

The Effect of Corporate Social Responsibility Disclosure, Capital Structure and Dividend Policy on Firm Value

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ABSTRACT

In today's competitive banking sector, firm value is a critical indicator of financial performance and investor confidence. State-owned banks in Indonesia play a vital role in the national economy, and understanding the factors that influence their firm value is essential for sustainable growth. This study aims to examine the effect of Corporate Social Responsibility (CSR) disclosure, capital structure, and dividend policy on firm value. The research employed a quantitative approach using panel data from four state-owned banks over the period 2016–2023, resulting in 32 observations through saturated sampling. Data analysis was conducted using EViews 13, incorporating panel data regression models, coefficient of determination testing, and hypothesis testing. The findings indicate that CSR disclosure has a positive and significant effect on firm value, suggesting that socially responsible practices enhance investor perception and market valuation. Capital structure negatively affects firm value, implying that higher leverage may increase financial risk and reduce investor confidence. Interestingly, dividend policy was found to have no significant effect on firm value. The coefficient of determination (R^2) of 50.39% indicates that CSR disclosure, capital structure, and dividend policy collectively explain approximately half of the variation in firm value. These findings provide valuable insights for policymakers and bank management in optimizing strategies to enhance firm value.

Keywords: Corporate Social Responsibility, Capital Structure, Dividend Policy, Firm Value, State-Owned Banks

INTRODUCTION

State-owned banks in Indonesia play a strategic role in promoting national economic growth and maintaining financial system stability, as they serve not only as commercial financial institutions but also as development agents in supporting government priorities in sectors such as infrastructure, micro, small and medium enterprises (UMKM), and regional development. Since the 1998 monetary crisis, the Indonesian banking industry, including BUMN banks, has undergone extensive restructuring and consolidation to strengthen system resilience, improve corporate governance, and enhance competitiveness at both domestic and regional levels.

In response to evolving global economic conditions and changing customer expectations, BUMN banks have continuously pursued innovation and organizational transformation. Strategic initiatives such as improving risk management, controlling non-performing loans, investing in digital technologies, and strengthening performance-based work culture have been integral to long-term performance improvement. These transformations have contributed to better profitability, greater operational efficiency, and a more resilient capital structure among several major state-owned banks.

Firm value is a critical indicator of market perception regarding a company's performance and future prospects, reflecting how investors assess the firm as a worthy investment in both short and long term contexts (Wijaya et al., 2023). A higher firm value signals strong investor confidence and effective financial decision-making. Within the banking sector, firm value is often measured by market-based metrics such as price-to-book value (PBV) or price-to-earnings ratio (PER), which capture market valuation relative to accounting figures and investor expectations.

Prior research has shown that a firm's financial policies and social disclosures influence its value. For example, studies in Indonesian banking found that corporate social responsibility (CSR) and firm size have a positive and significant effect on firm value, while dividend policy and capital structure exhibited varying impacts depending on context and model specification (Wijaya et al., 2023). Other studies outside the banking sector have reported inconsistent effects of CSR and dividend policy on value, with some showing negative or insignificant relationships, indicating heterogeneity in how stakeholders interpret these practices (Nabila & Giyartiningrum, 2025; Syahara & Nursiam, 2024).

Regarding capital structure, research results are mixed. Some studies in Indonesia have documented significant impacts of debt levels on firm value, while others found insignificant effects, implying that managers' financing decisions may not consistently translate into market valuation changes (Sriyanto, Hikmah & Sukarno, 2025; Rusdi & Risman, 2025). Similarly, empirical findings on dividend policy's effect on firm value vary across sectors and time periods, which suggests that the signaling effect of dividend payments remains debated in literature (Syahara & Nursiam, 2024; Rusdi & Risman, 2025).

