

The Effect of Good Corporate Governance, Corporate Social Responsibility, and Profitability on Firm Value in Energy Sector Companies Listed on the Indonesia Stock Exchange

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This study examines the influence of Good Corporate Governance, Corporate Social Responsibility, and profitability on firm value in energy sector companies listed on the Indonesia Stock Exchange. The research adopts a quantitative approach using secondary data derived from annual financial statements and sustainability reports. The analysis is conducted using panel data regression to evaluate both partial and simultaneous effects of the independent variables on firm value. The findings reveal that profitability has a positive and significant influence on firm value, indicating that financial performance remains the primary consideration for investors in assessing company prospects. In contrast, Good Corporate Governance shows a positive but not significant effect, suggesting that governance mechanisms are not consistently perceived as value drivers by the market. Similarly, Corporate Social Responsibility does not demonstrate a significant impact, implying that its benefits may be more long-term and not directly reflected in short-term market valuation. However, the simultaneous results indicate that all variables collectively influence firm value, highlighting the importance of integrating financial and non-financial factors in corporate performance. This study contributes to the literature by providing empirical evidence from the energy sector and offers insights for companies to balance profitability, governance practices, and social responsibility in enhancing firm value.

Keywords: Good Corporate Governance, Corporate Social Responsibility, Profitability, Firm Value, Energy Sector

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1. Introduction

The development of the energy sector in Indonesia, particularly among companies listed on the Indonesia Stock Exchange, has demonstrated increasingly complex and multidimensional dynamics in recent years. This sector not only serves as a primary pillar of the national economy through its contributions to energy supply, state revenue, and investment growth, but also faces various structural, environmental, and global challenges. The characteristics of the energy industry, which are capital-intensive, high-risk, and highly sensitive to fluctuations in global commodity prices, cause firm value within this sector to experience relatively high volatility (Fitriyani et al., 2025).

In the context of capital markets, firm value becomes a key indicator reflecting investors' perceptions of a company's performance and future prospects. This value is generally represented through stock prices or market ratios such as Price to Book Value, which indicates the level of investor confidence in the company's ability to create added value (Putri et al., 2025). Therefore, increasing firm value is a fundamental objective of every business entity, as it is directly related to shareholder welfare (Halim & Sihono, 2025).

Empirical phenomena indicate that the energy sector on the Indonesia Stock Exchange has been one of the sectors demonstrating relatively superior performance in recent periods. The energy sector index has

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recorded significant growth and has even outperformed other sectors amid unstable market conditions. This performance reflects strong investor interest in the energy sector as well as positive expectations regarding its long-term prospects. In recent periods, the energy sector has also become a major contributor to national stock market movements, highlighting its strategic role within Indonesia's financial system.

However, such high performance is inseparable from significant volatility. The stock price movements of energy companies are highly influenced by external dynamics, including fluctuations in global coal and oil prices, geopolitical conditions, and changes in global energy demand. In addition, market phenomena such as profit-taking activities by investors also contribute to the instability of this sector. These conditions indicate that firm value in the energy sector is highly sensitive to external factors beyond managerial control.

From an industrial structure perspective, the energy sector has also experienced rapid growth, as reflected in the increasing number of listed companies. This expansion signifies growing interest from both business actors and investors, while also indicating promising long-term prospects for the sector. Such development further strengthens the position of the energy sector as one of the most strategic sectors in the national economy.

In addition to this rapid growth, the energy sector is also confronted with a global transition toward renewable energy. The Indonesian government's commitment to achieving net zero emissions has encouraged companies to transform their business models toward more environmentally friendly energy sources. This transformation represents not only a challenge but also an opportunity for companies to enhance firm value through sustainability strategies and clean energy innovation.

On the other hand, the energy sector also faces serious challenges, including environmental pollution issues, carbon emissions, and social conflicts with surrounding communities due to natural resource exploitation activities. These conditions require companies not only to focus on profit generation but also to consider sustainability and social responsibility aspects. In this regard, Corporate Social Responsibility plays a crucial role in building corporate reputation and enhancing investor trust (Laili & Mukhibad, 2025).

