International Journal of Latest Research in Humanities and Social Science (IJLRHSS)
Volume 06 - Issue 04, 2023
www.ijlrhss.com || PP. 461-470

The Effect of Profitability, Leverage, and Liquidity on Firm Value by Disclosure of Corporate Social Responsibility (CSR) as a Moderating Variable

(Empirical Study of Manufacturing Companies listed on the IDX in (2019-2021)

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Abstract: A firm's overall worth might be reflected favorably or unfavorably in its corporate value. For business owners and investors, company value is crucial for gauging how well the firm is doing since high or low bid prices can be an indication of either excellent or bad company value. This study is anticipated to be able to explain how corporate social responsibility (CSR) disclosure in manufacturing businesses listed on the Indonesia Stock Exchange for the 2019–2021 timeframe may mitigate the effects of profitability, leverage, and liquidity on company value. Purposive sampling has been employed as the testing method in this study. 156 businesses in all have satisfied the predefined requirements. The study's findings have an impact on business value and offer encouraging observational data. Additionally, CSR cannot offset the impact of leverage and liquidity on firm value

Keywords: Profitability, Leverage, Liquidity, Firm Value, and CSR

1. Introduction

The company's ability to compete with other businesses as a consequence of the quick development that took place allowed it to follow the growth of other business operations and boost the worth of the business. A firm's overall worth might be reflected favorably or unfavorably in its corporate value. In order for investors or other organizations in need of financial reports to examine the information offered in these financial reports, the high or low worth of the firm must be consistently observed in the financial reports produced by the company. Therefore, the financial statements provided must include crucial information to aid creditors and investors in understanding the position of the business.

Profitability, leverage, liquidity, and the company's disclosure of corporate social responsibility (CSR) are only a few of the many factors that influence the value of the business. Less trustworthy or consistent corporate values are impacted by these factors. One of the data that funders or investors frequently utilize is profitability. The bigger return a firm might receive depends on how profitable it is since more profitability can result in higher securities exchange commissions. The worth of a corporation can be reflected in stock market pricing. The ability of the business to profit or a portion of its continuance is determined by profitability. A company's ability to fulfill its present and future financial obligations is referred to as leverage.

The company's obligations may also be guaranteed by leverage. These debts fall under both current and long-term liabilities. The primary justification for using leverage is that the profits made outweigh the cost of the assets and funding sources. Liquidity is the next factor that has an impact on the company's worth. The ability of a business to satisfy its immediate financial commitments is referred to as liquidity. This is crucial for the business since failing to pay it as soon as feasible can result in the company's insolvency. The greater the company's liquidity value, the more liquid its state will be, boosting investor trust in efficient money management and raising the company's worth.

Corporate responsibility encompasses not just the interests of creditors and investors, but also those of all other stakeholders, such as customers, suppliers, the government, and even rival businesses. Repairing natural harm and social inequity brought on by a company's operational execution is referred to as social responsibility or corporate social responsibility (CSR). Corporate Social Responsibility (CSR) is another issue that businesses take into account when attempting to raise their company value since they are aware that doing so is a critical component of a strategic business plan and may help them remain in business longer. The influence of profitability, leverage, and management ownership on firm value by revealing corporate social responsibility as a moderating variable in manufacturing companies is the study Putra & Sunarto, (2021) is referred to in this research. that were listed on the IDX between 2017 and 2019. The profitability, leverage, and CSR disclosure variables are included in this study's equation as moderating variables. While the managerial ownership variable in this study has been replaced with a liquidity variable. The previous research period, which ran from 2017 to 2019, was extended to cover the years 2019 to 2021.

2. Literature Review and Hypothesis

2.1 Signal Theory

The notion of "signaling" describes how and why businesses are encouraged to share financial report information with third parties. Managers must educate and advise investors with capital market research so they can make investment decisions (Sasongko et al., 2020). This hypothesis is centered on the idea that if there is good information available, investors will respond favorably. With accurate information, investors will think about the advantages the firm has reaped.

