

ANALYSIS OF THE INFLUENCE OF GOOD CORPORATE GOVERNANCE, CORPORATE SOCIAL RESPONSIBILITY, AND FIRM SIZE ON FIRM VALUE IN PROPERTY AND REAL ESTATE COMPANY LISTED ON THE INDONESIA STOCK EXCHANGE 2020-2024 PERIOD

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Abstract

This study analyzes the influence of Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), and firm size on corporate value in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during 2020-2024. Corporate value is measured using the Price to Book Value ratio. GCG is proxied by the proportion of independent commissioners, CSR based on the disclosure of the GRI Standards indicator, and firm size is measured by the natural logarithm of total assets. The study employs a quantitative approach with a causal research design and utilizes multiple linear regression. Secondary data were obtained from annual and sustainability reports. A total of 19 companies were selected through purposive sampling, resulting in 95 observations over a five-year period. Data analysis involved classical assumption testing followed by hypothesis testing using the t-test, F-test, and coefficient of determination. The findings reveal that GCG has a significant positive effect on corporate value, whereas CSR and firm size do not exhibit significant individual effects. However, simultaneously all three variables collectively have a significant impact on corporate value. These results provide valuable insights for corporate management and investors in making decisions regarding governance practices, social responsibility initiatives, and strategic asset development

Keywords: Corporate Social Responsibility, Firm Size, Firm Value, Good Corporate Governance, Property and Real Estate

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1. Introduction

Amid global economic development, Indonesia's property and real estate sectors have demonstrated notable growth, with companies striving to enhance their quality in pursuit of a common objective: to increase corporate value and promote stakeholder prosperity (Hery, 2017). However, these sectors continue to face significant challenges, particularly in maintaining the stability of corporate value. One of the key indicators used to assess a company's performance and market appeal is the Price to Book Value (PBV), which reflects the extent to which the market values a company's stock relative to its book value (Movizar, 2024). Over the past five years (2020–2024), PBV figures within this sector have shown considerable fluctuations, indicating instability in market perceptions of corporate value. This volatility may adversely affect investor confidence and, in turn, impact the long-term sustainability of businesses in the sector.

The issue of fluctuations in corporate value warrants further investigation, as corporate value serves as a key benchmark for investors in evaluating investment prospects and viability, as well as a reflection of sound corporate management (Azizah & Arita, 2024). This study aims to examine non-financial factors that may influence corporate value, particularly Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), and firm size. These three factors are widely considered to shape investor perception and trust. Notably, the implementation of GCG in Indonesia remains relatively underdeveloped compared to other Asian countries, as evidenced by the 2023 ACGA survey, which ranked Indonesia at the bottom. In parallel, CSR practices in many Indonesian companies especially small and medium-sized enterprises, often fail to comply with international reporting frameworks such as the Global Reporting Initiative (GRI). Such deficiencies may diminish the perceived value of firms in the eyes of stakeholders and weaken their competitiveness in the global market.

The urgency of this research has become increasingly apparent in light of recent global trends over the past two years, which highlight the growing emphasis on sustainability and good governance practices as integral components of investment feasibility assessments, both domestically and internationally. In the Indonesian context, challenges related to the implementation of GCG and CSR, compounded by the economic impact of the COVID-19 pandemic on the property sector, have further intensified concerns

regarding corporate value. Moreover, firm size is also recognized as a critical determinant of corporate value. Larger firms typically possess greater total assets, enhanced competitiveness, broader access to capital, and stronger investor confidence. Conversely, smaller firms may be perceived as less stable and more susceptible to risk. Thus, firm size can significantly influence investor decision-making and directly affect a company's valuation in the capital market (Nabila & Wuryani, 2023). Accordingly, a more comprehensive analysis of these factors is essential.

This study employs secondary quantitative data derived from the annual reports of property and real estate companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The primary variables analyzed include firm value, proxied by the PBV, GCG measured by the proportion of independent commissioners, CSR assessed through the number of disclosures in accordance with GRI standards; and firm size, determined by total assets.

Considering the fluctuation in PBV values, the relatively weak implementation of GCG, the suboptimal disclosure of CSR, and the inconsistent findings in prior research, this study is both highly relevant and timely. Furthermore, many prior studies have applied different CSR measurement standards, used varied GCG indicators, and examined diverse industry sectors, with limited attention given to the property and real estate sector in Indonesia—particularly in the post-pandemic period. Its primary objective is to empirically examine the partial and simultaneous effects of GCG, CSR, and firm size on firm value. This analysis is particularly significant for the property and real estate sectors, which hold a strategic role in national economic development and contribute substantially to investment, infrastructure, and employment growth in Indonesia.

