

Incentive Management, Corporate Social Responsibility, Political Connections, and Firm Value: The Moderating Role of Corporate Governance

Siti Nurlaela¹, Rahmawati², Ari Kuncoro Widagdo³, Corina Joseph⁴, Endang Dwi Amperawati⁵, Kiswanto⁶

Abstract

The first aim of this paper is to examine the relationship between incentive management, corporate social responsibility, political connections, and firm value in the mining industry using the agency theory. The second aim is to examine corporate governance's moderating role in the relationship between incentive management, corporate social responsibility, political connections, and firm value. This research uses Moderated Regression Analysis (MRA) to realize the objectives. This study finds a relationship between incentive management, corporate social responsibility, political connections, and firm value. It also finds that corporate governance moderates the relationship between incentive management, corporate social responsibility, political connections, and firm value. Corporate governance plays a role in helping to reduce agency problems and strengthen corporate supervision. The results of this study provide theoretical contributions to the literature on the development of corporate governance and capital markets, especially in investment decision-making. The findings of this study can be used as a consideration for policies related to regulations in the management of incentives management, corporate social responsibility, corporate governance, and corporate value.

Keywords: *Incentive Management; Corporate Social Responsibility; Political Connections; Corporate Governance; Firm Value.*

Introduction

In line with increasingly rapid economic development in this era of globalization, the challenges for companies to achieve company goals, including implementing the going concern principle or business sustainability, are increasing. Every company through its operational activities will always try to achieve its goal, namely increasing firm value (Junus et al. 2022). The mining sector is one of the sectors that supports economic growth and contributes most to gross domestic product (GDP) and taxes in Indonesia. The mining sector is strategic in the process of increasing national development. In recent decades, the mining sector has remained the largest contributor to the state revenue structure (Yasin et al. 2021).

The value of a company will be reflected in its share price and is formed through investment opportunities (Fama 1980). Apart from that, mineral and coal mining activities in Indonesia have an important role in meeting the living needs of many people and providing added value to the national economy (Rosyadi, Hasid, and Purwadi 2023). Firm value itself is an investor's perception of the level of success achieved by the company and can assess the company as a whole (Mongan, Moy, and Kahn Jr 2020; Sulistyanto and Nugrahanti 2013). Firm value is an important concept for investors for assessing a company regarding performance, and prospects and assessing it as a whole with long-term goals (Huynh et al. 2020; Nurfitri, Retnowati, and Awaludin 2022).

If the firm value more high, then shareholders will be interesting for investor their capital in the company (Banamtuan, Zuhroh, and Sihwahjoeni 2020). Meanwhile, the stock prices of mining companies have decreased, especially coal companies due to excess production from both Indonesia and other countries and also the use of renewable energy and natural gas (O'Callaghan et al., 2015). The mining company faces challenges related to fluctuating market prices for its products and environmental issues around its operations (Yuniar 2024). The main purpose of business in the capital market in mining sector public companies is to create and increase firm value (Budianto and Bustaman 2016). Research about firm value have been carried out in various countries (Clarke, 2015; Gray, 2010; Haigh & Hoffman, 2014; Klettner et al., 2014; Tata & Prasad, 2015). The measurements used in research on firm value vary, but they are related

¹ Faculty of Economics and Business, Universitas Sebelas Maret, Surakarta, Indonesia. E-mail: dra_nurlaela@yahoo.com

² Faculty of Economics and Business, Universitas Sebelas Maret, Surakarta, Indonesia. E-mail: rahmaw2005@yahoo.com

³ Faculty of Economics and Business, Universitas Sebelas Maret, Surakarta, Indonesia. E-mail: widagdo2009@gmail.com

⁴ Faculty of Accountancy, Universiti Teknologi MARA, Malaysia. E-mail: corina@uitm.edu.my

⁵ Universitas Primagraha, Indonesia. E-mail: ed4prof@gmail.com

⁶ Faculty of Economics and Business, Universitas Sebelas Maret, Surakarta, Indonesia. E-mail: kiswanto@mail.unnes.ac.id

to the company's stock price (Baumgartner and Ebner 2010; Koller, Muhr, and Brauneegg 2014; Lo and Sheu 2007).

Corporate governance affects a company's risk. Furthermore, some research found that an inefficient corporate governance system plays a role the occurrence of accounting fraud, thus weakness governance is more likely to be an anomaly (Bhasin 2017). Conventionally, corporate governance is viewed in terms of both stakeholders and shareholders and the various interests and responsibilities of stakeholders (Friedman & Levinsohn (2002); Kakabadse & Kakabadse (2001); O'Sullivan (2000)). This approach has shifted to the process of self-change: the focus of Western corporate governance on dynamic approaches and corporate governance (Kirkbride, Letza, and Sun 2005).