2.2 Legitimacy Theory

According to the Legitimacy Theory, a firm must carry out its operations in accordance with the standards and laws that govern the area in which it operates in order to earn the public's trust. Companies must address environmental actions by freely disclosing and reporting social activities in the form of corporate social responsibility disclosures in order to maintain their credibility in the eyes of the business community. According to the legitimacy hypothesis, businesses must make sure that they follow societal standards and that their actions are acceptable to the community in which they operate.

2.3 Profitability

A company's profitability may be viewed as a gauge of how effectively its management performed over a specific time period. Positive corporate prospects will be reflected in high company profitability. It seems like the performance of the firm is positive because a company's profitability and efficiency are inversely correlated. This occurs as a result of the fact that businesses with a strong potential for development will ultimately reward investors greatly. Positive corporate prospects will be reflected in high company profitability. It seems like the performance of the firm is positive because a company's profitability and efficiency are inversely correlated.

Study Kepramareni & Yuliastuti's (2019) empirical research supports the idea that profitability has an impact on business value. In line with Tumanan & Dyah Ratnawati's (2021) research, which demonstrates that a company's value increases with its profitability or profit margin. The similar conclusion is made by Hannahwanti & Naibaho in 2021, who claim that great profitability will entice investors to invest and raise the company's worth. High profitability is typically correlated with strong business value. The following statement of the research hypothesis is based on the description given above:

H1: profitabilityaffects firm value

2.4 Leverage

Employing leverage is a strategy used by businesses with fixed costs (fixed expenses) to boost the potential returns for shareholders. A company's ability to manage its debts to earn a profit and be able to repay them is demonstrated by the leverage ratio. A company's worth may rise if it can manage its debt well. Investors may perceive a growth in debt as a sign that the firm will be able to meet some of its commitments in the future. Increased leverage inside the business is viewed as an indication that the business should invest in itself in the future in the hopes that its revenue would rise.

The study by Tumanan and Dyah Ratnawati (2021) offers empirical proof that leverage and firm value are positively correlated, i.e., that a company's value will increase if its leverage is large. In line with research conducted (Sari & Wahidahwati, 2021), which found that leverage has a positive effect on firm value, the use of high debt can increase firm value because it has a tax-saving effect. This is because the greater the leverage value of the company, the greater the composition of funding obtained from external parties. The following statement of the research hypothesis is based on the description given above:

H2: Leverage affects firm value

2.5 Liquidity

The capacity of the business to fulfill short-term obligations after a set period of time is known as liquidity. This implies that the corporation must pay short-term liabilities according to a preset maturity when it is invoiced for doing so. A firm's ability to meet its immediate commitments will influence how investors see the company when deciding whether or not to invest in it. A high liquidity ratio indicates that the firm is using its present assets to their full potential. This has an impact on the company's worth, which is reflected in the price of its shares.

Study Oktaviarni (2019) offers empirical proof that liquidity affects business value favorably. StudySimilar findings are provided by Tumanan and Dyah Ratnawati (2021), who find that liquidity can enhance business value. Investors will naturally view businesses as having a high degree of performance if they have a high amount of liquidity. Naturally, if a corporation has strong liquidity, its finances will increase, and these funds may be utilized to support various business operations, including paying investors dividends. The following statement of the research hypothesis is based on the description given above:

H3: Liquidity affects firm value

2.6 The Role of CSR Disclosure in Moderating the Impact of Profitability on Company Value

The ability of a business to turn a profit while utilizing all of its resources and talents, including sales activities, cash, capital, the number of employees, and the number of branches, is referred to as profitability. Profitability is a key indicator of a company's capacity to generate revenue from ongoing activities. Profitability shows a strong company future potential, enticing investors to make investments. As a result of its rising profitability, the company will feel obligated to engage in CSR disclosure initiatives. Jihadi et al. (2021) provide empirical evidence in their study that CSR may serve as a moderating element in the relationship between profitability and business value. Maulinda et al.'s study from 2022 claims that CSR increases the effect of profitability on business value. Based on the description provided above, the research hypothesis that follows is:

H4: The link between profitability and corporate value can be moderated by disclosure of corporate social responsibility.