In addition to Corporate Social Responsibility, Good Corporate Governance also represents a critical factor in determining firm value. The implementation of sound corporate governance reflects a management system that is transparent, accountable, and responsible, thereby increasing investor confidence and minimizing agency conflicts (Pohan & Dwimulyani, 2017). Empirical evidence suggests that weak corporate governance practices can negatively affect firm value, particularly in the energy sector, which is characterized by high operational complexity.

Nevertheless, empirical findings regarding the influence of Corporate Social Responsibility and Good Corporate Governance on firm value remain inconsistent. Some studies have found that Corporate Social Responsibility has a positive effect on firm value, while others indicate that it has no significant effect or even a negative impact. Similarly, Good Corporate Governance has shown varying effects across different studies. This inconsistency highlights the existence of a research gap that requires further investigation.

Beyond non-financial factors, profitability is also a fundamental determinant of firm value. Profitability reflects a company's ability to generate earnings, which serves as a key indicator for investors in evaluating company performance (Agustini et al., 2025). High profitability provides a positive signal to the market, thereby increasing stock prices and firm value (Halim & Sihono, 2025). However, the relationship between profitability and firm value is not always linear, as it may be influenced by other variables such as Corporate Social Responsibility and Good Corporate Governance (Firdauzi et al., 2024).

Empirical evidence indicates that the energy sector on the Indonesia Stock Exchange possesses strong growth potential while simultaneously facing significant risks. Performance fluctuations, sustainability

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pressures, and the importance of corporate governance suggest that firm value in this sector is influenced by a combination of financial and non-financial factors. Therefore, Good Corporate Governance, Corporate Social Responsibility, and profitability emerge as highly relevant variables to be examined in explaining firm value within the energy sector listed on the Indonesia Stock Exchange.

2. Literature Review And Problem Statement

Agency Theory

Agency theory explains the relationship between owners (principals) and managers (agents), in which there is a potential conflict of interest due to differences in objectives (Jensen & Meckling, 1976). To minimize this conflict, effective monitoring mechanisms are required through the implementation of Good Corporate Governance (GCG). Pohan and Dwimulyani (2017) state that GCG is able to improve the quality of supervision so that it can increase firm value. In this study, GCG is proxied using indicators such as institutional ownership, managerial ownership, or independent commissioners. One commonly used formula is:

$$KI = \frac{\text{Institutional Shares}}{\text{Total Outstanding Shares}} \times 100\%$$

Signaling Theory

Signaling theory states that companies provide information to investors as a signal regarding the condition of the company (Spence, 1973). One of the main signals is profitability. High profitability indicates good company performance and provides a positive signal to investors, thereby increasing firm value (Halim & Sihono, 2025). In this study, profitability is measured using Return on Assets (ROA):

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$$

Legitimacy Theory

Legitimacy theory explains that companies attempt to obtain legitimacy from society by carrying out activities that are in accordance with social norms (Dowling & Pfeffer, 1975). Corporate Social Responsibility (CSR) becomes the main instrument to obtain such legitimacy, especially in the energy sector which has a large impact on the environment. CSR is measured using a disclosure index:

$$CSRDI = \frac{\sum Xi}{N}$$

Good CSR will improve the company's image and attract investors (Laili & Mukhibad, 2025).

Firm Value

Firm value is the main indicator that reflects investors' perceptions of the company. Firm value is often measured using Price Book Value (PBV):

$$PBV = \frac{\text{Stock Price}}{\text{Book Value per Share}}$$

A high PBV indicates that the market gives a positive valuation to the company (Putri et al., 2025).

Good Corporate Governance (GCG)

Good Corporate Governance is a corporate management system that aims to increase transparency and accountability. In addition to institutional ownership, GCG can also be measured by the proportion of independent commissioners:

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$$KI_{\text{indep}} = \frac{\text{Number of Independent Commissioners}}{\text{Total Commissioners}} \times 100\%$$

The implementation of good GCG is able to increase firm value because it reduces agency conflicts (Pohan & Dwimulyani, 2017).

Corporate Social Responsibility (CSR)

CSR is the responsibility of the company for social and environmental impacts. CSR can improve the company's reputation and attract investors. However, research results are still inconsistent, where CSR can have a positive, negative, or insignificant effect on firm value (Apriani et al., 2024).

