

THE INFLUENCE OF INDEPENDENT COMMISSIONERS, LEVERAGE, AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE STRATEGY ON FIRM VALUE

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Abstract

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This research aims to investigate and provide an overview and explanation of companies operating in the infrastructure sector, particularly in construction, and their role in the economic development of Indonesia. It also empirically tests and finds evidence related to factors influencing a firm's value. The variables in this study consist of independent commissioners, leverage, corporate social responsibility (CSR) disclosure, firm value, and firm size. The research method employs a quantitative approach using secondary data sources from the annual report, Osiris (a system that contains data sources providing information such as financial reports, etc.), and sustainability reports listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The results indicate that the variables of independent commissioners and leverage do not significantly influence the firm's value, neither positively nor negatively. Similarly, the firm size as a moderation variable also does not have a significant impact on the firm's value. Meanwhile, CSR disclosure has a significant positive impact on firm value, which greatly influences the enhancement of the company's reputation among stakeholders and investors. The higher the level of CSR disclosure, the higher the firm's value, this is because investors and consumers tend to be more interested in companies that actively contribute to CSR initiatives.

Keywords: Independent Commissioners, Leverage, CSR Disclosure, Firm Size, Firm Value

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1. INTRODUCTION

Construction companies play a crucial role in the infrastructure sector and are vital for the economic

progress of both a company and a country. The success and advancement of these companies in their business operations are significant factors that influence the perception of investors and creditors,

as they examine the financial statements to determine whether the company is profitable or incurring losses. Financial statements are reports containing information related to a company's financial health, providing a snapshot of the company's financial condition. The information presented in financial statements plays a critical role in evaluating the company's performance. Financial performance, as assessed through accounting-based metrics, helps address issues related to economic policy uncertainty due to the increasing information asymmetry, potential fluctuations in future cash flows, and various financing constraints that can affect a company's investment activities (Ahsan et al., 2022).

To improve financial performance, there are several potential innovative strategies for companies aiming to gain a competitive advantage and enhance their global economic performance (Baláz et al., 2023). The impact of innovation on economic and financial performance can be direct (either positive or negative), while indirect impacts on the economy are typically moderated by market conditions or company characteristics.

The firm value can be assessed by its stock price. A company's stock will be in high demand among investors if it demonstrates strong performance. Investors can gauge this achievement by examining the financial reports published by the company. These reports are highly beneficial to investors when making investment decisions, such as selling, buying, or investing in stocks. Therefore, companies are obligated to issue financial reports for specific periods (Ardini et al., 2022).

Several factors that influence a company's value include good corporate governance (in this case, independent commissioners), leverage, corporate social responsibility (CSR) disclosure, and company size. Good corporate governance is closely related to financial performance (Yendrawati et al., 2023; Thamaree & Zaby, 2023; Sharaf-Addin & Al-Dhubaibi, 2022). One important means through which corporate governance can influence economic outcomes is by aligning incentives between shareholders and managers. This alignment can be achieved through incentive mechanisms such as performance-based compensation and other independent boards. Another means is by providing reliable and transparent financial reporting, which can reduce information asymmetry between managers and investors (Bui & Krajcsák, 2023; Otman, 2021).

Therefore, the role of corporate governance is crucial, as it is not only about fulfilling legal obligations but also requires all registered organizations/companies to adhere to the concept and methods of corporate governance by the rules and regulations of their respective countries. This is highly influential in enhancing the firm value (Di Guida et al., 2022; Khalaf, 2022; Afza & Nazir, 2014).

In addition to corporate governance, where independent commissioners play a role, CSR disclosure also has a significant impact on a company's ability to promote its reputation. A strategic perspective on CSR reports provides information that a company's involvement in CSR activities initiates goodwill among stakeholders and the general public, which can enhance positive relationships with the company (Xu et al., 2023; Kostyuk et al., 2016; Kostyuk et al., 2013). CSR is a claim that companies should not only engage in activities for the benefit of shareholders but also for

the well-being of various stakeholders, including employees, local communities, government, non-governmental organizations, consumers, and the environment. Therefore, CSR is both an obligation and a manifestation of a company's responsibility and commitment to the environment and society. In addition to implementing corporate governance and CSR principles in achieving performance aligned with the company's objectives, leverage also affects the company's performance.