Despite the growing body of literature, a clear research gap remains with regard to state-owned banks in Indonesia. Most prior studies either examine broader sets of firms including non-banks or focus on short time windows, while few have specifically analyzed the combined effects of CSR disclosure, capital structure, and dividend policy on firm value in BUMN banks over an extended period. This study addresses this gap by empirically investigating these relationships using panel data from 2016 to 2023, providing evidence that is both context-specific and temporally comprehensive, thereby contributing to a more nuanced understanding of value drivers in state-owned banking institutions.

LITERATURE REVIEW

Corporate Social Responsibility (CSR) disclosure has emerged as an important strategic mechanism for signaling firm commitment to social and environmental concerns, which can shape investor perceptions and influence firm value. According to signaling theory, voluntary disclosure such as CSR reporting communicates information to external stakeholders that mitigates information asymmetry, enhances transparency, and can lead to increased investor confidence and higher market valuation (Nguyen, 2025). Empirical studies support this theoretical perspective, indicating that CSR disclosure positively affects firm value as markets reward firms that responsibly manage social responsibilities alongside financial performance (Irnadia Ivada, 2025; Nguyen, 2025). This suggests that beyond financial results, how a firm communicates its CSR initiatives can be a crucial determinant of how markets perceive its future prospects and sustainability.

The relationship between CSR disclosure and firm value is also grounded in stakeholder theory, which asserts that firms that address the interests of broader stakeholder groups—including customers, employees, communities, and regulators—can achieve enhanced reputational capital and competitive advantage. A number of recent studies have documented that CSR disclosure contributes to firm value by strengthening stakeholder trust and aligning corporate goals with broader societal expectations (Nguyen, 2025; Diningsih, 2025). These findings highlight that CSR disclosure not only reflects ethical conduct but also provides strategic value in terms of market perception and long-term investor appeal.

Capital structure decisions, which concern the mix of debt and equity financing, are central to corporate finance theory and directly relate to firm value through theories such as the trade-off theory and pecking order theory. The trade-off theory posits that firms balance the tax advantages of debt against the potential costs of financial distress, while the pecking order theory suggests that firms prefer internal financing before resorting to external debt or equity due to information asymmetry costs (Pecking Order Theory insights). Empirical evidence is mixed: some studies find that optimal leverage enhances firm value by lowering the cost of capital, while others observe that excessive leverage increases risk and negatively impacts valuation (Dwimahyu, 2025; Agustina & Ariani, 2025). These divergent results underscore the contextual nature of capital structure's effect on firm value and highlight the need to consider firm-specific characteristics and market conditions.

Dividend policy also plays a significant role in shaping firm value, particularly through the signaling effect and agency theory perspectives. Dividend payments can signal management's confidence in future earnings, thereby influencing investor expectations and firm value (Sulistiyowati, 2025). Conversely, the Modigliani-Miller theorem suggests in its irrelevance proposition that dividend policy should not affect firm value in perfect markets devoid of frictions (Modigliani-Miller Theory). Empirical research shows that dividends may affect market valuation in real markets with information asymmetry and transaction costs, but evidence remains inconsistent, with some studies finding significant effects while others detect negligible or no impacts on firm value (Dwimahyu, 2025; Sulistiyowati, 2025).

Overall, the theoretical and empirical literature suggests that while CSR disclosure, capital structure, and dividend policy are each related to firm value, their effects can vary across contexts depending on industry, firm size, market conditions, and investor expectations. Because these variables may interact in complex ways within different firm settings, recent research increasingly calls for comprehensive models that simultaneously examine their influences on firm value, especially in emerging markets (Irnadia Ivada, 2025; Dwimahyu, 2025). This theoretical insight justifies the present study's focus on empirically testing the combined effect of CSR disclosure, capital structure, and dividend policy on firm value in state-owned banks over an extended period.

