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The Impact Of Social Responsibility On Firm Value

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Abstract ; *In Indonesia, Malaysia, Australia, China, and Hong Kong, corporate social responsibility (CSR) is an essential component of corporate strategy. In many countries, its effect on corporate value is a crucial concern. This study aims to summarize the impact of corporate social responsibility on corporate value. Using five international journals and the meta-analysis approach, CSR has been demonstrated to influence business value.*
Keyword; *Stakeholders, Firm Value, and Social Responsibility*

INTRODUCTION

Companies should not only focus on profit optimization. One of the corporation's objectives is to achieve maximum profit to ensure its long-term sustainability. Therefore, the survival of the company is always supported by trying to achieve the maximum profit. Not only profitable, but the company must also be able to positively influence the environment surrounding the company and the well-being of the environment. The company must also be responsible if the main activity cause environmental damage. Environmental protection is important for the survival of humans, animals and plants. Humans are also social creatures who always need other people in living their lives. Responsible economic growth is a sustainable goal based on business thinking that prioritizes societal, environmental, and management. CSR is phenomenon and strategy through which companies to pay attention to the needs and interests of their collaborator. Corporate social responsibility emerged during a period when the emphasis on long-term sustainability outweighed mere corporate profitableness. Social responsibility is a company's responsibility to maximize its positive impact on the surrounding community. According to WBCSD (World Business Council for Sustainable Development), CSR is a company’s commitment to the implementation of ethical principles and its contribution to the development of economy and the improvement of life’s quality of the community.

CSR or Corporate Social Responsibility is the participation and investment in social and initiatives both within and outside the company, with the goal of reducing social differences in the environment, develop the environment, improve people's lives, and further improve and build the economy for more advanced sustainable benefit. Many large companies are enlarging and moving from local to international companies, which drives the global economy and increases a large part of the global's GDP. These large companies are happy to improve the standard of existing in the

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most impoverished and least developed areas where they operate. Given the complexity of CSR and regulation, the biggest challenge in CSR implementation is actually designing effective and appropriate CSR activities so that stakeholders, especially communities, can optimally benefit from the company's operating environment. In order for social responsibility programs to be effective and provide great benefits to the community, social responsibility program planning must take into account local resources and potential, participatory planning and directions that address the problems faced by the community. Indeed, corporate activities consistently intertwine with environmental issues, encompassing air, river, or marine pollution stemming from incidents like oil spills and industrial waste that directly impact local communities due to the company's presence. The local community does not perceive any sense of social responsibility from the company.

Previous research by (Wang, 2012); and (Foote, 2010) believes that CSR can strategically enhance company worth, yet investments in CSR may also diminish firm value by raising costs and shifting operational priorities. Although (Becchetti, 2012) states in his study that empirical result of several studies supported this view, suggesting that CSR investments require extra resources, which increases operating costs and potentially diminishing profitability and competitiveness. Corporate values also play an important role for a company, as they can shape performance in a way that increases trust between information users and communities of interest (Afifah, 2021) A good company is demonstrated in the company's value itself, and vice versa, because high company value is followed by high shareholder wealth. Research (Armi, 2016) shows that CSR affects firm value. This is in accordance with the paradigm that long-term economic stability and prosperity can only be achieved if the company is socially responsible to society (Mahrani, 2018)

Fokus utama perusahaan adalah memaksimalkan keuntungan bagi pemegang saham melalui keputusan investasi, pendanaan, dan alokasi laba, yang tercermin dalam harga saham di pasar modal. Tidak hanya kenaikan harga saham akan meningkatkan kekayaan pemegang saham, tetapi harga pasar saham juga mencerminkan nilai perusahaan: semakin tinggi nilai perusahaan, semakin tinggi harga pasar sahamnya. (Sudana, 2015: 164).

Pentingnya nilai perusahaan terletak pada indikasi kinerja perusahaan yang dapat memengaruhi pandangan investor dan mendorong mereka untuk melakukan investasi. Manajer keuangan perlu mampu memilih struktur modal yang paling menguntungkan bagi perusahaan mereka. Struktur modal yang paling menguntungkan adalah yang memaksimumkan harga saham sambil mengurangi risiko dan return (Brigham dan Weston, 2001: 150).

THEORY

Financial Management

Financial management is one part of the basic concepts of accounting or accounting theory. But the science of financial management is very broad. But there are also those who say that the basic concept of financial management is only the reporting of financial statements and is only the responsibility of the financial sector, even more broadly. Financial management includes all organizational activities for the effective and efficient acquisition, allocation, and use of financial resources. Financial management is not just the acquisition of funds, but learning how to use and manage these funds.