2.7 How Corporate Social Responsibility Disclosure Modifies the Impact of Leverage on Firm Value

Theoretically, leverage gauges how much a company borrows to fund its activities. Since there is a strong correlation between successful firms and having a high degree of debt, it is assumed that the company would be able to increase its value despite having a large dependence on debt. Disclosure of corporate social responsibility is made in an effort to boost value. Due to its strong bonds with its creditors, substantial debt load, and ability to disclose its corporate social responsibility debt, it is thought that the firm may improve its value despite its high level of debt dependency. Disclosure of corporate social responsibility is made in an effort to gain the trust and legitimacy of the public.

Study Henryanto Wijaya's 2021 publication of empirical data demonstrates how disclosure of corporate social responsibility may lessen the detrimental impacts of leverage on company value. However, there is less of a connection between leverage and company value. This is because managers at companies with significant levels of leverage have a propensity to dial down on CSR activities. Studies by Darawan et al. (2020) have demonstrated that corporate social responsibility can lessen the effect of leverage on business value. The upward trend in the coefficient suggests that CSR strengthens the link between leverage and corporate value. Based on the aforementioned description, the following version of the study's hypothesis is proposed:

H5: The link between leverage and company value can be moderated by disclosure of corporate social responsibility.

2.8 How Corporate Social Responsibility Disclosure Modifies the Impact of Liquidity on Firm Value

A company's ability to fulfill or service its immediate liabilities while utilizing its current assets as security is referred to as its liquidity. Maintaining the company's financial liquidation level is crucial since it will increase the company's worth and appeal to potential investors and generate revenues for the company. This is in line with signal theory as investors prefer to assign a low value to the company when liquidity is low since they only take into account the results (financial ratios) rather than corporate management, who has a better awareness of the internal functioning of the organization. Businesses are trying to minimize information asymmetry as a result, and one method they do this is by disclosing their CSR (Tumanan & Dyah Ratnawati, 2021).

The key driver of company value, according to Maulinda et al.'s research (2022), would be ownership of high liquidity, reinforced by the implementation of CSR operations. Companies that have created and made public CSR projects provide indirect validation and assurance to stakeholders that the company is in a secure financial position and has been able to carry out its program. In light of the above description, the fourth hypothesis of this study is expressed as follows:

H6: The link between liquidity and company value can be moderated by disclosure of corporate social responsibility.

3. Methodology and Procedures

3.1 Population and Sample

Table 1: Research Sample Selection Process

No	Criteria	Amount
1	Manufacturing companies listed on the IDX in 2019-2021	193
2	Manufacturing companies that do not present annual reports for 2019-2021	(25)
3	Manufacturing companies that experienced losses in 2019-2021	(72)
4	Manufacturing companies that do not use Rupiah in 2019-2021	(11)
5	Manufacturing companies that do not present financial reports according to the information required in 2019-2021	(18)
6	Sample According to Criteria	67
7	Number of research samples (67 x 3)	201
8	Outlier data during data processing time	(45)
9	The research sample used	156

Source: Process Data 2023

During the 2019–2021 period, the population utilized manufacturing firms that were listed on the IDX, according to the sample selection methodology in Table 1. Documentation procedures are utilized as data collecting methods, while secondary data sources are employed as the data sources to get firm data and information. Each manufacturer included on the IDX provides secondary data in the form of annual reports, sustainability reports, and business websites. Purposive sampling was utilized in this study's sample, which means it was chosen consciously and in accordance with predetermined requirements.

3.2 Data analysis approach

Using MRA (Moderated Regression Analysis) and multiple regression analysis, this study investigated the hypothesis.The correlation between each independent variable and the dependent variable was ascertained using the multiple linear regression technique. MRA is employed in the meanwhile to ascertain if the CSR moderating variable strengthens or weakens the association between the independent variables. There are therefore two equations:

Equation 1: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$

Equation 2: $Y= \alpha+\beta1P+\beta2LV+\beta3L+\beta4P*CSR+\beta5LV*CSR+\beta6L*CSR+e\ldots\ldots$