METHOD

This study employed a quantitative research approach to examine the effect of Corporate Social Responsibility (CSR) disclosure, capital structure, and dividend policy on firm value in Indonesian state-owned banks. The research utilized panel data from four BUMN banks PT Bank Negara Indonesia (BBNI), PT Bank Rakyat Indonesia (BBRI), PT Bank Tabungan Negara (BBTN), and PT Bank Mandiri (BMRI) over the period 2016–2023, resulting in 32 observations obtained through a saturated sampling method. Secondary data were collected from the official websites of the Indonesia Stock Exchange (IDX) and the respective banks' financial reports. According to Sugiyono (2019), quantitative research is based on a positivist philosophy, focusing on specific populations or samples, employing structured data collection instruments, and analyzing data statistically to test hypotheses, which aligns with the objectives of this study.

Data analysis was conducted using EViews 13, applying panel data regression models to determine the influence of the independent variables CSR disclosure, capital structure, and dividend policy on firm value. The analytical procedures included testing the coefficient of determination (R^2) to measure the contribution of the independent variables and hypothesis testing to assess their statistical significance. Following Sugiyono (2018), a census sampling technique was used to provide a comprehensive representation of the population and to capture the internal factors affecting the performance and valuation of state-owned banks in Indonesia. This methodology allows for robust empirical analysis and ensures that the results reflect the financial and managerial realities of all BUMN banks during the research period.

RESULTS

Descriptive Statistics

The descriptive statistics of firm value, proxied by the Price to Book Value (PBV), show significant variation among the state-owned banks. The PBV ranges from a minimum of 57.53 to a maximum of 290.44, with an average of 165.72 and a standard deviation of 64.63. PT Bank Rakyat Indonesia (Persero) Tbk recorded the highest PBV of 290.44% in 2023, indicating strong market valuation, while PT Bank Tabungan Negara (Persero) Tbk had the lowest PBV of 57.53% in 2023, reflecting lower investor

confidence. This wide range suggests differences in market perception and performance among the BUMN banks over the research period.

For the independent variables, Corporate Social Responsibility (CSR) scores vary from 15.38 to 50.54, with a mean of 27.61 and a standard deviation of 8.85. PT Bank Rakyat Indonesia achieved the highest CSR score in 2023, while PT Bank Mandiri had the lowest in 2016. Capital structure, measured by the Debt to Equity Ratio (DER), ranges widely from 449.11% to 1,600.85%, with an average of 745.15% and a standard deviation of 323.01%, showing large differences in financing strategies among the banks. Dividend policy, represented by the Dividend Payout Ratio (DPR), also shows high variability, ranging from 0% to 268.36%, with an average of 44.88% and a standard deviation of 50.25%. PT Bank Tabungan Negara experienced both the highest and lowest DPR, reflecting fluctuations in dividend distribution over the years. Overall, these statistics indicate substantial differences in financial performance, CSR engagement, and policy decisions among the BUMN banks.

Chow Test

Based on the EViews 13 analysis, the probability value from the cross-section F test is 0.0000, which is less than the significance level of 0.05. Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. This result indicates that the Fixed Effect Model (FEM) is more appropriate to use for this panel data analysis.

Hausman Test

Based on the EViews 13 analysis, the probability value from the cross-section random test is 0.4107, which is greater than the significance level of 0.05. Therefore, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_a) is rejected. This result indicates that the Random Effect Model (REM) is more appropriate to use for this panel data analysis.

Lagrange Multiplier Test

Based on the EViews 13 analysis, the probability value from the cross-section Breusch-Pagan test is 0.0000, which is less than the significance level of 0.05. Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. This result indicates that the Random Effect Model (REM) is the more appropriate model to use for this panel data analysis.

Model Conclusion

Table 1. Model Conclusion

No	Method	Test Comparison	Result
1	Chow Test	Common Effect vs Fixed Effect	Fixed Effect
2	Hausman Test	Fixed Effect vs Random Effect	Random Effect
3	Lagrange Multiplier Test	Random Effect vs Common Effect	Random Effect

Source: Research data, 2025

Based on the results of the panel data regression model tests, the Chow test indicated that the Fixed Effect Model is better than the Common Effect Model. However, the Hausman test suggested that the Random Effect Model is more appropriate than the Fixed Effect Model. Additionally, the Lagrange Multiplier test confirmed that the Random Effect Model is preferable over the Common Effect Model. Considering the results of all three tests, it can be concluded that the Random Effect Model is the most suitable model to use for further panel data analysis.