In particular, share price maximization reflects information about a company's operations and reflects the long-term expectations of its strategic decisions in efforts to increase firm value (e.g. strategic corporate governance). One way to sustain a company's business is by increasing the company's value and ensuring that every additional cost will provide benefits to the company and can increase the firm value (Bhat et al. 2018). Weaknesses in corporate sector governance result in the need for good governance. Corporate governance structure reform is needed to correct existing corporate governance abnormalities (Arora and Sharma 2016).

The focus on corporate governance has become important (Ntim, Opong, and Danbolt 2012). Furthermore, some studies have found that corporate governance has a positive influence on firm value (Brown and Caylor 2006; Durnev and Kim 2005; Gompers, Ishii, and Metrick 2003).

The importance of corporate governance for investors and regulators in development, adoption, and compliance is directly related to corporate governance issues (Aguilera & Cazorra, 2009). The importance of filling this gap is in creating corporate governance principles, regionally and locally accepted practices, efficient regulations, and easy-to-apply administrative governance mechanisms (Arslan and Alqatan 2020). On the other hand, law enforcement is significant in achieving a good corporate governance system.

Incentive management influences firm value. Incentives are awards given to encourage workers to achieve high work productivity (Salah 2016). Therefore, incentives are part of profits and are usually given to workers who excel or do good work. To reduce this conflict, managers are given stock bonuses for participating in ownership, which reduces agency conflict (Ding et al. 2015). Incentive management can reduce agency problems, namely by reducing conflicts of interest between managers and owners, and between managers as owners and creditors (Jensen and Meckling 1976).

Another phenomenon that can influence firm value is political and business connections which can help facilitate the search for sources of company funding. Having political connections can provide benefits that can increase firm value (Kurniasari and Listiawati 2019). Likewise, research results in Korea show that political connections have a positive effect on firm value (Chung, Byun, and Young 2019; Nurfitri et al. 2022; Sulistyanto and Nugrahanti 2013). Meanwhile, some findings differ from previous research showing that political connections do not affect firm value.

Several studies have yielded different results. Prior et al. (2008) and Raimo et al. (2021) show a positive relationship between CSR and firm value. Agnihotri & Bhattacharya (2019) and Luo & Bhattacharya (2006) show a negative relationship between CSR, environmental aspects, corporate governance, and firm value.

These issues with the previous research have motivated researchers to conduct analysis and test incentive management, political connections, corporate social responsibility or CSR (independent variable), firm value (dependent variable), and corporate governance as a moderating variable.

Mining companies were chosen as the objects of this study and it is important to research them because the mining sector is strong and is very popular with investors. Mining companies have an important role in providing resources and materials (Peng et al. 2020). This research was conducted in Indonesia because it ranks as the fourth largest coal producer in the world. Another reason is that Indonesia is ranked fourth as the largest coal producer in the world after China (Kurniawan and Managi 2018).

The economic conditions in Indonesia during the COVID-19 period caused companies in the mining sector to experience losses, and this directly affected the behavior of investors in making investment decisions in the capital market (Yasin et al. 2021). While others experienced a decline due to the weakening economic

conditions of the destination countries for coal exports, Indonesian mining companies exporting to China and India had to close due to the pandemic. These circumstances caused the reference coal price to experience pressure due to the oversupply conditions of the global market (Stala-Szlugaj and Grudziński 2021).

Based on the problem formulation, the objectives of this research are: (1) to examine the relationship between incentive management, CSR, political connections, and firm value in the mining industry using the agency theory perspective; and, (2) to examine the moderating role of corporate governance in the relationship between incentive management, CSR, political connections, and firm value.

Literature review

Agency Theory

Agency theory views the supervisory function as the most important role of the board of commissioners (Fama and Jensen 1983). The theory describes two opposing economic actors: the principal and the agent. An agency relationship is a contract where one or more people (principals) order another person (agent) to perform a service on behalf of the principal and give authority to the agent to make the best decisions for the principal (Tumbat and Grayson 2016).

Agency theory explains that conflicts between agents and managers will always arise in conflicting relationships. This agency conflict can also occur between controlling and non-controlling shareholders (Morck, Wolfenzon, and Yeung 2005; Setia-Atmaja, Haman, and Tanewski 2011). Separation of management and ownership functions will give rise to agency problems due to differences in interests (Liviani and Rachman 2021). Managers try to increase firm value, resulting in agency costs and reducing firm value in the following period (LaFond and Watts 2008). In turn, managers can use this information to increase their own profits (LaFond and Watts 2008).

The essence of agency theory is to design appropriate contracts to align the interests of the principal and agent in the event of a conflict of interest. Firm value can describe the welfare of stakeholders (Sucuahi and Cambarihan 2016). The higher the Tobin score, the better the firm value. On the other hand, if the score is less than one (undervalued), it means the company's value is not good. This can change investors' perceptions of the company (Bartlett and Partnoy 2020; Ishaq, Islam, and Ghouse 2021). Company performance can be measured by considering prospects that are able to reflect the value of investors in the company's intangible assets that can predict future cash flows. (Jaafar and El Shawa 2009; Jazuli, Idris, and Yaguma 2022; Roll and Weston 2008).