Leverage refers to the amount of a company's assets financed by debt. The higher the leverage ratio, the higher the risk of the company's inability to meet its obligations. This tends to make the company demonstrate good performance to instill confidence in creditors (Saftiana et al., 2017).

The solvency ratio or leverage ratio is used to measure the extent to which a company's assets are financed with debt. In other words, the solvency ratio is a measure of how much debt burden the company has to bear to fulfill its assets (Hery, 2015). In other words, financial leverage needs to be analyzed to assess how funds are managed, and whether they are associated with short-term or long-term fund allocation by the company's policies and objectives. If this handling is not done properly, the company's financial leverage can lead to management engaging in profit management, which can result in fraud.

Firm size is another regulatory factor that plays a separate role. The direct impact of capital structure on the firm's value or the indirect effects of the capital structure through hedging policies on the firm's value can both be reinforced by an increase in firm size. The larger the firm size, the stronger the influence it gains. Larger companies are considered to have lower levels of risk because they are perceived to have greater access or reach to the capital markets to raise funds and enhance the firm's value (Alghifari et al., 2022).

Large companies tend to receive more significant attention from analysts, investors, and the government (Rusgowanto & Panggabean, 2021). Essentially, firm size is divided into three categories: large firms, medium-sized firms, and small firms. The purpose of this research is to analyze the influence of independent commissioners, leverage, and CSR disclosure on firm value, and also to conduct an analysis using firm size as a moderating variable on firm value.

The background of this research is to determine whether there is an influence of the role of independent commissioners, leverage, and CSR disclosure on firm value. The objectives of this study include conducting an analysis and empirical evidence of the impact of several independent variables mentioned above on firm value, as well as company size as a moderating variable.

The benefits of this research include serving as a comparison to previous studies as well as future research in terms of improving performance in the construction industry. It can also serve as a reference for existing case studies. Additionally, it can serve as a reference for decision-making before making investments, providing valuable information for investors.

The rest of the paper is organized as follows. Section 2 contains relevant theoretical foundations for the research, as well as an explanation of the hypotheses framework. Section 3 explains the data collection method and analyzes the research

methodology used in this study. Sections 4 and 5 present the results of data processing and the discussion. Section 6 provides conclusions and suggestions for further research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Agency theory

There are two theories related to and used in this research, namely agency theory and signaling theory. In this context, we will first discuss the definition of agency theory. Agency theory was first introduced by Jensen and Meckling (1976). They stated that an agency relationship occurs when a principal hires an agent to provide services and then delegates the authority to make decisions. Over time, agency theory has received broader responses because it is considered more realistic in various situations. Some thoughts on corporate governance focus on agency theory, where companies must be supervised and controlled to ensure that management follows the applicable rules and regulations obediently.

The agency theory is a corporate governance mechanism actively involved in providing better alignment between executive directors and investors, which can enhance organizational effectiveness and efficiency. It also indicates that organizations with better financial performance are correlated with a stronger governance structure (Esan et al., 2022).

The agency theory can also assist in implementing various governance mechanisms to control agent actions in joint-stock companies. Agency theory states that financial reports are accounting figures expected to resolve issues between agents and principals. Financial reports serve as a control tool that can reduce the risk of information asymmetry and conflicts of interest, thereby reducing agency costs incurred by principals and agents. Thus, agency theory strongly supports the variables found in this research. Relevant variables include company profitability, which is an effective oversight mechanism in management decision-making (Chang et al., 2023).

Therefore, agency theory provides a crucial perspective for understanding and managing the relationship between owners and managers, as well as assisting in designing systems and management practices that support the achievement of the company's goals.

2.2. Signaling theory

Furthermore, signaling theory is also related to the discussion in this paper. Signaling theory is a sign given by the company to investors as an indication of how to view the company's prospects. Companies with favorable prospects will avoid selling shares and will seek new capital through other means, one of which is by using debt. Thus, a conflict of interest arises between the capital owners or shareholders (investors) and the interested party, the manager (agent) (Rusgowanto & Panggabean, 2021). This makes owners more interested in maximizing the turnover and price of their investment securities, while managers have broad psychological and economic needs, including maximizing their compensation.