Profitability

Profitability reflects the company's ability to generate profits. In addition to ROA, profitability can also be measured using Net Profit Margin (NPM):

$$NPM = \frac{\text{Net Income}}{\text{Sales}}$$

High profitability provides a positive signal to investors and increases firm value (Agustini et al., 2025).

Problem Statement

Firm value has become a key indicator of corporate performance and investor confidence, particularly in the energy sector, which is characterized by high capital intensity, operational complexity, and increasing sustainability pressures. Despite the sector's strong growth, fluctuations in commodity prices, environmental issues, and the transition toward renewable energy create uncertainty in firm value, making it essential to identify the factors that influence market valuation.

Previous studies have identified Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), and profitability as important determinants of firm value. However, empirical findings remain inconclusive. While some studies report that GCG and CSR positively influence firm value, others find insignificant or inconsistent effects. Profitability generally shows a positive relationship, yet its influence varies across industries and research contexts. These inconsistent findings indicate the existence of a research gap regarding the determinants of firm value, particularly in Indonesia's energy sector.

Therefore, this study aims to examine the effects of Good Corporate Governance, Corporate Social Responsibility, and profitability, both individually and simultaneously, on the firm value of energy sector companies listed on the Indonesia Stock Exchange. The study contributes to the literature by integrating financial and non-financial factors into a single empirical model, providing a more comprehensive understanding of firm value determinants in the Indonesian energy sector.

3. Methods

This study employed a quantitative approach with an explanatory research design to examine the effects of Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), and profitability on firm value. The population comprised all energy sector companies listed on the Indonesia Stock Exchange (IDX). Samples were selected using purposive sampling based on the following criteria: companies consistently listed during the observation period, publishing complete annual and sustainability reports, providing complete research data, and not being delisted. Secondary data were collected from the official IDX website and the respective company websites.

The dependent variable was firm value, measured by Price to Book Value (PBV). The independent variables consisted of Good Corporate Governance (GCG), proxied by institutional ownership or the proportion of independent commissioners; Corporate Social Responsibility (CSR), measured using a CSR disclosure score. The study is titled "The Effect of Good Corporate Governance, Corporate Social Responsibility, and Profitability on Firm Value in Energy Sector Companies Listed on the Indonesia Stock Exchange. Parso

index; and profitability, measured by Return on Assets (ROA). Data were analyzed using panel data regression with EViews, following descriptive statistics, model selection tests (Chow, Hausman, and Lagrange Multiplier), and classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests.

The regression model is expressed as:

$$PBV_{it} = \alpha + \beta_1 GCG_{it} + \beta_2 CSR_{it} + \beta_3 ROA_{it} + \varepsilon_{it}$$

Where:

PBV	= Firm Value (Price to Book Value)
α	= Constant
β_1 – β_3	= Regression coefficients
GCG	= Good Corporate Governance
CSR	= Corporate Social Responsibility
ROA	= Return on Assets (Profitability)
i	= Company (cross-sectional unit)
t	= Observation year (time series)
ε	= Error term

Hypothesis testing was conducted using the t-test for partial effects, the F-test for simultaneous effects, and the coefficient of determination (R^2) to evaluate the explanatory power of the model.

4. Results and Discussion

Descriptive Statistics

Table 1. Descriptive Statistics Results

	PBV	GC	CSR	ROA
Mean	0.887736	0.422509	0.454963	0.131077
Median	0.147300	0.400000	0.493500	0.071200
Maximum	45.26970	0.666700	0.961000	0.666900
Minimum	0.000000	0.200000	0.000000	-0.648700
Std. Dev.	3.825347	0.105469	0.284780	0.170554
Skewness	10.33757	0.842057	-0.232991	0.677194
Kurtosis	118.7795	2.991266	1.948516	6.340598
Jarque-Bera	89334.01	18.31787	8.542806	83.91934
Probability	0.000000	0.000105	0.013962	0.000000
Sum	137.5991	65.48890	70.51920	20.31690
Sum Sq. Dev.	2253.525	1.713043	12.48933	4.479679
Observations	155	155	155	155

The descriptive statistics show that firm value (PBV) has high variability and extreme dispersion, indicating the presence of outliers in the dataset. Good Corporate Governance and Corporate Social Responsibility appear more stable with relatively narrower ranges, while profitability (ROA) varies moderately and includes negative values, reflecting that some firms experienced losses. The skewness and kurtosis values suggest that most variables are not normally distributed, which is further confirmed by the Jarque–Bera test results, indicating that the data deviate from normality and may require careful interpretation in subsequent analysis.