1. **Theory of Agency**

   According to Jensen and Meckling (1976), agency theory posits that an agency connection involves a contractual arrangement where individuals (the principal) engage the services of others (the agents) to perform specific tasks and delegate decision-making authority to the agents. Meanwhile, according to it is a relationship that reflects the basic agency structure between principals and agents who act cooperatively but have different goals and different attitudes towards risk. Agency theory is a relationship between principals (shareholders/owners) and agents (directors), and in the agency relationship there is a contractual agreement where the principal grants the agent authority to oversee their business and make determinations that they believe are in the principal's best interest. Therefore, it can be summarized that the theory of agency is emphasized to overcome the problems that may arise in agent relationships, if the wishes or goals of the leading and the agent are in conflict, it is difficult for the leading to control what the agent actually does, and there is asymmetric information, where management usually has more information than the principal himself.

2. **Signaling Theory**

   Signal theory according to Spence (1973) is the responsibility of company management which is a signal or guideline to describe the state of the company to investors. Signal theory explains how companies should communicate their business signals or information to users of financial statements. According to signaling theory, the sharing of environmental information as an expression of company activities shows concern for the environment and society. This can provide a positive signal to external parties, particularly investors, outside the company, and is expected to provide added value to the company (Helm, 2007).

3. Legitimacy Theory

According to Dowling and Pfeffer, the theory of legitimacy is the relationship or connection between the community and company, because company is the main factor in the development of activities related to business. The theory of legitimacy is related to the theory of stakeholder, which explains that a company will disclose its business honestly if management believes it will benefit society (Angraini, 2023). Companies take steps to achieve legitimacy by showing and proving the responsibility of company for community and environmental responsibility and disclosing it in an annual report of the company so that stakeholders can see the activities of the company (Rusmana, 2020).

4. Stakeholder Theory

The complexity of today's business problems has led many researchers and practitioners to try to use concepts and models to help understand these challenges, one of which is stakeholder theory. According to (Ghozali, 2020), this theory was first introduced to help overcome three interrelated business problems:

a. Value creation and business issues: in a rapidly changing global business environment.
b. The ethical issues of capitalism
c. Leadership mindset issues: Related to the above two mindsets.

This theory states that if we take the relationship between companies, groups, and individuals as the unit of analysis, we have the opportunity to solve all three problems. From the viewpoint of stakeholders, a business can be described as a network of connections among groups with an interest in the activities comprising the business, in which teams and managers work together to create as much value as possible for stakeholders to manage and exchange value with the company fulfill stakeholder needs. ethically impeccable. According to the stakeholder theory, corporation does not work merely for its own profit, but also provides advantages to stakeholders such as shareholders, lenders, customers, suppliers, government, analysts, and other stakeholders because support from stakeholders significantly influences the company's survival. Hence the great effort of the corporation to adapt. Publicity on social networks is considered part of the dialog between the company and its stakeholders. It can be summarized that the aim of a company is to fulfill the needs of its stakeholders. The stronger the stakeholders, the more the company's tries to adapt to the needs of the stakeholder (Mahrani, 2018). A company's existence relies on the support of its stakeholders, and this support must be sustained. The theory of stakeholder is essential in this study because this theory is connected to the company that will and should influence business activities, as like the management's responsibility to stakeholders through CSR activities and the company's financial performance.

Corporate Social Responsibility

(Palmer, 2012) defines CSR as "activity that encourages social action outside of corporate interest and is required by law. Understanding this definition requires an understanding that CSR policies are action that go beyond compliance with the law and have a positive impact on that business." CSR programs include activities that improve the environment, society and the lives of all stakeholders (Lanis R. d., 2012) argue that the meaning of CSR is crucial for a company's success and survival. Based on Aras and Crother in 2008 (Jackson, 2017), there are three principles of corporate social responsibility, namely:

1. Sustainability this principle refers to the impact that an activity can have on many people's possible future sources of availability. Whether or not these resources will be sufficient in the future. This is important for resources that are limited in quantity.
2. Responsibility refers to the fact that the company recognizes the activities that affect the surrounding corporate environment, and thanks to this recognition, the company is responsible for the actions it takes. This principle has an affect on the accounting of the actions of company, both internally and externally.
3. Transparency is a key principle of corporate reporting mechanisms. Many companies are dedicated to CSR because those companies that engage in CSR activities are able to uphold the quality of their investor relations, so companies try not to perform performance management. (Gras-Gil, 2016) stated that the focus on transparency motivates management to produce reports that accurately depict the current state of the business.