2. Literature Review

This study is grounded in three fundamental theories that serve as a framework for explaining the relationships among the variables. The first is Agency Theory, which outlines the contractual relationship between the owner of the company (the principal) and its management (the agent), where conflicts of interest may arise due to differing objectives and asymmetric information (Naibaho & Sembiring, 2023). To minimize these conflicts, an effective oversight mechanism is required, one of which is the implementation of Good Corporate

Governance (Sobiroh & Kadarningsih, 2023). GCG refers to a system of corporate management designed to enhance organizational performance, safeguard stakeholder interests, and ensure adherence to prevailing laws and ethical standards (Kusmayadi et al., 2015). It is founded upon five key principles: transparency, accountability, responsibility, independence, and fairness (Syofyan, 2021). These principles are intended to promote professional, transparent, and ethical corporate governance practices that reinforce trust and integrity within the organization.

Independent commissioners play a critical role as external supervisors who are not affiliated with company management or controlling shareholders, thereby enabling them to act objectively in safeguarding the interests of shareholders. This objectivity is essential in ensuring effective oversight, which can ultimately contribute to enhancing corporate value (Diandra, 2023). The presence of independent commissioners is mandated by the regulatory framework of the Indonesia Stock Exchange, specifically under Jakarta Stock Exchange (JSX) Securities Regulation No. I-A concerning General Provisions for Securities Listings, which has been in effect since July 1, 2000. In accordance with this regulation, all companies listed on the IDX are required to appoint independent commissioners, with a minimum composition of 30% of the total board of commissioners (Lestari & Zulaikha, 2021).

The second Stakeholder Theory serves as the conceptual foundation underlying the importance of Corporate Social Responsibility disclosure. This theory posits that a company's responsibilities extend beyond shareholders to encompass all stakeholders, including the broader community and the environment (Purba, 2023). Accordingly, businesses are expected to take into account the social and environmental consequences of their operations as part of their long-term accountability. CSR, in this context, is not merely a compliance requirement but a strategic effort to build sustainable relationships with stakeholders and to promote ethical, transparent, and responsible business practices (Fatmawatie, 2017).

Corporate Social Responsibility refers to a company's accountability for the social and environmental impacts resulting from its operational activities (Khofifah et al., 2022). The CSR concept is grounded in three fundamental principles: sustainability, responsibility, and transparency (Kholis, 2020). These principles underscore the importance of promoting environmental preservation, enhancing community welfare, and ensuring openness in

corporate reporting. In this study, CSR is measured using the Global Reporting Initiative (GRI) standards, which included 77 disclosure indicators across economic, environmental, and social dimensions. Within the property and real estate sectors, CSR holds particular significance due to the considerable effects that development activities may have on ecosystems and local communities. Effective CSR implementation is believed to enhance public trust and contribute positively to corporate value..

The third theory employed in this study is Signaling Theory. This theory posits that companies can convey signals to investors through various forms of information disclosure, one of which is firm size. A larger company is often perceived as having greater financial strength, operational stability, and long-term growth potential. Such attributes can serve as positive signals to the market, influencing investor perceptions and behavior. Investors, in turn, interpret and respond to these signals in their investment decision-making processes. Therefore, firm size may play a crucial role in shaping market confidence and, consequently, in determining corporate value (Purba, 2023)

Firm size refers to a classification of companies based on their scale, which reflects the scope of their operational activities and revenue generation (Sari & Rahayu, 2020). In this study, firm size is measured using the natural logarithm (Ln) of total assets (Fitria & Yuniati, 2020). Larger firms are often viewed as having greater financial stability, broader growth opportunities, and a higher capacity to absorb risk. These characteristics serve as positive signals to investors, which may enhance market perception and, in turn, increase corporate value (Rivandi & Petra, 2022).

Previous studies have produced inconsistent findings regarding the relationship between Good Corporate Governance, Corporate Social Responsibility, firm size, and firm value. Nabila and Wuryani (2021) found that GCG and firm size had a significant influence on firm value, while CSR did not demonstrate a meaningful effect. Meanwhile, Meiryani et al. (2022) found that both GCG and CSR had no significant effect. These divergent results underscore the existence of a research gap, which provides a strong rationale for the present study. Accordingly, this study seeks to address these gaps by offering both theoretical and practical contributions that are relevant to current market dynamics in the Indonesian context.