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Panel Data Regression Model

Common Effect Model (CEM) Results

Table 2. Common Effect Model (CEM) Estimation Results

Dependent Variable: PBV

Method: Panel Least Squares

Date: 04/24/26 Time: 11:33

Sample: 2020 2024

Periods included: 5

Cross-sections included: 31

Total panel (balanced) observations: 155

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.896847	1.412673	-1.342736	0.1814
GC	5.302934	2.896678	1.830695	0.0691
CSR	-0.147846	1.090409	-0.135588	0.8923
ROA	4.663750	1.801850	2.588312	0.0106
Root MSE	3.681041	R-squared		0.068011
Mean dependent var	0.887736	Adjusted R-squared		0.049495
S.D. dependent var	3.825347	S.E. of regression		3.729478
Akaike info criterion	5.495881	Sum squared resid		2100.260
Schwarz criterion	5.574421	Log likelihood		-421.9308
Hannan-Quinn criter.	5.527782	F-statistic		3.673051
Durbin-Watson stat	2.513428	Prob(F-statistic)		0.013647

The panel regression results indicate that profitability has a positive and statistically significant effect on firm value, suggesting that firms with higher returns on assets tend to achieve higher market valuation. Good Corporate Governance also shows a positive relationship with firm value, although its effect is only marginally significant, indicating that governance practices may contribute to firm value but not consistently across all observations. In contrast, Corporate Social Responsibility does not demonstrate a significant influence, implying that its impact on firm value in the energy sector is not directly observable in this model.

Fixed Effect Model (FEM) Results

Table 3. Fixed Effect Model (FEM) Estimation Results

Dependent Variable: PBV

Method: Panel Least Squares

Date: 04/24/26 Time: 11:28

Sample: 2020 2024

Periods included: 5

Cross-sections included: 31

Total panel (balanced) observations: 155

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.388517	2.268272	-1.053012	0.2944
GC	6.131564	4.882445	1.255839	0.2116

CSR	-0.601654	1.642336	-0.366341	0.7148
ROA	7.318931	2.795130	2.618458	0.0100

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	3.276869	R-squared	0.261437
Mean dependent var	0.887736	Adjusted R-squared	0.060011
S.D. dependent var	3.825347	S.E. of regression	3.708790
Akaike info criterion	5.650363	Sum squared resid	1664.370
Schwarz criterion	6.317953	Log likelihood	-403.9032
Hannan-Quinn criter.	5.921523	F-statistic	1.297931
Durbin-Watson stat	3.135478	Prob(F-statistic)	0.155989

The fixed effect regression results show that profitability has a positive and statistically significant effect on firm value, indicating that higher financial performance contributes to higher market valuation. Meanwhile, Good Corporate Governance and Corporate Social Responsibility do not exhibit significant effects, suggesting that their influence is not consistently captured within this model specification. Although the model explains a moderate portion of variation through the fixed effects approach, the overall model is not statistically significant, implying that other factors may play a more dominant role in determining firm value.

Random Effect Model (REM) Results

Table 4. Random Effect Model (REM) Estimation Results

Dependent Variable: PBV

Method: Panel EGLS (Cross-section random effects)

Date: 04/24/26 Time: 11:31

Sample: 2020 2024

Periods included: 5

Cross-sections included: 31

Total panel (balanced) observations: 155

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.914486	1.452354	-1.318195	0.1894
GC	5.330885	2.979691	1.789073	0.0756
CSR	-0.168817	1.116471	-0.151206	0.8800
ROA	4.781024	1.847423	2.587942	0.0106

Effects Specification

	S.D.	Rho
Cross-section random	0.554804	0.0219
Idiosyncratic random	3.708790	0.9781