Firm Value

People's judgment regarding a company is demonstrated by their willingness to buy company's shares at a certain price according to their perceptions and beliefs (Van Horne and Wachowicz 2001). Increasing the firm value is an achievement that accords with the wishes of the owners, because as the value of the company increases, the welfare of the owners will also increase, and this is the task of the manager as an agent who the company owners have entrusted to run the company (Lamuda, Yusuf, and Ibrahim 2020).

Measuring firm value can be done by looking at growth. The higher the share price, the higher the firm value, and the higher the shareholders' expectations of receiving high dividends (Copeland, Martin, and Walker 2010). Likewise, the current stock market price is an investment in the future, and returns result from implementing an optimal combination of resources as a product of company policy (Faizah and Ediraras 2021). Research on firm value with various approaches has been carried out previously, including by Faccio (2006) and Morck et al. (2005).

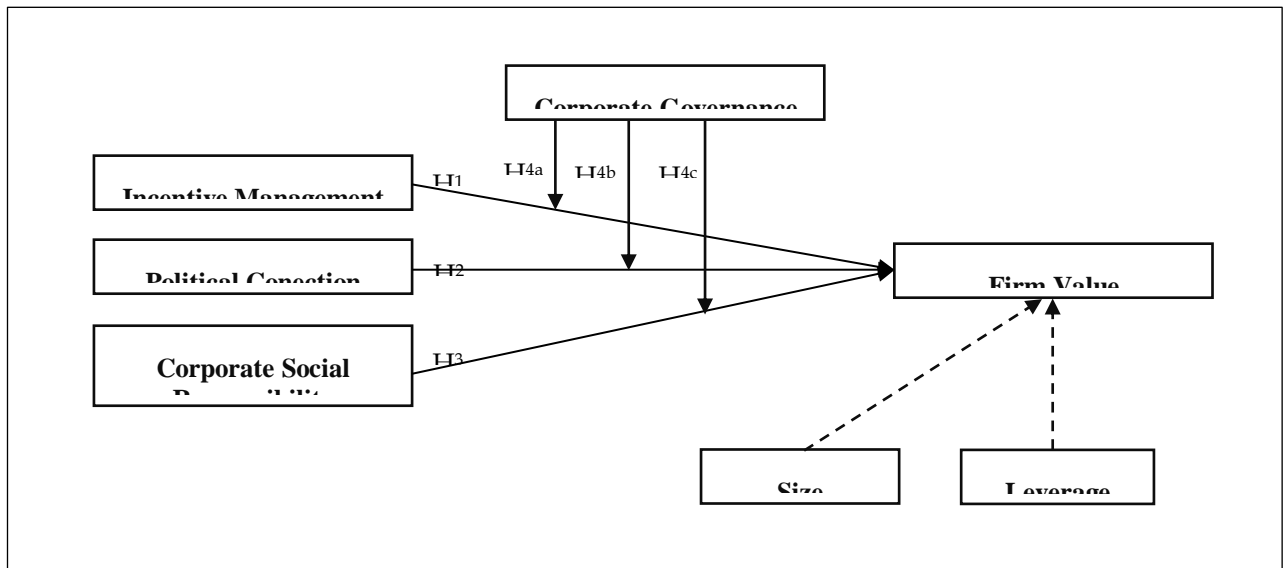


Figure 1. Research Model

Incentive Management

Incentive management can reduce agency problems by reducing conflicts of interest between managers and owners, and between managers as owners and creditors. Therefore, the greater the incentives given to managers, the lower the conflict between managers and owners (Jensen and Meckling 1976). There are many ways to provide incentives to management; first, direct payments can be made such as salaries, wages, and allowances. Second, payments can be made indirectly such as insurance and vacation money. Changes in the value of management's equity portfolio can also be a means of incentive management (Putri, Sagala, and Simanullang 2023). Executive compensation is a way to control the company. Incentive management supports the relationship between manager incentives and firm value because incentives encourage managers to use their best abilities. Incentives also encourage managers to work better according to company goals, namely shareholder prosperity and this has been validated by previous research (Lilling 2006; Pratami and Jamil 2021). Thus, it can be hypothesized that:

H₁: Incentive management has a positive relationship with firm value.

Corporate Social Responsibility

The research results regarding the influence of CSR on firm value still vary. Meanwhile, there are research results that show CSR has no positive or negative impact on firm value (Hafez 2016; Omar and Zallom 2016). Agency theory assumes the agent has more information about his or her abilities and the company's social environment (Gomes 2011). CSR disclosure is also associated with agency theory, which is one way and agreement of managers to increase firm value. According to the agency theory, the basis for CSR disclosure is a positive firm value (Bose, Saha, and Abeysekera 2020). There is a positive relationship between CSR and firm value (Jamil 2020). CSR has a role in increasing information transparency, thereby reducing agency costs (Jensen, Meckling, and Jensen, M. C., & Meckling 1976), and it the same time reduce agency costs to increase the firm value (Jensen and Meckling 2019). Hypothesis has can be developed:

H₂: Corporate social responsibility has a positive relationship with firm value.