3. Research Method

This study adopts a quantitative approach with a causal research design aimed at analyzing the influence of Good Corporate Governance, Corporate Social Responsibility, and firm size on firm value. These relationships are examined through the use of statistical models, in which the independent variables (GCG, CSR, and firm size) are expected to influence the dependent variable, firm value, either directly or indirectly.

The variables studied are defined as follows: Good Corporate Governance is proxied by the proportion of independent commissioners, Corporate Social Responsibility is measured using a disclosure index based on the GRI standards consisting of 77 indicators, and firm size is measured using the natural logarithm of total assets. The dependent variable, firm value, is proxied by the Price to Book Value ratio, reflecting market perceptions of company performance.

The research population consists of property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. From a total of 92 companies in the population, a sample of 19 companies was selected using purposive sampling. The sample selection was based on the following criteria: (1) companies must have been consistently listed on the IDX from 2020 to 2024, (2) they must publish complete annual reports during the research period, and (3) they must disclose all relevant data for the variables being studied.

This research was conducted from February to June 2025. Data analysis was performed using several stages of statistical testing, beginning with classical assumption tests (including normality, multicollinearity, heteroscedasticity, and autocorrelation tests), followed by multiple linear regression analysis to assess both partial and simultaneous effects of the independent variables on firm value. Hypothesis testing was conducted using t-tests and F-tests at a 5% level of significance.

Based on the background and the discussions presented above, the following hypotheses are formulated:

H1: It is hypothesized that Good Corporate Governance has a partial effect on firm value.

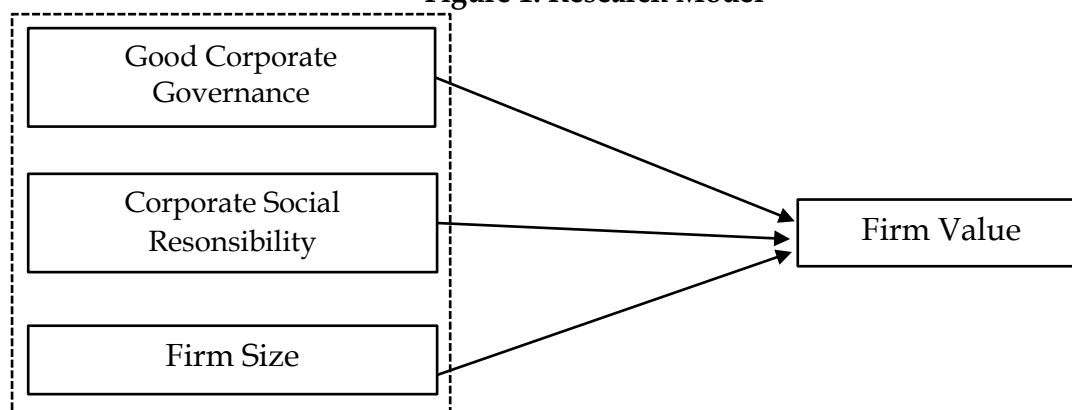
H2: It is hypothesized that Corporate Social Responsibility has a partial effect on firm value.

H3: It is hypothesized that firm size has a partial effect on firm value.

H4: It is hypothesized that Good Corporate Governance, Corporate Social Responsibility, and firm size have a simultaneous effect on firm value

Based on the hypotheses above, the conceptual framework can be summarized as follows:

Figure 1. Research Model



Sumber: Secondary Data, 2025

4. Result and Discussion

Prior to the multiple linear regression analysis, classical assumption testing was performed to ensure the validity of the regression model. Based on the results of statistical testing using SPSS version 23, the following findings were obtained:

- a. The normality test using both the normal probability plot and the Kolmogorov-Smirnov test indicated that the residuals were initially not normally distributed, with a significance value of 0.000 (< 0.05). To address this, 20 outlier observations were identified and removed based on standardized z-scores. Following this adjustment, the normality test showed a significance value of 0.200 (> 0.05), indicating that the residuals were normally distributed.
- b. The multicollinearity test revealed tolerance values for all independent variables above 0.1 and Variance Inflation Factor (VIF) values below 10 – specifically, GCG (Tolerance = 0.940; VIF = 1.064), CSR (Tolerance = 0.856;

VIF = 1.168), and firm size (Tolerance = 0.810; VIF = 1.235)—thus confirming the absence of multicollinearity.