Weighted Statistics

Root MSE	3.643554	R-squared	0.067586
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Mean dependent var	0.841886	Adjusted R-squared	0.049062
S.D. dependent var	3.785527	S.E. of regression	3.691498
Sum squared resid	2057.700	F-statistic	3.648427
Durbin-Watson stat	2.563576	Prob(F-statistic)	0.014088

Unweighted Statistics

R-squared	0.067983	Mean dependent var	0.887736
Sum squared resid	2100.323	Durbin-Watson stat	2.511552

The random effects regression results indicate that profitability has a positive and statistically significant influence on firm value, while Good Corporate Governance shows a marginal effect and Corporate Social Responsibility does not exhibit a significant relationship, with the overall model remaining statistically significant despite its relatively low explanatory power.

Panel Data Regression Model Selection

Chow Test

Chow Test Results (Redundant Fixed Effects Test)

Redundant Fixed Effects Tests

Equation: Untitled

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.056309	(30,121)	0.4020
Cross-section Chi-square	36.055245	30	0.2063

The redundant fixed effects test results indicate that cross-sectional effects are not statistically significant, suggesting that the fixed effects model is not more appropriate than the common effects model for this dataset.

Hausman Test

Table 6. Hausman Test Results

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.595223	3	0.6605

The Hausman test results indicate that the random effects model is more appropriate than the fixed effects model, as there is no significant difference between the estimators.

Lagrange Multiplier Test

Table 7. Lagrange Multiplier Test Results

Test	Cross-section	Time	Both
Breusch-Pagan	0.000574	1.132048	1.132622

Test	Cross-section	Time	Both
	-0.9809	-0.2873	-0.2872
Honda	0.023961	-1.06398	-0.7354
	-0.4904	-0.8563	-0.769
King–Wu	0.023961	-1.06398	-0.99121
	-0.4904	-0.8563	-0.8392
Standardized Honda	0.328642	-0.81121	-5.09829
	-0.3712	-0.7914	-1
Standardized King–Wu	0.328642	-0.81121	-4.15931
	-0.3712	-0.7914	-1
Gourieroux et al.	–	–	0.000574
			-0.7404

The Lagrange Multiplier test results indicate that random effects are not statistically significant, suggesting that the common effects model is more appropriate for this dataset.

Classical Assumption Tests

Normality Test

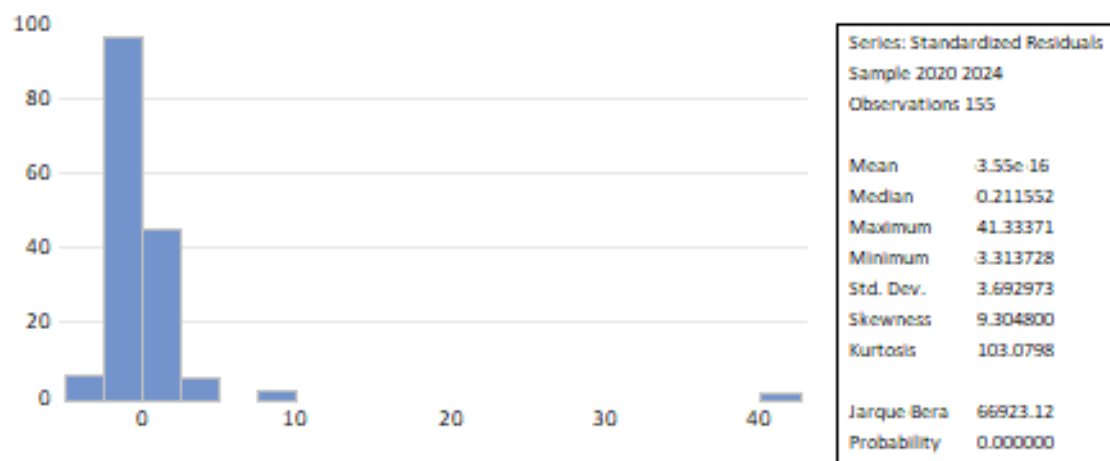


Figure 1. Normality Test Results

The histogram and Jarque–Bera test results indicate that the residuals are not normally distributed, as evidenced by extreme skewness, high kurtosis, and a probability value close to zero.