In line with the concept of signaling theory, it is suggested that companies will always strive to send positive signals to investors regarding their overall performance. High profitability, as a measure of a company's performance, indicates that the company has a bright future outlook, and this will be noted by investors as a positive signal when considering their investment decisions in a company (Pangestuti et al., 2022).

The signaling theory, in this context, can be used to provide a signal or sign to influence the actions of others. In situations with information asymmetry, where one party has greater access to information than the other, signaling becomes a way to reduce uncertainty and influence perceptions.

2.3. Theoretical framework and research hypotheses

2.3.1. Independent commissioners and firm value

Independent commissioners are one of the indicators or benchmarks for the implementation of good corporate governance practices in a company. The presence of independent commissioners is associated with a company's performance (Gati et al., 2020). Meanwhile, the definition of firm value according to Fatma and Chouaibi (2023), firm value is the investor's perception of a company, often associated with the stock price in the market. The primary goal of a company is to maximize its value, which in turn determines the level of prosperity for its shareholders. This is further supported by research from Fatma and Chouaibi (2023) which states that board independence has a positive and significant effect on the value of financial institutions in Europe.

H1: Independent commissioners have a positive significant effect on firm value.

2.3.2. Independent commissioners and firm size

Independent commissioners also have a close connection with firm size, as can be seen from previous research. According to research Solikhah et al. (2022), independent commissioners significantly influence profit quality with company size as a moderator.

H2: Independent commissioners have a positive significant effect on firm value with firm size as a moderator.

2.3.3. Leverage and firm value

Leverage is indicated by the leverage ratio and is measured using the total debt-to-equity ratio (DER), while variables commonly used as controls are company size and age, measured by the difference in total sales and the number of years since being listed. Meanwhile, company value plays a role in providing information related to a company's performance while reflecting the company's current condition (Habakkuk et al., 2023). From the research, it was found that leverage has a non-significant influence on company value, whereas, in the case of companies in Kenya, it can provide information that there is no maximum value that can be achieved in Kenyan manufacturing companies through proper debt management.

Nevertheless, in this case, the researcher will retest the hypothesis by selecting construction

companies listed on the Indonesia Stock Exchange (IDX) index. We will test the third hypothesis:

H3: Leverage has a positive significant effect on firm value.

2.3.4. Leverage and firm size

In line with what was explained in the previous entry, a significant positive influence between leverage and company size has not been found. Therefore, we will continue to conduct retests with similar companies and will test the fourth hypothesis:

H4: Leverage has a positive significant effect on firm value with firm size as a moderator.

2.3.5. CSR disclosure and firm value

Corporate social responsibility disclosure is widespread and has become a common business practice. According to survey data, 80% of companies in 49 countries have engaged in disclosure related to environmental and social responsibility information (Pratoomsuwan & Chiaravutthi, 2023).

A company is considered good if it has a high company value while also considering the surrounding environment and implementing CSR programs. This is further supported by previous research from (Tarjo et al., 2022) where this study found that CSR has a positive effect on firm value.

H5: CSR disclosure has a positive significant effect on firm value.

2.3.6. CSR disclosure and firm size

Although the researcher did not find a significant influence between CSR disclosure and company size in the previous study, in this case, the researcher will conduct a test on construction companies to provide a finding that there is a significant relationship between CSR disclosure and company size. The sixth hypothesis is:

H6: CSR disclosure has a positive significant effect on firm value with firm size as a moderator.

3. RESEARCH METHODOLOGY

3.1. Research objectives

In this case, we select the construction sector as the research object concerning firm value.

The choice of the construction sector is based on its significant role in the global economy in Indonesia. Company value is crucial for the future development of companies. The sample in this study comprises construction companies listed on the IDX, and data is collected from Osiris — a system that contains data sources providing information such as financial reports, etc. — and the annual reports of each company for the period from 2018 to 2022.