Political Connections

The relationship between political connections and agency theory is that management is a party the business owner employs, thus management must be responsible to the business owner for all its work. Political connections are closely related to agency theory and provide a useful theoretical framework for studying information asymmetry. Meanwhile, research conducted in several countries shows a tendency for public companies in 35 out of 47 countries to develop political connections (Faccio et al., 2006). Companies that have political connections will receive protection from the government; furthermore, closeness to parties who have positions involved in government provides access that increases the value of the company (Bae, Kang, and Kim 2002; Chaney, Faccio, and Parsley 2011).

The results of research conducted in Vietnam found that politically connected people in a sample of companies (government-owned and privately owned) had a negative relationship with firm value (Deng, Ji, and Liu 2022). Research supports the existence of a relationship between political connections and firm value that has a positive relationship (Faccio, 2006; Kim & Sohn, 2013; Ye et al., 2010). Political connections result in higher financial performance or higher company market value. The results of research in China show that private companies that have managers who have political connections have a better impact than companies that are not connected (Trinugroho, 2017; Wu et al., 2015). Based on the description above, the hypothesis developed:

H₃: Political connections are positively related to firm value.

Corporate Governance

Corporate governance is a company management and control system that can increase the company's value, especially for shareholders (Lin 2017; Mrabure and Abhulimhen-Iyoha 2020). The corporate governance mechanism is based on agency theory. Applying the corporate governance concept is expected to provide trust in agents (management) in managing the wealth of owners (shareholders). Owners become more confident that agents will not commit fraud for the benefit of the agents by minimizing conflicts of interest and agency costs (Alduais, Alsawalhah, and Almasria 2023). Corporate governance in this study is a moderating variable.

Weak implementation indicates that company management is not yet optimal and stakeholders doubt the company's sustainability due to the possibility of internal conflict (Klettner et al. 2014; Schaltegger, Hörisch, and Freeman 2019). Firm value can reflect the welfare of the owner and reflect investors' expectations of the company (Handriani and Robiyanto 2018). The implementation of corporate governance can increase the value of the company and protect the interests of shareholders (Huynh et al. 2020; Sudiyatno et al. 2020). The implementation of corporate governance needs to be supported by three parties: the state as regulator, the business world as market players, and society as product users. Various studies have documented that corporate governance can increase firm value by reducing conflicts of interest between managers and shareholders, showing that the relationship is significant and positive (Sáenz González and García-Meca 2014; Singh et al. 2018; Zhong, Wang, and Yang 2017). Based on previous research results, the research hypothesis is as follows:

H_{4a}: Corporate governance moderates the relationship between incentive management and a firm's value

Information transparency through CSR disclosure is able to reduce information asymmetry even though it results in increasing agency costs (Jensen and Meckling 1976), and as well as a tool to monitor agent behavior, as well as increase the firm value (Jensen and Meckling 2019). Based on previous research results, the research hypothesis is as follows:

H_{4b}: Corporate governance moderates the relationship between corporate social responsibility and a firm's value

The existence of networks in the company's political structure has a good impact and can reduce competition costs, and make information regarding government policies available earlier (Goldman et al., 2009; Su et al., 2014; Wu et al., 2012). Companies that have political connections will find it easier to get access to financing to expand the market or increase working capital from banks. This ease of access to finance has a good impact on the company's value in the future which is supported by good corporate governance. Good corporate governance also encourages the existence of political connections to increase the company's value. Based on this logical thinking, the hypothesis of this study is:

H_{4c}: Corporate governance moderates the relationship between political connections and a firm's value

Method

The population in this research is mining companies listed on the Indonesia Stock Exchange (IDX). The reason for choosing mining companies is because they are high-profile companies that have a high level of sensitivity and are in the spotlight of public attention. After all, a company's operations rely on a large workforce and its production processes cause impacts on the environment in the form of waste and pollution (Kholid 2019). The sampling technique uses a purposive sampling method. The total research sample comprised 27 companies. The research period was 14 years, namely the 2009-2022 period, hence the number of firm-year observations was 377.

The criteria that were used are as follows: (1) Companies that are listed on the IDX for consecutive years throughout the period 2009-2022; (2) mining companies that publish complete financial reports every December 31 during the 2009-2022 period and have been audited by a public accountant; and (3) mining companies that have complete and clear data related to the variables used in this research. The independent variables are in the form of incentive management, CSR, and political connections; the dependent variable is firm value; and the control variables are company size and leverage. This research uses corporate governance as a moderating variable.