4. Results and Discussion

4.1 Analyses Statistically Descriptive

Table 3: Results of a Descriptive Statistical Analysis Test

	N	Minimum	Maximum	Means	std. Deviation
PROFITABILITY	156	,00	23.00	6.7949	5.02602
LEVERAGE	156	,00	382.00	76.0962	58.95223
LIQUIDITY	156	70.00	31279.00	835,8590	3813,56008
THE VALUE OF THE COMPANY	156	1.00	816.00	178.7051	161.91090
PCSR	156	11.00	62.00	23.6090	9.94668

Source: Process Data, 2023

Variable Value of the firm as determined by PBV, which displays the relationship between the stock price and the company's book value. According to the calculations in the table above, there is an average of 178.7051. This demonstrates that the share price of the firm is 178.7051 times its book value. The PBV ranges from 1.00 to 816.00, with 1.00 being the lowest number. The distribution of the PBV data shows some changes that are fairly dispersed, as indicated by the standard deviation value of 161.91090. As a result, it is clear that the average value is lower than the standard deviation value, indicating that there is a large degree of data fluctuation between the minimum and maximum values.The data distribution is not normal, it might be said.

Using ROA, one may determine a company's profitability by comparing net income to all of its assets. According to the calculations above, the average net profit for the firm is 6.7949, and the standard deviation is 5.02602. These findings suggest that the sample firms in this study had a high degree of profitability. High profitability means that the earnings generated are enough to cover the costs of operating the business.

The leverage and standard deviation for leveraged firms as assessed by DER are 76.0962 and 58.95223, respectively. These findings suggest that the firm has a significant level of leverage. High leverage is a sign of both long-term and short-term debt for the organization. With a high debt level, the firm can warn investors and outside parties that it has a large debt load in order to grow and flourish.

The current ratio, which gauges liquidity, reveals the company's current debt. The lowest ratio value of 70.00 has an average liquidity value of 835.8590, while the maximum ratio value is 31279.00, with a standard deviation of 3813.56008. As a result, it is clear that the average value is lower than the standard deviation value, indicating that there is a significant degree of data variability between the minimum and maximum values. The higher the amount of data variability, the more likely it is that the data distribution is not normal.

The standard GRI, which consists of 89 elements, measures disclosure of CSR, or social disclosure. The average value is 23.6090; the lowest and highest values are 11.00 and 62.00, respectively, with a standard deviation of 9.94668. As a result, it is clear that the average value is higher than the standard deviation value, indicating that there is little variation in the data between the minimum and maximum values. Accordingly, the more variation there is in the data, the more likely it is that the distribution of the data is normal.

4.2 The Traditional Assumption Test

1. Normality test

Table 4 Results of the Equation 1 Normality Test

Information	*Unstandardized Residuals*	Information
Kolmogorov-Smirnov Z	0.851	Distributed Data
asymp. Sig. (2-tailed)	0.464	Normally

Source: SPSS Data Processing Results, 2023

Based on the findings of the aforementioned Kolmogrov-Smirnov Z normality test, it may be inferred that the data is normally distributed because the asymp value of significance from equation 1 is 0.464 more than 0.05.

Table 5 Results of the Equation 2 Normality Test

Information	*Unstandardized Residua*	Information
Kolmogorov-Smirnov Z	0.900	Distributed Data
asymp. Sig. (2-tailed)	0.393	Normally

Source: SPSS Data Processing Results, 2023

According to the aforementioned Kolmogrov-Smirnov Z normality test of equation 2, the significant asymp value of equation 2 is 0.393 greater than 0.05, indicating that the data is normally distributed.

1. Multicollinearity Test

Table 6 Results of the Multicollinearity Test in Equation 1

Variable	*tolerance*	VIF	Information
Profitability	0.750	1,333	Multicollinearity Does Not Occur
leverage	0.735	1,361	Multicollinearity Does Not Occur
Liquidity	0.900	1,111	Multicollinearity Does Not Occur

Source: SPSS Data Processing Results, 2023

It may be inferred that the regression model is free of multicollinearity based on the test results in the table above, which demonstrate that all independent variables have a tolerance value of more than 0.10 and a VIF value of less than 10.