3.2. Types and sources of data collection

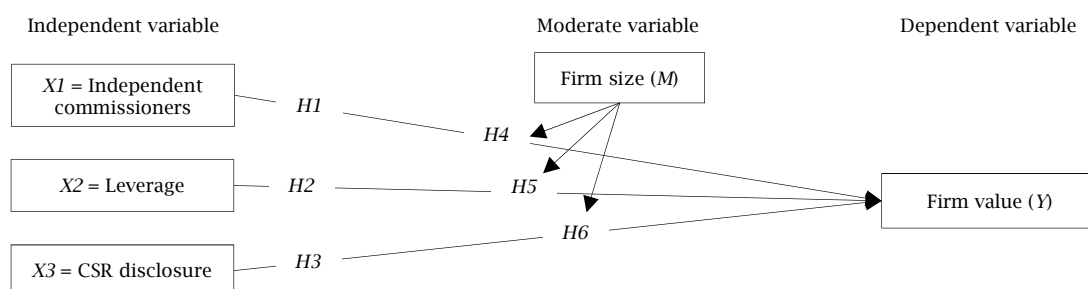
The quantitative method was used in this research. According to Sugiyono (2019), the quantitative method is defined as a research method based on the positivist philosophy and is considered a scientific method because it meets concrete or empirical, objective, measurable, rational, and systematic scientific criteria. The quantitative method aims to test predetermined hypotheses, which will be used to study specific populations and samples, gather data using research instruments, and analyze data quantitatively or statistically. Furthermore, this type of research is explanatory research, which explains the relationship between independent variables and dependent variables through hypotheses testing.

The research data used are in the form of secondary data, and the data analysis in this study is quantitative, using Statistical Package for the Social Sciences (SPSS) for data processing. The statistical analysis technique in this research will involve descriptive statistical testing by conducting classical assumption tests and multiple linear regression analysis due to the presence of more than one independent variable. For classical assumption testing, it includes testing for normality, multicollinearity, heteroskedasticity, and autocorrelation. Classical assumption tests are conducted to ensure that the regression equation produces consistent, unbiased, and accurate results in estimation. Meanwhile, multiple regression analysis (MRA) is used to determine the influence of independent variables on the dependent variable.

3.3. Conceptual framework

Figure 1 below presents the conceptual framework that will be employed in the paper.

Figure 1. Conceptual framework



3.4. Operational variables

Research variables are objects of study that form the focus of the researcher's observations, study, and conclusions. These variables are objects that exhibit variation between one object and another. In this case, the researched variables consist of three, namely independent variables, dependent variables, and moderating variables.

The independent variable (X) is a variable that influences the dependent variable or the outcome

$$\text{Independent commissioners} = \frac{\text{The number of independent commissioners}}{\text{The number of commissioners}} \quad (1)$$

• *Leverage.* Leverage in this case is represented by variable X_2 , proxied using the debt-to-equity ratio (DER), which assesses the amount of debt relative to equity. The measurement of DER uses a ratio scale. It is as follows:

$$\text{DER} = \frac{\text{Total debt}}{\text{Total equity}} \quad (2)$$

• *CSR disclosure.* CSR disclosure will be measured using the Corporate Social Disclosure Index (CSDI) in this research, and it will be based on the Global Reporting Initiative (GRI). According to GRI G4 Standards, there are three areas of disclosure focus: economic, environmental, and social, as the basis for sustainability reporting. CSR disclosure

variable. According to Sugiyono (2019), independent variables are variables that affect or cause changes in the dependent (outcome) variable. The independent variables used in this research include:

• *Independent commissioners.* The measurement of independent commissioners in this case is represented by variable X_1 . It can be determined by the number of independent commissioners and the board of commissioners in construction companies. The equation is as follows:

using the G4 guidelines consists of 91 items. The equation for calculating CSR is as follows:

$$\text{CSR}_i = \frac{\sum xy_i}{n_i} \quad (3)$$

where, CSR_i = index of the extent of social and environmental responsibility disclosure for a company i ; $\sum xy_i$ = value 1 if item y is disclosed, 0 if item y is not disclosed, thus, $0 \leq \text{CSDI} \leq 1$; n_i = number of items for company i , $n_i \leq 91$.

