross-sectional point in time) limits the model's ability to capture long-term market sentiment fluctuations.

Boards of directors and company management must shift the old paradigm that views social initiatives as a cash-wasting burden. Empirical facts confirm that the current market delivers "punishment" in the form of investment reluctance toward companies that solely pursue profit while ignoring the social environment. Therefore, management must integrate CSR

programs into the company's core strategy blueprint. The best strategy to maximize shareholder wealth is to simultaneously align profit-generating operational efficiency (ROA) with sustainable program transparency (CSR) to build a market perception that these financial gains carry guarantees of future continuity.

To confirm and develop the postulates of these findings, this study recommends future researchers expand the sample scope by involving more diverse industrial sectors and extending the observation time window (panel data). Additionally, to overcome the weaknesses of measurement proxies, future studies can combine secondary data with CSR proxy analysis based on Environmental, Social, and Governance (ESG) scores published by independent rating agencies. This approach will enable researchers to obtain a clearer portrait of corporate social commitment free from greenwashing practices.

References

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