2. Heteroscedasticity Test

Table 7. Results of the Heteroscedasticity Test in Equation 2

Variable	*Correlation Coefficient*	*Sig.*	Information
Profit	-0.124	0.124	Heteroscedasticity did not occur

leverage	0.048	0.549	Heteroscedasticity did not occur
Liquidity	-0.094	0.244	Heteroscedasticity did not occur

Source: SPSS Data Processing Results, 2023

It may be deduced that the regression model does not include heteroscedasticity based on the results of the heteroscedasticity test in the table above, which indicates that the unstandardized residual value of each variable has a significance value larger than 0.05.

Table 8 Heteroscedasticity Test Results Equation 2

Variable	*Correlation Coefficient*	*Sig.*	Information
Profitability	-0.136	0.091	Heteroscedasticity did not occur
leverage	0.034	0.677	Heteroscedasticity did not occur
Liquidity	-0.067	0.406	Heteroscedasticity did not occur
PCSR	0.047	0.562	Heteroscedasticity did not occur
Profit*PCSR	-0.118	0.141	Heteroscedasticity did not occur
LV*PCSR	0.025	0.757	Heteroscedasticity did not occur
LK*PCSR	-0.063	0.437	Heteroscedasticity did not occur

Source: SPSS Data Processing Results, 2023

According to the table above's findings of the heteroscedasticity test, each variable's unstandardized residual value has a significance value larger than 0.05, indicating that the regression model is not heteroscedastic.

3. Autocorrelation Test Results

Table 9 Results of the Equation 1 autocorrelation test

Du	Durbin-Watson	4-du	Conclusion
1.7776	2,041	2.2224	No Autocorrelation Occurs

Source: SPSS Data Processing Results, 2023

Durbin Watson is 2.041 according to the test findings in Equation 1 above. There were 3 independent variables and 156 participants in this research. It was calculated using the formula (4-DU table) DW statistics DU table. The result is 1.7776 2.041 2.2224, which leads to the conclusion that there is no autocorrelation in the data.

Table 10 Results of the Equation 2 autocorrelation test

Du	Durbin-Watson	4-du	Conclusion
1.7776	1,926	2.2224	No Autocorrelation Occurs

Source: SPSS Data Processing Results, 2023

Durbin Watson's value is 1.926 according to the test findings in Equation 2 above. The result is 1.7776 1.926 2.2224, which leads to the conclusion that there is no autocorrelation in the data.

4.3 Multiple Linear Regression Test

Table 11. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
Equation 1					
(Constant)	-58,686	27,201		-2157	0.033
Profitability	25,632	2.154	0.796	11,901	0.000
leverage	0.787	0.186	0.287	4,244	0.000
Liquidity	0.004	0.003	0.093	1,526	0.129

Equation 2

(Constant)	-43,518	75,106		-0.579	0.563
Profitability	17,284	5,779	0.537	2,991	0.003
leverage	0.399	0.533	0.145	0.748	0.455
Liquidity	-0.001	0.015	-0.035	-0.099	0.921
CSR	-1.453	3,313	-0.089	-0.439	0.662
Prof*CSR	0.420	0.254	0.337	1,656	0.100
LV*CSR	0.021	0.025	0.194	0.853	0.395
LK*CSR	0.000	0.001	0.142	0.406	0.686

Source: SPSS Data Processing Results, 2023

The data in the table above may be calculated, and the results can be used to create a regression equation that will complement the findings of the research as follows:

- Equation 1
  NP =- 58.686 + 25.632P + 0.787LV + 0.004LK + e
- Equation 2
  NP =- 43,518 + 17,284P + 0,399LV - 0,001LK + 0,420P*CSR + 0,021LV*CSR + 0,000LK*CSR + e…..

Based on the aforementioned findings, the multiple linear regression analysis is utilized to test the hypothesis in equation 1 in order to ascertain the impact of the independent variables, namely profitability, leverage, and liquidity. The profitability, leverage, and liquidity variables in Equation 1 have positive values of 25.632, 0.787, and 0.004, respectively. Conclusion: The profitability, leverage, and liquidity levels are directly correlated with the business value.