The analytical technique used to test these research hypotheses is Moderated Regression Analysis (MRA). Before testing the hypothesis, descriptive statistical analysis was carried out including mean, maximum, minimum, and standard deviation values (Mishra et al. 2019). Next, the researchers carried out classic assumption tests including the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test (Mishra et al. 2019). The significance level in the classical assumption test and hypothesis test is 5%. The definition and operationalization of variables is presented in Table 1.

Table 1. Definition and Operationalization

Variable	Indicator	Reference
Dependent Variable		
Firm Value (FV)	Tobin's Q $\text{Tobin's Q} = \frac{\text{Equity Market Value} + \text{Total Liabilities}}{\text{Equity Book Value} + \text{Total Liabilities}}$	(Chih, Shen, and Kang 2008; Darko, Aribi, and Uzonwanne 2016; Makhlouf, Oroud, and Soda 2020)
Independent Variables		
Corporate Social Responsibility	CSR Index = $\frac{\text{Number of Items Disclosed}}{\text{Total Items Disclosed}}$	(Curran et al. 2017; Ibraimi 2021; Rubio-Andrés et al. 2020; Stjepcevic and Siksnelyte 2017)
Political Connections	The score of '1' for Political Connections companies and '0' for companies that are not politically connected (nonpolitical connections).	(Chaney et al. 2011; Kim and Zhang 2016)
Incentive management	MI = Ln (Total incentive management)	(Lilling 2006; Pratami and Jamil 2021; Putri et al. 2023)
Moderation Variable		
Corporate Governance	Corporate Governance Perception Index, the scores published by the Indonesian CG Forum (FCGI)	(Lin 2017; Mrabure and Abhulimhen-Iyoha 2020)
Control Variables		
Company Size	SIZE _{it} = Ln TA _{it} Ln TA _{it} : Natural logarithm value of total assets of company i in year t	(Collins and Kothari 1989; Pantow, Kleber, and Ruckwied 2015)
Leverage	DER = $\frac{\text{Total Liabilities}}{\text{Total Aset}}$	(Busch and Hoffmann 2011; Choi, Lee, and Psaros 2013; Pae and Choi 2011)

The measurement of firm value in this research is proxied by Tobin's Q, where the elements for calculating Tobin's Q are the market value of common stocks and financial liabilities. Firm value is the total value of the assets owned by the company, which consists of the market value of its capital and the market value of debt. The following is the Model Equation (Chih et al. 2008; Makhlouf et al. 2020):

Model 1. Non-Moderated Regression Analysis Method

$$FV = \alpha + \beta_1 INC + \beta_2 CSR + \beta_3 PC + \beta_4 CG + \beta_5 Size + \beta_6 Lev + \epsilon \dots\dots\dots(1)$$

Model 2 Moderated Regression Analysis (MRA)

$$FV = \alpha + \beta_1 INC + \beta_2 CSR + \beta_3 PC + \beta_4 a CG * INC + \beta_4 b CG * CSR + \beta_4 c CG * PC + \beta_5 LnSize + \beta_6 LEV + \epsilon \dots\dots\dots(2)$$

Note:

- FV = Firm Value
- α = Constanta
- INC = Incentive Management
- CSR = Corporate Social Responsibility
- PC = Political Connections
- CG = Corporate Governance
- CG*INC = Corporate Governance* Incentive Management
- CG*CSR = Corporate Governance* Corporate Social Responsibility
- CG*PC = Corporate Governance* Political Connections
- Size = Size (control variable)
- Lev = Leverage (control variable)
- $\beta_1- \beta_6$ = Regression coefficient of each variable
- ϵ = Error

Result and Discussion

The information contained in descriptive statistics is in the form of minimum values, maximum values, average values (mean), and standard deviation (standard deviation). The following are the results of descriptive statistical tests in Table 2 as follows:

Table 2 Descriptive Statistics Test Results 2009-2022

Variable	N	Min	Max	Mean	Std. Dev
Incentive Management (INC)	377	0.000	27.258	23.510	3.247
Corporate Social Responsibility (CSR)	377	0.200	1.000	0.375	0.263
Political Connections (PC)	377	0.000	1.000	0.820	0.385
Corporate Governance (CG)	377	0.200	1.000	0.402	0.006
SIZE (Size)	377	11.375	12.155	11.798	0.212
Leverage (LEV)	377	0.150	4.190	0.861	0.815
Firm Value (FV)	377	0.138	7.051	2.294	2.150

Source: Data processing, 2024

The descriptive statistics in Table 2 show that the average firm value with Tobin's Q ratio is 2.294. This shows that the company can generate profits with a rate of return by the acquisition price of its assets. A Tobin's Q firm value that is above 1 indicates that the company has good prospects. Incentive management in this study was measured by calculating the total compensation received by managers showing an average value of 23.35031 with a standard distribution of 2.63. The minimum value of 0.00 indicates that the company has the smallest detection of incentives management compared to other companies in the research period, while the maximum value of 27.258 indicates that the company has the largest degree of incentive management detected compared to other companies in the research period. The minimum value was 0,000 at PT Alfa Energi investama Tbk in 2018. Meanwhile, the maximum value was 27,258 at Adaro Energy Indonesia Tbk in 2018. Incentives encourage managers to work better according to company goals, namely shareholder welfare, and this is in line with previous research (Lilling 2006; Pratami and Jamil 2021).