The dependent variable (Y) is a variable that is influenced or caused by the presence of independent variables (Sugiyono, 2019). The dependent variable in this study is company value using the calculation equation based on Tobin's Q , the equation is as follows:

$$\text{Tobin's } Q = \frac{\text{Total market value} + \text{Total book value of liabilities}}{\text{Total book value of assets}} \quad (4)$$

The moderation variable (M) can either strengthen or weaken the relationship between the independent variable and the dependent variable (Sugiyono, 2019). In this study, there is one moderation variable, which is firm size. Company size can be measured using the natural logarithm of total assets. Company size is measured on a ratio scale. The equation for calculating company size is as follows:

$$\text{Size} = \ln(\text{Total asset}) \quad (5)$$

4. RESULTS

4.1. Research object description

The research objects used in this study are all companies in the construction sub-sector (from the infrastructure sector) listed on the IDX and consistently publishing their annual reports on their respective company websites and the IDX website from 2018 to 2022. According to data from the IDX for the years 2018 to 2022, there were a total of 24 companies in the construction sector. However, based on the sample criteria mentioned above, it is concluded that only 75 samples (from

15 construction companies in Indonesia) that meet the research criteria are used in this study. Among these 75 data points, there were six outliers, resulting in the use of 69 data points in the analysis.

Table 1. Data sample

<i>Explanation</i>	<i>Total</i>
Construction sub-sector companies listed on the IDX from 2018-2022	24
Companies that are not included in the sample (incomplete data)	9
Initial data sample	15
Combination of 5-year data	75
Outliers (discarded data)	6
Total sample data used	69

4.2. Descriptive statistics

In this study, the variables used include company value as the dependent variable, and then independent variables such as independent commissioners, leverage, CSR disclosure, and audit quality, as well as company size as a moderating variable. Below are the results of statistical calculations based on data processing using the SPSS application.

Table 2. Descriptive statistics

Variable	N	Minimum	Maximum	Mean	Std. deviation
Independent commissioner (X1)	69	0.20	0.67	0.4167	0.08786
Leverage (X2)	69	0.22	7.82	1.8266	1.59187
CSR disclosure (X3)	69	0.03	0.48	0.1889	0.10754
Firm size (M)	69	27.22	32.45	29.6152	1.54362
Firm value (Y)	69	0.64	3.84	1.0773	0.46103
Valid N (listwise)	69				

Source: Authors' elaboration using SPSS.

As for the description of the sample data above, they include:

- Independent commissioners (X1) have a minimum value of 0.20 and a maximum value of 0.67. Meanwhile, the standard deviation of 0.08786 indicates relatively small data dispersion because it is smaller than its mean value of 0.4167.

- Leverage (X2) which in this case is calculated using DER has a minimum value of 0.22 and a maximum value of 7.82. Meanwhile, the standard deviation is 1.59187, which is relatively small, as its value is smaller than the mean value of 1.8266.

- The CSR disclosure (X3) with a minimum value of 0.03, a maximum value of 0.48, and a mean value of 0.1889. This means that the CSR disclosure in construction companies from 2018 to 2022 is around 0.1889 (approximately between 0.00 and 0.2). So, construction companies have limited implementation of CSR disclosure within their businesses, and they started implementing it around the period from 2020 to 2022. Meanwhile, the standard deviation of 0.10754 indicates relatively small data dispersion because it is smaller than the mean value of 0.1889.

- The firm size (M) with a minimum value of 27.22 and a maximum value of 32.45. Meanwhile, the standard deviation is 1.54362, indicating relatively small data dispersion, as it is smaller than the mean value of 29.6152. From this information, it can be observed that the size of construction companies falls within the medium-sized category because it is above the minimum value and below the maximum value.

- The firm value (Y) with a minimum value of 0.64 and a maximum value of 3.84. Meanwhile, the standard deviation of 0.46103 indicates relatively small data dispersion because it is smaller than the mean value of 1.0773.

4.3. Normality test

The normality test is conducted to examine whether the data follows a normal distribution. The results of the normality test can be seen in the table below:

Table 3. One-sample Kolmogorov-Smirnov test

		Unstandardized residual
N		69
Normal parameters ^{a, b}	Mean	0.0000000
	Std. dev.	0.16356294
Most extreme differences	Absolute	0.087
	Positive	0.087
	Negative	-0.062
Test statistic		0.087
Asymp. Sig. (2-tailed)		0.200 ^{c, d}

Note: a) Test distribution is Normal. b) Calculated from data. c) Lilliefors significance correction. d) This is a lower bound of the true significance.