Multicollinearity Test

Table 8. Multicollinearity Test Results			
Variables	GC	CSR	ROA
GC	1	-0.15523	0.059863
CSR	-0.15523	1	0.188475
ROA	0.059863	0.188475	1

The correlation matrix shows that all independent variables have relatively low correlation coefficients, indicating no serious multicollinearity among the variables.

Heteroskedasticity Test

Table 9. Heteroskedasticity Test Results

Dependent Variable: ABS(RESID)

Method: Panel Least Squares

Date: 04/24/26 Time: 11:42

Sample: 2020 2024

Periods included: 5

Cross-sections included: 31

Total panel (balanced) observations: 155

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.666211	1.235825	-2.157435	0.0326
GC	6.714465	2.534051	2.649696	0.0089
CSR	0.632719	0.953904	0.663295	0.5082
ROA	5.918394	1.576281	3.754656	0.0002
Root MSE	3.220221	R-squared		0.137750
Mean dependent var	1.234339	Adjusted R-squared		0.120619
S.D. dependent var	3.479161	S.E. of regression		3.262594
Akaike info criterion	5.228390	Sum squared resid		1607.323
Schwarz criterion	5.306930	Log likelihood		-401.2002
Hannan-Quinn criter.	5.260291	F-statistic		8.041059
Durbin-Watson stat	2.472062	Prob(F-statistic)		0.000053

The regression results on the absolute residuals indicate that Good Corporate Governance and profitability have a significant effect, suggesting the presence of heteroscedasticity in the model, while Corporate Social Responsibility does not show a significant influence.

Multiple Linear Regression Analysis

Table 10. Multiple Linear Regression Analysis Results

Dependent Variable: PBV

Method: Panel Least Squares

Date: 04/24/26 Time: 11:33

Sample: 2020 2024

Periods included: 5

Cross-sections included: 31

Total panel (balanced) observations: 155

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.896847	1.412673	-1.342736	0.1814
GC	5.302934	2.896678	1.830695	0.0691
CSR	-0.147846	1.090409	-0.135588	0.8923
ROA	4.663750	1.801850	2.588312	0.0106

The regression results indicate that profitability has a positive and significant effect on firm value, while Good Corporate Governance shows a marginal effect and Corporate Social Responsibility does not have a significant influence.

Hypothesis Testing

Table 11. Hypothesis Testing Results

Dependent Variable: PBV

Method: Panel Least Squares

Date: 04/24/26 Time: 11:33

Sample: 2020 2024

Periods included: 5

Cross-sections included: 31

Total panel (balanced) observations: 155

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.896847	1.412673	-1.342736	0.1814
GC	5.302934	2.896678	1.830695	0.0691
CSR	-0.147846	1.090409	-0.135588	0.8923
ROA	4.663750	1.801850	2.588312	0.0106
Root MSE	3.681041	R-squared		0.068011
Mean dependent var	0.887736	Adjusted R-squared		0.049495
S.D. dependent var	3.825347	S.E. of regression		3.729478
Akaike info criterion	5.495881	Sum squared resid		2100.260
Schwarz criterion	5.574421	Log likelihood		-421.9308
Hannan-Quinn criter.	5.527782	F-statistic		3.673051
Durbin-Watson stat	2.513428	Prob(F-statistic)		0.013647

The hypothesis testing results show that profitability has a positive and statistically significant effect on firm value, while Good Corporate Governance has a marginal influence and Corporate Social Responsibility does not have a significant effect, with the model overall being statistically significant.

Discussion

The Effect of Good Corporate Governance on Firm Value

The empirical findings indicate that Good Corporate Governance has a positive but not statistically significant effect on firm value. This suggests that although better governance practices tend to enhance firm value, the effect is not strong enough to be consistently observed across all firms in the energy sector. From the perspective of Agency Theory (Jensen & Meckling, 1976), Good Corporate Governance is expected to reduce agency conflicts between managers and shareholders by improving transparency and accountability. However, in practice, the effectiveness of governance mechanisms may vary depending on how well they are implemented within each company.