Impact of Corporate Social Responsibility

The effects of corporate social responsibility (CSR) are evident from several main perspectives, namely economic, social, and environmental impacts. The following is a more detailed explanation of each impact:

1. Financial impact, financial sustainability, i.e. the application of engaging in social responsibility initiatives can enhance long-term financial performance of the company. Corporations that carry out CSR activities usually build the strong of reputation in front of the customers and investors. This good reputation can increase customer loyalty, attract investment

and open up new business opportunities. For example, companies that demonstrate a commitment to the environment can attract consumers who care about sustainability, which in turn can increase sales and revenue. Operational efficiency, sustainability-focused CSR practices can reduce operational costs by improving resource utilization. through the implementation of energy-efficient technologies and good waste management practices, corporation can decrease energy and waste management costs. In addition, responsible supply chain management can reduce the risk of operational disruptions and ensure a sustainable supply of raw materials.

2. Social impact, employee welfare, or social responsibility focused on employee welfare, can improve employee morale, productivity and employability. CSR programs that include training, health and safety can create a better working environment and motivate employees. Employees who are valued and treated well tend to be more loyal and productive, which in turn contributes to the company's bottom line. Community empowerment, CSR initiatives can help improve the well-being of local communities through various social programs. For instance, corporations can invest in program of trainings to improve the skills and knowledge of local communities. Business health programs can help address health issues in the surrounding community. In addition, companies can contribute to the development of infrastructure such as roads, bridges, and other public facilities that can improve the quality of life of the community.
3. Environmental impact, reducing carbon footprint, e.g. the fact that companies can reduce negative impacts on the environment by implementing ecological business practices. For instance, utilizing renewable energy sources like solar and wind power can lower greenhouse gas emissions. Effective waste management can reduce pollution and negative impacts on ecosystems. Initiatives such as recycling programs and reducing plastic use can also help reduce a company's carbon footprint. Resource sustainability, corporate social responsibility can encourage companies to adopt practices that ensure the sustainability of natural resources. Using sustainable raw materials, such as wood from responsibly managed forests, can help preserve natural resources for future generations. In addition, effective water management practices and habitat conservation measures can help preserve ecosystems.

Company Value

An investor assesses the performance of a company, known as enterprise value, is frequently correlated with stock price. The stock price will immediately correlate indicating the company's value; in other words, the higher the share price, the greater the corporation's value, and vice versa. Conversely, a low share price will effect on the company's value, reduced worth of the enterprise. influence on the corporation's low valuation. In order to generate interest in purchasing the company's shares at a premium over book value, a firm must make information available to the public in order to ascertain the level of public value placed on the business. The price-earnings ratio (PER), price-to-book value (PBV), Tobin's Q, and price-earnings ratio (PER) are among the firm value metrics that are used to assess the capacity of company to create value for shareholders or investors, particular worth. (Bidhari, 2013)Market value is the definition of business value. If the stock price increases, firm value can give shareholders the most money possible. The wealth of the shareholders increases with the share price. Given that the stock price indicates that a firm has excellent value, it may be argued that a high stock price reflects a strong company valuation.

Growing the wealth of owners or shareholders can help a corporation accomplish its primary goal of growing value. Maximization of share price may be observed by examining the company's long-term development. Managers must understand how to determine share prices if they hope to maximize profits. Investors should exercise caution when identifying and choosing companies to purchase, as the share price serves as a useful tool for determining whether to purchase the company's shares or make an investment in it. Furthermore, an investor's wealth is determined by multiplying the number of shares they possess by the current share price of those shares.

The Impact of Corporate Social Responsibility on the Value of a Company

Strong social performance will result in stronger financial performance. Through enhancing the company's reputation, the company can decrease business danger and get more support from regulators. This brings more investment to meet the expectations of various interest groups and increases the value of the company. (Jo, 2011) found that can enhance a company's market value effectively. (Karaye, 2014) argue that through CSR, companies can identify, take action, and utilize it to improve relationships with stakeholders. The benefits of implementing CSR exceed the costs, thereby increasing the corporation's value. By protecting the well-being of employees, CSR is used to increase productivity, improve corporate image, increase public trust, and improve brand image and competitiveness.

METHODS

The type of research in this study uses meta-analysis, by systematically identifying 5 journals that discuss the CSR's impact on firm value, the results of a number of primary studies on a research problem that can be combined. In this study, researchers began the process of identifying related study connected to the impact on enterprise value of CSR.