In the normality test above, the Asymp. Sig. approach was used. Based on Table 3, the significance value of Asymp. Sig. (2-tailed) > 0.05. This indicates that the data meets the assumption of normality and can be considered normally distributed using the Kolmogorov-Smirnov test decision criteria.

4.4. Multicollinearity test

From Table 4 below, it is shown that none of the independent variables have a tolerance value less than 0.10, which means there is no correlation among the independent variables. A regression model is considered free from multicollinearity if it has variance inflation factor (VIF) values below 10. From the table, it can be concluded that in the regression model, all independent variables have low VIF values well below 10. Therefore, it can be concluded that there is no multicollinearity issue in the regression model.

Table 4. Multicollinearity test

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics	
	B	Std. error	Beta			Tolerance	VIF
Dependent variable: SQRTY							
1	Constant	3.335	1.543		2.161	0.034	
	SQRTX1	-0.477	0.325	-0.178	-1.470	0.146	0.855
	SQRTX2	0.056	0.071	0.160	0.794	0.430	0.305
	SQRTX3	-0.428	0.209	-0.292	-2.047	0.045	0.614
	SQRTM	-0.349	0.290	-0.269	-1.205	0.233	0.250

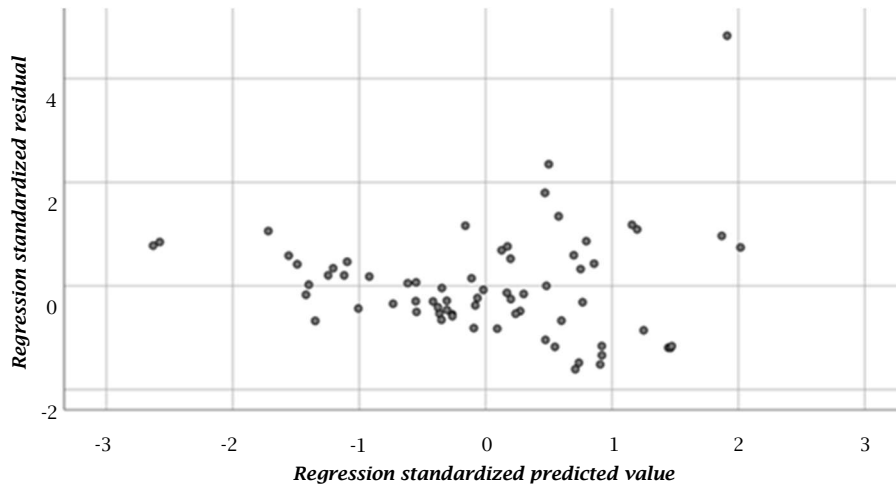
4.5. Heteroskedasticity test

To test for heteroskedasticity is useful to evaluate whether the residual variance of the regression model is not constant. If heteroskedasticity is present, the F-test results on the overall regression model may also become unreliable. Therefore, detecting and addressing heteroskedasticity is an important step in analyzing linear regression to

make the analysis results more reliable and interpretable. For that, you can refer to the Figure 2 below.

In this research, we used a scatterplot. In Figure 2, there is no heteroskedasticity if there is no clear pattern (waving, widening, then narrowing) in the scatterplot, and the points are scattered above and below the 0 value on the Y-axis.

Figure 2. Heteroskedasticity test (Dependent variable — SQRTY)



4.6. Autocorrelation test (Durbin-Watson)

The Durbin-Watson (DW) autocorrelation test is a method used to detect whether there is autocorrelation in the residuals of a regression

model. The DW statistic measures the extent to which residuals are correlated across observations in a time series or sequential data.

Table 5. Model summary

Model	R	R-square	Adjusted R-square	Std. error of the estimate	DW
1	0.446*	0.199	0.148	0.41937	2.183

Note: Dependent variable: LAG_Y. a) Predictors: Constant, LAG_M, LAG_X1, LAG_X3, LAG_X2.