This finding is consistent with prior studies showing that governance structures alone do not automatically translate into higher firm value unless supported by strong enforcement and effective monitoring (Pohan & Dwimulyani, 2017). In the context of the energy sector, which is characterized by high operational complexity and external pressures, governance mechanisms may function more as a compliance requirement rather than a strategic driver of value creation. Therefore, investors may not fully consider

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governance indicators as a primary factor in valuing firms, especially when more immediate financial performance indicators are available.

The Effect of Corporate Social Responsibility on Firm Value

The results show that Corporate Social Responsibility does not have a significant effect on firm value. This indicates that CSR activities, although important from a sustainability and ethical standpoint, are not directly reflected in market valuation within the observed period. According to Legitimacy Theory (Dowling & Pfeffer, 1975), companies engage in CSR to align their operations with societal expectations and to maintain legitimacy. However, the impact of such activities on firm value may not be immediate or directly measurable.

This finding aligns with previous studies that report inconsistent relationships between CSR and firm value (Apriani et al., 2024). In the energy sector, CSR initiatives may be perceived as mandatory obligations rather than value-adding strategies, particularly due to the sector's environmental impact and regulatory requirements. As a result, investors may view CSR disclosures as routine compliance rather than a signal of superior performance. Additionally, the benefits of CSR are often long-term and intangible, which may not be captured in short-term market-based measures such as Price to Book Value.

The Effect of Profitability on Firm Value

The analysis reveals that profitability has a positive and statistically significant effect on firm value. This finding suggests that firms with higher profitability tend to achieve higher market valuation, reflecting investor preference for companies that demonstrate strong financial performance. In line with Signaling Theory (Spence, 1973), profitability serves as a credible signal of a company's ability to generate returns, thereby attracting investors and increasing demand for its shares.

This result is consistent with prior empirical studies that highlight profitability as one of the most influential determinants of firm value (Halim & Sihono, 2025). In the energy sector, where investment decisions are often influenced by risk considerations and capital intensity, profitability becomes a key indicator of operational efficiency and financial sustainability. Therefore, investors are more likely to rely on profitability metrics when evaluating firm performance, making it a dominant factor in determining firm value.

The Simultaneous Effect of Good Corporate Governance, Corporate Social Responsibility, and Profitability on Firm Value

The simultaneous testing results indicate that Good Corporate Governance, Corporate Social Responsibility, and profitability jointly have a statistically significant effect on firm value. This finding suggests that firm value is influenced by a combination of financial and non-financial factors, even though not all individual variables show significant effects. The interaction among these variables reflects the complexity of value creation in the energy sector, where both internal performance and external perceptions play important roles.

From an integrative perspective, this result supports the view that firm value cannot be explained by a single factor but rather by the interplay between governance quality, social responsibility, and financial performance. While profitability emerges as the most dominant factor, governance and CSR still contribute indirectly by shaping the overall corporate image and reducing perceived risks. This finding is in line with Yulianti et al. (2024), who emphasize the importance of combining financial and non-financial aspects in explaining firm value.

5. Conclusion

This study examines the influence of Good Corporate Governance, Corporate Social Responsibility, and profitability on firm value in energy sector companies listed on the Indonesia Stock Exchange. The findings reveal that profitability plays a dominant role in determining firm value, as companies with stronger financial performance tend to receive higher market valuation. This result reinforces the importance of financial efficiency and operational performance as key considerations for investors when making investment decisions. In contrast, Good Corporate Governance demonstrates a positive but not significant influence on firm value. This suggests that governance mechanisms, although essential for reducing agency conflicts and enhancing transparency, may not be fully recognized by the market as a direct driver of firm value. The effectiveness of governance practices likely depends on the depth of implementation and the extent to which they are perceived as value-creating rather than merely compliance-oriented.

Similarly, Corporate Social Responsibility does not show a significant effect on firm value. This indicates that CSR activities, while important for maintaining legitimacy and corporate reputation, are not immediately translated into market valuation. The benefits of CSR are often long-term and intangible, making them less visible in short-term financial indicators used by investors. However, when examined simultaneously, these variables collectively influence firm value, highlighting that both financial and non-financial aspects contribute to corporate performance. Overall, the study underscores that firm value in the energy sector is primarily driven by profitability, while governance and social responsibility serve as complementary factors that support long-term sustainability and corporate credibility.

6. References

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