Political connections are measured using the ratio of politically connected board members to the total number of company board members. The average value of the political connections variable is 0.820, this value is considered very high as evidenced by the number of mining companies that are politically connected at 91.8% of those in the sample of this study; this is in line with past research (Do, Lee, and Nguyen 2015; Faccio 2006; Yusoff et al. 2015). Corporate governance, which is a moderating variable, is measured using the good corporate governance score, which is proxied by criteria: Shareholder Rights, Board of Directors, External Directors, Audit Committee and Internal Auditor and Disclosure to Investors, and each criterion will be given a score of '1' if met, if not met it will be given a score of '0'. The average value of the corporate governance variable is 0.402, this means that the supervision carried out by independent commissioners has been effective.

This research uses control variables including size and leverage. Company size (SIZE) in this study shows the number of assets published by the observed company in the annual report. According to Table 2, the average value is 0.861, the lowest value for this variable is 0.150 (Surya ESA Perkasa Tbk., PT) and the highest value is 4.190 (Aneka Tambang Tbk, PT). The total asset value indicates the level of wealth owned by the company. Company size is considered capable of influencing firm value because large companies tend to have more stable conditions, thus causing share prices to increase (Darmawan et al. 2020). Company size is measured using the logarithm of total company assets with an average value of 11.798. Leverage is a ratio that shows the size of the company's assets which are financed with debt. Leverage has an impact on firm value. Investors prefer a low ratio because most of the company's profits are distributed as dividends rather than loan payments (Rahmadani, Rahayu, and Rahman 2020). Leverage is measured using return on assets with an average value of 0.861 in line with past research (Zhang, Hu, and Liang 2021).

Table 3 Result of Hypothesis Test

Variable	Model 1			Model 2		
	Coefficient	T	Sig	Coefficient	T	Sig
Incentive Management (INC)	-0.102	-1.89	0.0591***	-0.5334	-12.56	0.0001*
Corporate Social Responsibility (CSR)	-0.097	51.84	0.0001*	15.16	233.83	0.0001*
Political Connections (PC)	-0.172	-2.00	0.0465**	-0.3261	-0,65	0.0051**
Corporate Governance (CG)	-0.080	7.87	0.0001*	-51.70	-9.85	0.0001*
Corporate Governance (CG)* Incentive Management (INC)				1.914	12.04	0.0001*
Corporate Governance (CG)* Corporate Social Responsibility (CSR)				-22.52	-19.99	0.0001*
Corporate Governance (CG)* Political Connection (PC)				-0.5738	0.13	0.8995

Variable	Model 1		Model 2	
	Coefficient	T Sig	Coefficient	T Sig
F	3169.04		3199.04	
Sig F	0.0001		0.0001	
Adj R ²	0.980		0.991	

Source: Data processing, 2024

Based on the nonmoderated regression analysis in Table 3, the equation for Model 1 of multiple linear regression analysis is formulated as follows:

$$FV = -18.3 - 0.01166 \text{ INC} + 7.01 \text{ CSR} - 0.08784 \text{ PC} + 3.616 \text{ CG} + 1.456 \text{ SIZE} - 0.369 \text{ LEV} \dots\dots\dots(3)$$

the equation for moderated regression analysis (MRA) Model II hypothesis testing is as follows:

$$FV = 2.964 - 0.155 \text{ INC} + 1.305 \text{ CSR} + 4.003 \text{ PC} - 2.311 \text{ CG} + 2.288 \text{ CG} * \text{INS} - 18.48 \text{ CG} * \text{CSR} + 0.6526 \text{ CG} * \text{PC} \\ 1.263 \text{ LnSize} - 0.0942 \text{ LEV} + e \dots\dots\dots(4)$$

In the summary of test results in Table 3, the adjusted R² value for model 1 is 0.980. This indicates that 98% of the variation in the firm value variable can be explained by independent variables, namely incentive management, political connections, and CSR, and 12% of the variation can be explained by other variables outside the regression model.

Based on the summary of test results in model 2, the Adjusted R² value is 0.991 so the independent variables in the form of incentive management, political connections, Corporate Social Responsibility (CSR), size, and leverage can explain the proportion of firm value. The remaining 9% can be explained by other factors outside the regression model.