From Table 5 above, it is found that there is no autocorrelation. The DW value is 2.183. The DW upper bound (DU) value is 1.7343 while the DW lower bound (DL) is = 1.4899, and 4-DU = 2.2657. Therefore, the regression model does not have autocorrelation, and it is said to have no autocorrelation when $DL < DW > DU$. In this case, $1.4899 < 2.183 > 1.7343$. Additionally, $DL < (4-DW) > DU$, where $1.4899 < 1.817 > 1.7343$.

4.7. Moderation test (Moderated regression analysis)

The moderated regression analysis (MRA) test is used to test the hypothesis of whether the company's size can moderate the impact of independent commissioners, leverage, and CSR disclosure on the company's value. The results of the SPSS calculations are presented below.

Table 6. Coefficients (Independent commissioners as an independent variable)

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	
	B	Std. error	Beta			
Dependent variable: SQRTY						
1	Constant	15.996	8.427	1.898	0.062	
	SQRTX1	-19.512	12.747	-7.259	-1.531	0.131
	SQRTM	-2.672	1.547	-2.062	-1.727	0.089
	SQRTX1M	3.462	2.341	7.043	1.479	0.144

Table 7. Coefficients (Leverage as an independent variable)

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	
	B	Std. error	Beta			
Dependent variable: SQRTY						
1	Constant	6.591	2.555	2.580	0.012	
	SQRTX2	-2.589	1.912	-7.356	-1.354	0.180
	SQRTM	-1.027	0.473	-0.792	-2.170	0.034
	SQRTX2M	0.474	0.344	7.826	1.378	0.173

Table 8. Coefficients (CSR disclosure as an independent variable)

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	
	B	Std. error	Beta			
Dependent variable: SQRTY						
1	Constant	7.764	2.973	2.612	0.011	
	SQRTX3	-14.237	6.511	-9.699	-2.187	0.032
	SQRTM	-1.201	0.550	-0.926	-2.184	0.033
	SQRTX3M	2.513	1.194	9.830	2.105	0.039

From the SPSS calculations, the influence of the moderation variable can be summarized as follows.

- The influence of firm size on independent commissioners about the firm's value. The results of hypotheses testing can be seen in Table 6, which is a test using the moderating variable of firm size. It shows that this variable has a positive but not significant effect on independent commissioners for firm value. This can be observed from the t-statistic value of 1.479 with a significance of 0.144, where $0.144 > 0.05$. Therefore, the company size as a moderating variable weakens the relationship between independent commissioners and company value, with a t-statistic value of -1.470 and a significance level of 0.146, where $0.146 > 0.05$.

- The influence of firm size on leverage (DER) on firm value. The results of hypothesis testing can be seen in Table 7, which is a test using the moderating variable of firm size. It shows that this variable has a positive but not significant effect on leverage for firm value. This can be observed from the t-statistic value of 1.378 with a significance of 0.173, where $0.173 > 0.05$. Therefore, firm size as a moderating variable weakens the relationship between leverage and firm value, with a t-statistic value of 0.794 and a significance level of 0.430, where $0.430 > 0.05$.

- The influence of firm size on CSR disclosure on firm value. The results of hypothesis testing in Table 8, which is a test using the moderating variable of firm size, show that this variable has a significant positive effect on CSR disclosure for firm value. This can be observed from the t-statistic value of 2.105, with a significance level of 0.039, where $0.039 < 0.05$. Therefore, firm size as a moderating variable strengthens the influence of CSR disclosure on firm value, with a t-statistic value of -2.047 and a significance level of 0.045 where $0.045 < 0.05$.

5. DISCUSSION

The research results provide intriguing information, as evidenced by the various hypotheses mentioned in the second part, some of which align with previous research while others do not. The details can be explained as follows: The first and second hypotheses of this study posit that independent commissioners have a positive influence on firm value, and also with firm size as a moderator. In Table 4, the research findings yield a t-value is -1.470 with a significance level of 0.146. Therefore, it can be concluded that the independent commissioner variable does not have a significant influence on the value of construction companies and has a negative direction, as a result, *H1* is rejected. This finding contradicts the study by Fatma and Chouaibi (2023), which explains that board independence has a positive and significant effect on firm value in financial institutions in Europe. Similarly, the results of the *H2* in Table 6 show that the t-value is 1.479 with a significance level of 0.144. It can be observed that the independent commissioner variable moderated by firm size does not have a significant influence on the construction company's value, whether positive or negative. Thus, the *H2* is also rejected. These research results are not in line with the findings of Solikhah et al. (2022),

which explain that independent commissioners significantly affect profit quality with firm size as a moderator. From this research, it can be concluded that the role of independent commissioners does not provide a positive contribution to firm value, and the same goes for firm size.