Equation 2 in this study employs moderated regression analysis (MRA) or an interaction test to test the hypothesis and determine whether the moderating effect of CSR will make the relationship between the independent variables (profitability, leverage, and liquidity) and the dependent variable (firm value) stronger or weaker. The profitability and CSR interaction in equation 2 has a positive value of 0.420. This suggests that the firm's worth will improve by 0.420 for every unit that the relationship between profitability and CSR increases. The leverage*CSR variable's regression coefficient is 0.021. The value of the firm will rise by 0.021 when the interaction between leverage and CSR grows by one unit. The liquidity*CSR variable's regression coefficient is 0.000.

4.4 Results of Model Accuracy Testing

- **Parallel Testing (Test F)**

Equations 1 and 2's simultaneous test results (F test) provide a value of 0.000. All of the independent variables, including profitability, leverage, and liquidity, which are influenced by CSR, may be stated to fit regression models since the significance value produced by the F test is less than 0.05.

- **Persian Testing (t-test)**

The profitability variable is considered to have a significance value of 0.000, or no more than 0.05 or 5%, according to the calculations shown in the above table, which leads to the following conclusion:

a. This implies that the value of the firm is influenced by profitability.
b. It is acknowledged that the leverage variable has a significance value of 0.000, or less than 0.05 or 5%, according to hypothesis. This indicates that leverage has an impact on a company's worth.
c. The liquidity variable has been rejected by H_3 and has a significance value of 0.129, which indicates that it is larger than 0.05 or 5%. Thus, it may be said that liquidity has no impact on a company's value.
d. The variable profitability, which is restrained by the disclosure of corporate social responsibility (CSR), has a significance value of 0.100, more than 0.05 or 5%, and hence rejects H_4. Thus, it may be said that the value of a corporation is not moderated by the disclosure of corporate social responsibility.
e. The leverage variable, which is moderated by CSR and has a significant value of 0.395, which indicates that it is more than 0.05 or 5%, rejects the hypothesis H_5. It may be inferred that PCSR does not reduce the leverage on firm value in this way.
f. A significant score of 0.406 indicates that H_6 is rejected by the liquidity variable, which is regulated by CSR, and is bigger than 0.05 or 5%.

- **Since it can Evaluation of the R^2 Coefficient of Determination**

Equation 1's modified R Square value is 0.480, or 48%. This demonstrates that the independent variables of profitability, leverage, and liquidity may explain or affect the dependent variable, which has a firm value of 0.480 or 48%, while additional variables not examined in this study account for or influence the remaining 52%. According to the analysis of equation 2, the adjusted R square value is 0.511, or 51.1%. This demonstrates that the dependent variable, firm value of 0.511 or 51.1%, may be explained or impacted by the independent factors, namely profitability, leverage, and liquidity, which are moderated by CSR, while the remaining 48.9% can be explained or influenced by other variables.

4.5 Discussion

1. **Profitability has an impact on a company's value**

With a coefficient value on the profitability variable of 0.000, the results of the hypothesis test show that there is a link between profitability and firm value, indicating that H_1 is accepted. This shows that the value of the business rises in direct relation to its profitability. If the company is profitable, it will provide a positive message to investors that it is doing well. Investors may use this favorable sign as part of their evaluation of a company's performance. The fact that the company is profitable shows how well it is operating. Investors may use this favorable sign as part of their evaluation of a company's performance.

2. **The impact of leverage on firm value**

The results of the hypothesis test show that profitability affects the value of a corporation. Since the leverage variable's coefficient value is 0.000, H_2 is acceptable. A company's market value is impacted by leverage since a higher leverage ratio suggests a stronger ability to repay debts, which reduces future risk. Increased internal leverage is viewed as a sign that the business will make investments in the future. with the hope that increased corporate income will be matched by rising debt. As a result, investments based on the signaling concept will attract investors. Expanding debt is seen as a sign of confidence in a company's long-term business prospects. Rising businesses with debt backing will appeal to investors due to their strong investment potential.

3. **The value of a corporation is unaffected by liquidity.**

According to the results of the hypothesis test, there is no connection between corporate value and liquidity. Because the liquidity variable's coefficient value is 0.129, conclusion H_3 is not supported. Liquidity has no effect on the company since investors do not take into account the liquidity component, which is represented by the current ratio possessed by the company. The company is unaffected by liquidity; it just helps to show the organization's ability to fulfill its immediate obligations.