Normality Test

In this study, the normality test was conducted using the Jarque-Bera test to determine whether the data were normally distributed. The test was carried out using both graphical analysis, such as histograms, and nonparametric statistical methods. Based on the EViews analysis, the probability value obtained from the Jarque-Bera test was 0.382216, which is greater than the significance level of 0.05. This indicates that the data are normally distributed, allowing the analysis to proceed to the next stage of testing.

Panel Data Regression

Table 2. Panel Data Regression Analysis Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	226.1200	21.84124	10.35289	0.0000
CSR_X1	1.495525	0.617242	2.422914	0.0221
DER_X2	-0.138674	0.016975	-8.169080	0.0000
DPR_X3	0.036802	0.108772	0.338337	0.7376

Source: Data processed with Eviews version 13, 2025

Based on the data analysis, the regression equation obtained is as follows:

$$\text{PBV} = 226,12 + 1,495525 (\text{CSR}) - 0,138674 (\text{DER}) + 0,036802 (\text{DPR})$$

1. The constant value (a) of 226.12 means that if the values of Corporate Social Responsibility, Capital Structure, and Dividend Policy are 0, then the Firm Value is 226.12%.
2. The regression coefficient of Corporate Social Responsibility on Firm Value is 1.495525, meaning that for every 1-unit increase in the Capital Adequacy Ratio,

Firm Value will increase by 1.50%.

3. The regression coefficient value of Capital Structure on Firm Value is - 0.138674, meaning that for every 1-unit increase in Capital Structure, Firm Value decreases by 0.14%.
4. The regression coefficient value of Dividend Policy on Company Value is 0.036802, so that for every 1-unit increase in Dividend Policy, Company Value will increase by 0.04%.

The constant value of 226.12 indicates that when Corporate Social Responsibility (CSR), Capital Structure, and Dividend Policy are all zero, the firm value, proxied by Price to Book Value (PBV), would be 226.12%. This reflects the baseline valuation of state-owned banks in Indonesia, suggesting that even without additional CSR initiatives, leverage, or dividend payouts, these banks maintain a relatively high market value. According to financial theory, this baseline may reflect inherent investor confidence in the stability, government backing, and long-term growth potential of BUMN banks, which aligns with the notion that firm value is influenced not only by financial policies but also by institutional reputation and systemic importance (Ubaidilah, 2020).

The positive regression coefficient of CSR (1.4955) suggests that an increase in CSR initiatives is associated with higher firm value. This finding aligns with signaling theory, which argues that CSR disclosure communicates a firm's commitment to ethical and sustainable practices, reducing information asymmetry and enhancing investor confidence (Nguyen, 2025). Stakeholder theory also supports this result, as banks that actively address social and environmental concerns strengthen relationships with stakeholders, improve reputation, and consequently increase market valuation (Diningsih, 2025). In practice, this implies that investors reward BUMN banks for demonstrating social responsibility alongside financial performance, as these efforts signal long-term sustainability.

Conversely, the negative coefficient of Capital Structure (-0.1387) indicates that higher leverage slightly reduces firm value, consistent with trade-off theory, which highlights the risk of financial distress associated with excessive debt (Dwimahyu, 2025). The small positive effect of Dividend Policy (0.0368) suggests a minimal signaling effect, where increased dividend payouts convey management's confidence in future earnings, aligning with agency and signaling theories (Sulistyowati, 2025). However, the relatively

small magnitude of this effect may reflect the unique characteristics of BUMN banks, where investors may prioritize stability, government backing, and CSR performance over dividend distributions. Overall, these results underscore the nuanced influence of financial and non-financial policies on firm value in state-owned banks.