RESULTS

According to a research published in the journal Impact of Corporate Social Responsibility Dimensions on Firm Value: Some Evidence from Hong Kong and China (Prakash J. Singh, 2017), CSR has an impact on firm value in Hong Kong and China. As a result, investors are becoming more interested in funding well-regarded businesses. Users like management, shareholders, outside parties, and the board get accounting information produced by the system, such as financial statements, management reports, and other reports (Kustiwi, 2023). It adds value to the company and cannot negatively affect the relationship between the responsibility of community and coompany's value or positively impact the relationship between the responsibility of community and disclosure and management of actual earnings in context of performance-based performance management. In order for businesses to compete in the global market, firm value is crucial. One of the ways the business aims to boost firm value is through CSR.

For the journal The Impact of Social Responsibility on Corporate Financial Performance: A Systematic Literature Review. The results of a study conducted by (Rui Coelho, 2023) show the great impact of CSR can increase corporate value in Australia. Sustained by performance measures, the responsibility of community has a direct positive affect on the performance of company. Therefore, it affects firm valuation. This research has several practical implications. The benefits of practicing corporate social responsibility practices for shareholders and leaders, such as the integration of metrics for measuring sustainability. It proposes that companies should view social responsibility as a chance to contribute to a more sustainable world "for the benefit of people and the planet" while improving financial performance. In this case, when companies adopt social and sustainable practices, they obtain trustworthiness and credibility among key stakeholders as like an Australian communities, customers and workers in better financial terms and strive to enhance their financial performance. From this, the corporation will increase the company's value. In short, it can be stated that corporate societal responsibility in business should not be viewed solely as an expense, instead, it should be seen as an investment that contributes to a more sustainable world and improves economic conditions, which can be considered in the company's evaluation.

The research have done by (Fuadah, 2021)in the journal The Impact of Corporate Social Responsibility on Firm Value: The Role of Tax Aggressiveness in Indonesia found that the affect of social responsibility of corporations has a negative effect reagrding tax aggressiveness. The results of this research show that CSR negatively and significantly influences tax aggressiveness. It also supports the legitimacy theory and confirms that tax aggressiveness has an adverse impact on the value of the company. Tax aggressiveness negatively and significantly affects corporation’s value. The findings of this study endorse agency theory, suggesting that lower tax aggressiveness correlates with higher company value. This depicts that the institutional perspective used for tax aggressiveness increases firm value. Social responsibility contributes positively to the value of a company. According to the data analysis, social responsibility has a positive and notable impact on corporate value. This study supports the theory. The company transmits the necessary information to interest groups, one of which concern social responsibility supporting the growth of value of the company.

The results of research have done by (Sigit HermawanA, 2023) in the journal Corporate Social Responsibility, Firm Value, and Profitability: Evidence From Pharmaceutical Companies In Indonesia and Malaysia shows that CSR impacts the value of pharmaceutical companies in Indonesia. Several corporations have taken the responsibility of community and thus created a good reputation among investors. Companies externally and internally can improve the image and well-being of the corporation in its environment, which includes economic, social and environmental factors and the company's positive reputation in the community. Meanwhile, CSR has no impact on corporate value in Malaysia. It can be stated that corporations do not care of the environmental and social aspects surrounding the corporation. The researchers found that the level of CSR activity disclosure in Malaysia remains lower compared to other areas. Based on the findings from data analysis, the researchers demonstrate that profitability can mitigate the influence of corporate social responsibility (CSR) on the value of Indonesian pharmaceutical companies. Companies focus on short-term on boarding techniques to decrease the company’s value, for its very broad, namely the long term. Profitability does not moderate the relationship between the responsibility of community and the value of corporate, because the company profitability while implementing the responsibility of community is weekly connected to the value of corporate. The findings of computer science researchers of the data analysis shows that profitability has the potential to moderate the impact of CSR on firm value in Pharmaceutical companies in Malaysia. The effect of CSR on corporate value is note seen separately, but profitability reduces CSR to corporate value.

The results of research have done by (Renhong Wu, 2023) in the journal The Relationship between Corporate Social Responsibility and Firm Value of Chinese Firms: Exploring from Degree of Internationalization affirm that participation in an activities of CSR is the contribution of social, initially, it necessitates sacrifices from the company some financial benefits. Therefore, the value of the firm decreases as social responsibility increases in the start-up phase. Conversely, engaging in CSR activities can help balance the interests of various stakeholder groups, reconciling the interests is not easy. If participation in social responsibility activities exceeds a certain limit, it can bring benefits not merely in the form of physical assets, as well as intangible assets such investments can enhance product efficiency and reputation of the products. Previous studies have proposed stakeholder theory to study CSR. In particular, some stakeholders (such as consumers) may impose severe sanctions on companies In the short term, certain risks may be apparent, whereas other stakeholders, such as long-term investors, may not perceive them.