The hypothesis test's findings indicate that there is no relationship between business value and liquidity. Hypothesis H_3 is disproved since the liquidity variable's coefficient value is 0.129. Since investors do not consider the liquidity component, which is represented by the current ratio the firm possesses, liquidity has no impact on the company. Liquidity has no effect on the business; it only draws attention to its capacity to meet its immediate commitments.

4. **Corporate social responsibility (CSR) disclosure cannot attenuate the correlation between business value and profitability.**

The results of the hypothesis testing show that the significant value of CSR*PROF is 0.100 > 0.05. This contradicts the H4 hypothesis and argues that CSR cannot be mitigated by increasing the influence of profitability on corporate value. The findings of the hypothesis testing show that under the PCSR, profitability will not have a substantial effect on firm value. PCSR hence has the potential to lessen how profitability affects company value.

This is because the firm will bear heavier burdens when it engages in more CSR activities. The signal theory states that the likelihood of reporting CSR increases with corporate profitability. This might exacerbate investor signals since they would assume that earnings would fall. causing investor interest to diminish. The company's value will also decrease.

5. **The link between leverage and business value cannot be moderated by disclosure of corporate social responsibility (CSR).**

The results of the hypothesis testing show that the significant value of CSR*LV is 0.395 > 0.05. As a result, the H5 hypothesis cannot be supported since CSR cannot minimize the negative effects of leverage on corporate value. Corporate value and social responsibility disclosure are compromised by leverage level. The management of a firm with a high level of indebtedness would frequently reduce the disclosure of its social responsibility in order to avoid attracting the attention of the debtholders. Naturally, this has an impact on the company's worth.

6. Corporate social responsibility (CSR) disclosure is ineffective in moderating the correlation between liquidity and company value.

The results of the hypothesis testing are shown in Table 4.7, and it can be seen that the significant value of CSR*LK is 0.406 > 0.05. Therefore, since CSR is unable to lessen the effect of profitability on firm value, the H4 hypothesis is refuted. This is because, regardless of the amount of CSR disclosure, the relationship between liquidity and corporate value is unaltered. Regardless of how high or how low the liquidity indicators are, companies will nonetheless publish their CSR. However, the CSR-regulated liquidity value is higher the lower the company value is.

The liquidity value of a business indicates how much cash is available, allowing for the use of that money for CSR projects. This further illustrates that liquidity that has been subject to PCSR regulation has no impact on investors' decisions to invest in a company. because the allocation of PCSR funds cannot be raised while a company's liquidity is high, and vice versa.

5. Conclusion

With corporate social responsibility as a moderating variable, this study intends to empirically investigate the relationship between profitability, leverage, and liquidity on business value in manufacturing companies listed on the IDX for the years 2019–2021. It is possible to draw the following conclusions from the test results and analysis presented in the preceding chapter:

1. Accepted, profitability as measured by ROA has a coefficient value of 0.000 to 0.05 that impacts business value.
2. Accepted, with a coefficient value of 0.000, the hypothesis that leverage, as measured by DER, has an impact on firm value.
3. H_3 Rejected, Liquidity as measured by the Current Ratio has no bearing on the firm's worth because the coefficients' value is 0.129. 0.05.
4. H_4 Rejected; CSR Disclosure does not mitigate the impact of profitability on company value with coefficients of 0.100 > 0.05.
5. With a coefficient value of 0.395, H_5 Rejected Disclosure of Corporate Social Responsibility cannot mitigate the impact of leverage on business value. 0.05.
6. H_6 Rejected, co-Disclosure of corporate social responsibility cannot mitigate the impact of liquidity on business value with coefficients 0.686 > 0.05.

The recommendations for more study are as follows, based on the findings and restrictions of the previously mentioned research:

1. Extending the research's subject by utilizing businesses listed on idx-ic.
2. Each disclosure item must be given a distinct weight when calculating the CSR index, which must be regularly updated to reflect new developments and be tailored to Indonesia's general and environmental conditions.
3. In the long run, incorporate correct research periodization.

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