The third and fourth hypotheses of this research, state that Leverage has a positive influence on firm value, and also firm size as a moderator. In Table 4, the research results show that the t-value is -0.794 with a significance level of 0.430. Therefore, it can be concluded that the leverage variable does not have a significant positive influence on the value of construction companies, so the *H3* is rejected. These results are consistent with the findings of Habakkuk et al. (2023), who found that leverage has an insignificant influence on firm value. On the other hand, the fourth research result showed in Table 7 that the t-value is 1.378 with a significance level of 0.173. Therefore, it can be concluded that the leverage variable moderated by company size does not have a significant positive influence on the value of construction companies, so the *H4* is rejected. From this study, it can be observed that the level of leverage does not provide a positive contribution to firm value, and the size of the company does not influence or have an impact on the firm.

The *H5* and *H6* of this research state that CSR disclosure has a positive influence on company value, and also firm size as a moderator. In Table 4, the research results show that the t-value is -2.047 with a significance level of 0.045. Therefore, it can be concluded that the CSR disclosure variable has a significant influence on the value of construction companies, so the *H5* is accepted. These results are consistent with the findings of Tarjo et al. (2022), which state that CSR has a positive impact on firm value. Similarly, the sixth research shown in Table 8 results that the t-value is 2.105 with a significance level of 0.039. Therefore, it can be concluded that the CSR disclosure variable moderated by firm size has a significant positive influence on the value of construction companies, so the *H6* is accepted.

6. CONCLUSION

This study aims to explain the influence of independent commissioners, leverage, and CSR disclosure on firm value in construction companies. To achieve this objective, the researcher used financial report data from construction companies listed on the IDX for the period from 2018 to 2022.

The results of this study suggest that construction companies should pay more attention to the role of independent commissioners, leverage, and company size as moderators. One of the functions of independent commissioners in a company, especially in construction companies, is crucial in maintaining transparency, accountability, and compliance with regulations in the infrastructure sector. In this context, independent commissioners maintain an independent stance and do not have any conflicts of interest within the company, allowing them to make objective decisions.

In addition to independent commissioners, the role of leverage is also crucial for construction companies because it provides insights into the loans or debt used to fund investment activities

in the company. In this context, the level of leverage used in construction companies should be well-managed and properly handled to make informed decisions for the future.

From the data analysis results, in hypotheses testing, only the CSR disclosure variable has a significant positive influence on company value. The other variables, such as independent commissioners, and leverage, do not have a significant influence on company value, either positively or negatively. From this, it is known that the higher the level of CSR disclosure, the higher the firm's value. This is because investors and consumers tend to be more interested in companies that actively contribute to CSR initiatives, which prioritize environmental and social factors.

The limitations faced in the current research are related to data collection, where the researcher has not obtained the desired data. This is because not all construction companies in Indonesia are listed on the IDX. Additionally, there is a lack of diverse variables used for testing in this paper.

Based on the limitations described above, several recommendations can be provided for future

researchers to enhance the quality of their research. The recommendations from the researcher for future researchers are as follows: First, future researchers can consider adding more variables that are essential within a company, such as the board of directors, board of commissioners, and financial performance, which can provide a clearer understanding of a company's progress, as supported by the theoretical framework. Second, future researchers can extend the study period to 6 or 7 years, not just limited to the years 2018–2022. This extension of the research period can help maintain data integrity and account for any data outliers that may occur. Third, in the future, this research can serve as a comparison and reference for companies in terms of improving performance and enhancing the value of the company, especially construction companies. From the existing case studies, they can be used to improve corporate governance to be managed transparently, thus increasing long-term value. Fourth, this research can guide investors in making decisions before making investments.

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