Incentive management is positively related to firm value

Table 3 shows the significance value of the results of testing hypothesis 1 (H₁), showing that the results of testing the first hypothesis show that incentive management has a positive relationship with firm value. This positive relationship is obtained from a significance value of 0.0591 which is lesser than 0.10, which means there is a significant relationship. Thus, hypothesis 1 (H₁) is accepted it can be concluded that incentive management has a relationship with firm value. The results of testing the first hypothesis show that incentive management has a positive relationship with firm value. This positive relationship is obtained from a significance value of 0.0001 which is lesser than 0.050. Thus, hypothesis 1 (H₁) is accepted so it can be concluded that incentive management has a relationship with firm value. Hypothesis 1 (H₁) is supported.

The results of this research contribute to the fact that incentive systems can trigger deviant behavior in managers. In this case, the use of incentives such as bonuses given to managers when they succeed in increasing company profits can lead to unavoidable profit manipulation. In line with previous research on the influence of incentive management on firm value (Pasternack and Rosenberg 2002). A priori, managerial incentives are given to CEOs who are reluctant to take risks and do not experience losses (Sanders and Hambrick 2007). Incentives also encourage managers to work better by the company's goals, namely the welfare of shareholders. Incentive management is positively related to firm value.

Corporate social responsibility is positively related to firm value

The results of testing the second hypothesis show that corporate social responsibility (CSR) has a positive effect on firm value. This positive influence is obtained from a significance value of 0.001, which is smaller than 0.050. Thus hypothesis 2 (H₂) is accepted and it can be concluded that CSR influences firm value. CSR influences firm value (Fabian, Onuora, and Okoye Obianuju 2022; Masmoudi and Barhoumi 2023; Putra and Suhardianto 2020; Riyadh, Al-Shmam, and Ahmed 2024). Companies that have a high level of CSR show that they pay attention to the surrounding environment, which will provide feedback in terms of the firm's value. Companies that express corporate social responsibility will receive a positive response from investors through an increase in the company's share price.

This shows that CSR disclosure is related to the company's image in the eyes of investors and the public. CSR disclosure drives an increase in firm value, identifying that the more social disclosure items and the

better the quality of disclosure, the greater the firm value. For this reason, the company will try to reveal a lot of information regarding CSR activities to maintain the company's survival, thereby having an impact on increasing firm value. Meanwhile, in Malaysia, research results have found evidence that CSR disclosure reflects the company's efforts to improve the company's image and be seen as a responsible company (Ahmad et al. 2022). The research results state that CSR has a positive effect on firm value. This is supported by research conducted by others (Fabian et al. 2022; Masmoudi and Barhoumi 2023; Riyadh et al. 2024).

Political connections are positively related to firm value

The results of testing the third hypothesis show that political connections are positively and significantly related to firm value. This positive relationship is obtained from a significance value of 0.000, which is smaller than 0.050. Thus hypothesis 3 (H3) is accepted. Regarding companies that have relationships with the government, investors consider that they can provide more benefits, which can be used to provide certainty to the company with the intention it will positively impact increasing the firm value. Investors are more interested in investing capital in companies when there are political connections (Lins, Servaes, and Tamayo 2017).

Several results of this research provide evidence of research conducted states that political connections have a positive effect on firm value (Maulana and Wati 2019; Prastiwi and Ratnasari 2019). The benefits of political connections according to Kim & Zhang (2016) include lower pressure from the capital market on transparency and the potential to reduce political costs not only that, political connections also benefit companies in gaining access to the central government. Political connections will become more apparent in countries with high levels of corruption. Although in reality corruption is detrimental to the economy and the country's growth rate, the same does not apply to political connections which are considered to benefit many companies (Faccio et al., 2006).

Corporate governance moderates the relationship between incentive management and firm value

Hypothesis 4a posits that corporate governance moderates the relationship between incentive management and firm value. The results of this research are in line with previous research (Maharani and Prastiwi 2023; Sari 2023), which states that incentive management has a positive relationship with firm value. The greater the incentives given to managers, the lower the conflict between managers and owners. Company owners hope that management can improve performance with appropriate compensation policies. Company management is one of the stakeholder components related to the successful implementation of corporate governance which will then influence the overall firm value.

The results of this research are supported by agency theory which explains that controlling agency conflicts can be achieved by providing compensation to managers (Nadeem et al. 2021). According to agency theory, companies have conflicts of interest (Jensen and Meckling 2019). Corporate governance mechanisms can help supervise company management to more effectively utilize political connections to increase firm value (Sáenz González and García-Meca 2014).

The results of this research support agency theory where there are agency costs to facilitate executive officers act in harmony with the company's interests. The incentives paid by the company act as agency fees to minimize the emergence of agency problems that can be detrimental to the company. Providing incentives will motivate executive officers to implement good corporate governance. If corporate governance gets better, it will have an impact on increasing share prices which will result in better firm value.