DISCUSSION

In this study, the researchers empirically examine how CSR initiatives affect firm value using data from independent CSR assessments of companies in China and Hong Kong. Research result show that among the six essential dimensions of CSR, CSR practices and initiatives that emphasize community engagement and, to a lesser degree, workplace quality, are observed to directly and positively influence firm value. Over the past few decades, companies operating in China and Hong Kong have often neglected two dimensions related to groups of people and community aspects. This study proposes that regional managers should focus their efforts on CSR initiatives as a priority aimed at improving the well-being of internal stakeholders through workplace quality improvements and the well-being of external stakeholders through corporate philanthropic channels. This does not mean that other dimensions of CSR are less important, as they can contribute to firm value in more intricate yet still uninvestigated ways. Relying solely on market value to assess a company's performance. Although the accounting numbers used, such as ROA, are better than others, hey may not reflect the overall complexity of the corporation’s operations. Additionaly, the market value calculates the total corporation’s value, which can be expanded or reduced in several number units in certain situations. Different industries implement different CSR practices due to different laws and stakeholders. Industry-specific research ultimately does this and provides a broader comprehension of the advantages of CSR practices for companies across various industries.

In business, social responsibility is a key issue for all stakeholders, and companies have begun to channel efforts to achieve committed to social responsibility recognition. This research examines the social impact of responsibility on corporate finance. However, stakeholder theory is one of the theoretical and conceptual pillars of this research. Based on the findings, social responsibility positively impacts the company's financial performance, researchers show a positive and indirect relationship with developed and powerful state institutions, the impact of the company's intangible assets, research and development investments, and advertising activities. The disclosure of CSR is just important and always has been.

Social responsibility enhances financial performance when organizations transparently share this information and adhere to legal guidelines. This systematic review explains the benefits for managers and shareholders of using CSR practices, like incorporating ESG metrics and sustainability into corporate strategy. When companies adhere to sustainable and social practices, they earn the trust and credibility of major stakeholders, employees, and customers, leading to potential improvements in their financial performance. In summary, social responsibility in business should be viewed not as an expense, but as an investment that contributes to a more sustainable world and enhances financial well-being. Various countries are distinguished by distinct institutional factors and social influences, which are pertinent to CSR research. Simultaneously, it is crucial to evaluate whether institutional pressures or internal corporate dynamics hold greater significance, and which frameworks exert a stronger influence on the adoption of social responsibility practices. The purpose of this following study is to determine:

1. The influence of tax aggressiveness and corporate social responsibility on the value of the firm.
2. The influence of tax aggressiveness on the value of the firm and
3. The influence of CSR on the value of the firm value.

Data analysis conducted by researchers indicates that corporate social responsibility significantly reduces tax aggressiveness. Previous studies supporting this ((Lanis, 2013); (Zeng, 2016); (Mgbame, 2017); (Firmansyah, 2020)) also support legitimacy theory. The less a company engages in corporate social responsibility, the more aggressive it tends to be in its tax strategies. Tax aggressiveness has a significant negative impact on the company's value. These findings align with earlier research ((Assidi, 2016) ; (Chen, 2017)). The findings of this study support agency theory, as lower tax aggressiveness corresponds to higher company value. This shows that the institutional perspective applied to tax aggressiveness increases firm value. Corporate social responsibility positively impacts firm value. The higher the social responsibility, the greater the corporation's value. The result of this research support several studies ((Wang, 2012); (Ding, 2016); (Bardos, 2020); (Xu, 2020) ; (Ogachi, 2020)). This research supports the theory. The company transmits the necessary information to interest groups, one of which concerns social responsibility, which supports the growth of the company's value. This can be summarized based on the research findings and the discussion above that:

1. Indonesian pharmaceutical companies demonstrate that CSR affects corporate. This study is in line with (Rahmantari, 2019). However, this study differs from that of (Mukhtaruddin, 2014). Companies can enhance their reputation and overall well-being in both external and internal environments by addressing social, economic, and environmental aspects, thereby cultivating a positive corporate image (Rahmantari, 2019). The theory of institutional legitimacy, in which the system of law regulates firm that represent public's perceptions of environmental disclosures and social, encourages both of them to according to the law in order to maintain organizational legitimacy. According to stakeholder theory, corporations cannot merely in their personal concerns, but also have an obligation to take advantage of those who have a stake.
2. Malaysian pharmaceutical companies portray that corporate social responsibility (CSR) does not impact the value of the corporation. This indicates that the company pays little attention to social and environmental factors in its surroundings. This is further supported by the study's findings, which suggest that CSR disclosures in Asia are less comprehensive compared to disclosures by companies regarding social responsibility. America and Europe, which means that CSR activities will increase, which will increase the burden on the company and lose the company's profit opportunities.

Indonesian pharmaceutical companies show results that profitability can mitigate the impact of corporate social responsibility (CSR) on enterprise value. This research is constant with (Yusuf, 2018) reserach. However, this study is very different (Rahmantari, 2019) The growth in profits does not correlate with an increase in stock prices, resulting in a decline in the company's valuation (Rahmantari, 2019). Companies prioritize short-term merger strategies, potentially compromising long-term company value, which is more comprehensive (Rahmantari, 2019). Legitimacy theory posits that companies can achieve recognition from the community for conducting business activities in compliance with current regulations by engaging in socially responsible actions and achieving favorable economic outcomes. Malaysian pharmaceutical companies demonstrate that profitability can mitigate the influence of corporate social responsibility (CSR) on enterprise value. Higher levels of CSR activities are associated with lower firm value, whereas firms with high profitability experience increased firm value. Engaging repeatedly in social responsibility activities while maintaining high profitability can have a substantial impact, that is to say recognition from the community that the business is legitimate in the eyes of society (Muliate, 2021). (Kustiwi, 2023) state that CSR is useful for companies that consider stakeholder risk.

Corporations can provide advantages to their stakeholders in order to cultivate a favorable reputation of responsible and benevolent companies that can increase corporation’s value. Regarding the correlation between CSR and corporate value in Chinese corporations, it can be said that the implementation of CSR may initially lead to a decline in corporate value, but when it exceeds a certain limit, it may lead to tangible and intangible assets. Balancing stakeholder interests and social responsibility is a challenge, but it can improve product performance and image in the long run. A proposal based on stakeholder theory on participation in social responsibility from a sustainable competitive advantage over the long term.

The positive impact of participating in socially responsible activities might not be apparent In the immediate term. However, this participation may require an exact sum of money, enhance its wealth and resources while increasing its operational costs. Over time, such conduct draws stakeholders' attention and enhances their trust, thereby enhancing the company's reputation and fostering positive social relationships that enhance future prospects. Additionaly, consistent engagement in social responsibility activities can enhance both external and internal cohesion, leading to an overall increase in the company's value.

CONCLUSIONS

This research empirically demonstrates that CSR (corporate social responsibility) initiatives can significantly influence the value of firms in China and Hong Kong. Among the six key social responsibility dimensions analyzed, community engagement and the quality of the workplace that has been shown to directly and positively affect firm value. The social aspects, which are often overlooked by companies in the region, show that improving the well-being of internal stakeholders through improving workplace quality and improving the well-being of external stakeholders through corporate philanthropy channels can significantly increase firm value. Leaders in the field are therefore encouraged to prioritize corporate social responsibility initiatives that focus on community and workplace well-being.

Additionally, this study highlights the importance of transparency and disclosure of CSR-related information. Companies that publicly communicate their CSR initiatives tend to gain greater believe and trustworthiness from primary stakeholders as like communities, workers and clients. Both of believe and trustworthiness can ultimately enhance a company's financial performance. Relying solely on market value to assess firm performance is considered more comprehensive compared to accounting metrics like ROA, although market value can be influenced by specific business units, which may overestimate or underestimate the total value of the firm. Therefore, the advantages of CSR practices across various industries can be obtained in more depth through industry-specific studies.

Finally, this study also shows the correlation between CSR, tax aggressiveness and its effect on enterprise value. CSR is found to negatively affect tax aggressiveness, which in turn negatively affects firm value. This suggests that firms with high CSR tend to have more responsible tax practices, which can increase firm value in the long run. This result supports legitimacy theory and stakeholder theory, which state that companies that are transparent and responsible in their CSR and taxation practices tend to gain public recognition and trust, which in turn increases firm value. Therefore, social responsibility should be seen as a strategic investment that not only improves the public perception of the company, but also strengthens its financial and operational base for long-term sustainability.

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