Determination Test

The R-Square value of 0.503865 indicates that 50.39% of the variation in firm value, measured by Price to Book Value (PBV), can be explained by the independent variables Corporate Social Responsibility (CSR), Capital Structure, and Dividend Policy. This suggests that these three factors together have a moderate effect on firm value in state-owned banks (BUMN) in Indonesia. From a financial theory perspective, this aligns with the idea that firm value is influenced by both financial policies and non-financial strategies, but other external factors, such as macroeconomic conditions, government regulations, and market sentiment, may also play a significant role (Ubaidilah, 2020).

The moderate contribution of 50.39% emphasizes the importance of CSR as a strategic tool for enhancing firm value, in line with signaling and stakeholder theories. CSR initiatives communicate a bank's ethical and social commitments to investors and stakeholders, reducing information asymmetry and increasing market confidence (Nguyen, 2025; Diningsih, 2025). This result highlights that while financial performance is crucial, non-financial factors such as social responsibility significantly affect how investors perceive the bank's long-term prospects.

At the same time, the contribution of Capital Structure and Dividend Policy reflects the influence of corporate finance theories, such as trade-off theory, pecking order theory, and signaling theory. Capital Structure affects firm value by balancing the benefits of debt against financial risk, while Dividend Policy serves as a signal of management's confidence in future earnings (Dwimahyu, 2025; Sulistyowati, 2025). The combined 50.39% contribution demonstrates that these internal management decisions, alongside CSR practices, are key determinants of firm value, although nearly half of the variation is still influenced by other external or unobserved factors, highlighting the complexity of firm valuation in the banking sector.

F-test (Simultaneous Effect)

From the table above, it can be seen that the calculated F value (F-count) is 9.478741 with a significance value of 0.000174. Meanwhile, to determine the F-table

value, the sample size (n) is 32 and the number of independent variables (k) is 3, with a significance level of $\alpha = 0.05$. The degrees of freedom are calculated as $df = n - k - 1 = 32 - 3 - 1 = 28$, resulting in an F-table value of 2.9467. Since F-count (9.478741) > F-table (2.9467) and the significance value (0.000174) is less than 0.05, H1 is accepted. This indicates that Corporate Social Responsibility, Capital Structure, and Dividend Policy simultaneously have a significant effect on Firm Value.

T-test (Partial Effect)

The t-table value at a significance level of 0.05 with degrees of freedom (df) = $n - k - 1$ (where n = number of samples and k = number of independent variables) = $32 - 3 - 1 = 28$, is 1.7011.

1. For the Corporate Social Responsibility variable, the calculated t value (t-count) is 2.422914. Since t-count (2.422914) > t-table (1.7011) and the significance value is 0.0221, where $0.0221 < 0.05$, then H2 is accepted. It can be concluded that Corporate Social Responsibility (X1) partially has a positive effect on Firm Value.
2. For the Capital Structure variable, the calculated t value (t-count) is 8.169080. Since t-count (8.169080) > t-table (1.7011) and the significance value is 0.0000, where $0.0000 < 0.05$, then H3 is accepted. It can be concluded that Capital Structure (X2) partially has a negative effect on Firm Value.
3. For the Dividend Policy variable, the calculated t value (t-count) is 0.338337. Since t-count (0.338337) < t-table (1.7011) and the significance value is 0.7376, where $0.7376 > 0.05$, then H4 is rejected. It can be concluded that Dividend Policy (X3) partially has no significant effect on Firm Value.

CONCLUSION

The findings of this study indicate that firm value in state-owned banks is shaped by both financial and non-financial strategies. Engaging in socially responsible practices enhances stakeholder trust and investor confidence, positioning the bank as a reliable and sustainable institution. Meanwhile, careful management of debt levels is crucial to maintain financial stability and minimize risk perceptions in the market. Dividend policies can signal management confidence, but their impact is secondary to the broader strategic decisions that affect reputation, governance, and long-term growth. These insights suggest that bank managers should adopt an integrated approach, balancing social

responsibility with prudent financial management to strengthen market valuation and support sustainable development objectives.

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