- c. The heteroscedasticity test, assessed through a scatterplot of standardized residuals, showed a random distribution of points without a specific pattern, indicating homoscedasticity.
- d. The autocorrelation test was initially inconclusive using the Durbin-Watson statistic (DW = 1.603, lying between the lower and upper bounds), prompting a supplementary Runs Test, which returned a significance value of 0.201 (> 0.05), confirming the absence of autocorrelation.

Therefore, the regression model satisfies all classical assumptions, validating its suitability for further analysis. After the classical assumption tests had been conducted, a linear regression analysis, coefficient of determination analysis and hypothesis testing were subsequently carried out

Table 1. SPSS Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1,473	0,887		1,661	0,101
Good Corporate Governance	0,016	0,006	0,317	2,760	0,007
XCorporate Social Responsibility	-0,468	0,514	-0,110	-0,911	0,365
Firm Size	-0,041	0,033	-0,151	-1,222	0,226
Adjusted R Square	0,082				
Sig. F	0,029				

Source: Output SPSS version 23, 2025

The results of the partial test (t-Test) results demonstrate that Good Corporate Governance has a positive and statistically significant effect on firm value, with a significance level of 0.007. This finding suggests that a higher proportion of independent commissioners enhances investor confidence, thereby increasing the market valuation of the firm. Conversely, Corporate Social Responsibility (significance = 0.365) and firm size (significance = 0.226) were found to have no statistically significant partial effect on firm value. This implies that CSR activities may not yet be strategically aligned with corporate objectives or lack sufficient disclosure to impact investor perceptions. Similarly, larger firm size does not inherently reflect operational efficiency or value creation in the eyes of investors.

Whereas the previous section discussed the assumptions, the regression equation obtained is as follows:

$$Y = 1.473 + 0.016 X1 - 0.468 X2 - 0.041 X3$$

This equation indicates that when all independent variables Good Corporate Governance (X1), Corporate Social Responsibility (X2), and firm size (X3) are held at zero, the predicted firm value is 1.473. The coefficient of X1 is positive (0.016), meaning that a one-unit increase in Good Corporate Governance corresponds to an increase in firm value by 0.016, assuming other variables remain constant. In contrast, the coefficients for X2 and X3 are negative (-0.468 and -0.041, respectively), suggesting that a one-unit increase in CSR or firm size is associated with a decline in firm value. These negative coefficients indicate an inverse relationship, implying that within the context of this study, higher levels of CSR or larger firm size do not necessarily contribute positively to firm value. Rather, they may reflect inefficiencies or misalignment with investor expectations in the property and real estate sector.

Despite the insignificant individual effects of CSR and firm size, the simultaneous test (F-test) indicated that GCG, CSR, and firm size collectively exert a statistically significant influence on firm value, with a significance level of 0.029. This finding implies that although not all independent variables may be individually significant, as shown in the t-tests, they jointly have a meaningful impact on firm value. Thus, when Good Corporate Governance, Corporate Social Responsibility, and firm size are considered together, they significantly explain variations in the firm value.

However, the adjusted R-squared value was only 0.082, meaning that the independent variables together account for just 8.2% of the variation in firm value, while the remaining 91.8% is attributable to other factors not included in the model. These findings underscore the critical role of effective corporate governance, particularly the presence of independent oversight in enhancing firm value, whereas CSR initiatives and company size appear to require more strategic integration or are less impactful in this sectoral context.

5. Conclusion

The results indicate that good corporate governance particularly through the presence of independent commissioners has a significant positive impact on firm value by ensuring effective oversight and alignment with shareholder interests. In contrast, corporate social responsibility and firm size do not exhibit

significant individual effects. However, when examined collectively, these three variables jointly influence firm value, emphasizing the importance of an integrated and holistic corporate approach in the property and real estate sector. These findings contribute to the understanding of how internal governance mechanisms and organizational characteristics affect firm valuation in the property and real estate sector, while also offering practical insights for corporate decision-makers and investors. Companies are encouraged to strengthen their implementation of good corporate governance, especially by enhancing the role of independent commissioners. Although corporate social responsibility and firm size were not individually significant, both remain relevant in building corporate reputation and competitiveness. Investors should consider governance quality as a key factor in making investment decisions. Future research is advised to incorporate additional variables and explore broader sectors or longer time frames to obtain more comprehensive insights.

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