Corporate governance moderations the relationship between corporate social responsibility and firm value

Based on the results of the significance value test of 0.000, the results show that corporate governance moderates the relationship between CSR and firm value, with a significance value <0.05, thus H4b is accepted. As for the results of the H4c hypothesis testing, it was found that corporate governance is proven to moderate the relationship between CSR and firm value (Elbannan and Elbannan 2014; Machuga and Teitel 2009; Sugiyanto and Assagaf 2017).

The implementation of good corporate governance encourages companies to carry out CSR activities so that management can improve the company's reputation. Companies that disclose CSR information will receive a positive response from investors which will manifest itself in increased firm value; and information

about corporate social responsibility activities to maintain the company's prospect, thus having an impact on increasing the firm value.

Corporate governance moderates the relationship between political connections and firm value

The results of the H4c hypothesis test are rejected showing that corporate governance can't moderate the relationship between political connections and firm value. This relationship is obtained from a significance value of 0.8995 greater than 0.10, which means it has an insignificant effect. Thus, hypothesis H4c is not supported therefore it can be concluded that corporate governance cannot moderate political connections on the firm value.

Several arguments can explain the results of the H4c analysis. First, corporate governance is an important aspect of overall company management. The implementation of corporate governance principles can ensure the fulfillment of elements of justice, transparency, accountability, and responsibility to all stakeholders. Therefore, the higher the level of effectiveness of the company's corporate governance, the higher the implementation of corporate governance principles in the company. Several research results have empirically shown that corporate governance strengthens political connections to firm values (Haris et al. 2019; Huang and Zhao 2016).

It seems that the corporate governance mechanism in Indonesia is not yet fully effective. In theory, good corporate governance moderates political connections on company value, consequently the better the implementation of corporate governance, the greater the influence of political connections on firm value. However, this depends on the environmental conditions and regulations in each country. In countries with a common law system that fully implement the Anglo-American model such as the United Kingdom, the United States, Malaysia, and Australia, corporate governance mechanisms have proven effective (Haris et al. 2019). However, this is not the case with practices in countries with a code law system such as Indonesia. The relatively low level of information transparency and law enforcement are factors that may influence the ineffectiveness of corporate governance implementation.

Conclusion

According to the discussion analysis, the relationship between incentive management, social responsibility, and political connections has a positive effect on firm value as measured using Tobin's Q. The results of the study show that the role of corporate governance can moderate the influence of incentive management and social responsibility on firm value, while the role of corporate governance is not able to moderate political connections on firm value.

Based on the research results, researchers offer the following suggestions. The educational background of independent commissioners and independent directors needs to be analyzed further. Even though independent commissioners and independent directors have political connections, those commissioners and directors also need education, especially in the fields of economics, management, and finance to manage and supervise the company effectively. Future research should use assessments in the form of scoring carried out by other parties where the measurements are made by more than one researcher. Further research could involve independent parties. Apart from that, the measurement of corporate social responsibility could use primary data by giving questionnaires to companies.

This findings from this study shows that the application of agency theory and the implementation of the Anglo-American corporate governance system cannot be fully applied to all situations and conditions in the research environment. Regulatory factors and the business environment have been proven to influence the implementation of corporate governance systems. Therefore, regulators need to review the effectiveness of the current corporate governance system, with the purpose that in the future a corporate governance system is developed that is more suited to the environmental conditions in Indonesia.

Author Contributions

Conceptualization: Siti Nurlaela, Rahmawati, Ari Kuncoro Widagdo; *Data curation:* Siti Nurlaela, Kiswanto, Ari Kuncoro Widagdo

Formal analysis: Endang Dwi Amperawati, Kiswanto; *Investigation:* Ari Kuncoro Widagdo, Rahmawati, Setyaningtiyas Honggowati, Endang Dwi Amperawati;

Methodology: Rahmawati, Siti Nurlaela, Endang Dwi Amperawati;

Resources: Siti Nurlaela, Rahmawati, Ari Kuncoro Widagdo; Software: Kiswanto; Supervision: Corina Joseph, Rahmawati. Setyaningtyas Honggowati;

Validation: Corina Joseph, Siti Nurlaela, Ari Kuncoro Widagdo;

Visualization: Siti Nurlaela, Kiswanto. Ari Kuncoro Widagdo;

Writing original draft: Siti Nurlaela

Writing – review & editing: Corina Joseph, Siti Nurlaela, Ari Kuncoro Widagdo

Author contributions

No potential conflicts of interest was reported by the author(s).

Funding

This research did not receive any financial support.

About the authors

Siti Nurlaela is a lecturer, researcher, and Ph.D. student at Doctoral Program Sebelas Maret University, Indonesia. His research expertise is related to financial accounting.

Rahmawati is a professor and researcher in the Accounting Department, Faculty of Economics and business, sebelas maret university, Indonesia. His research expertise is related to finance and accounting.

Ari Kincoro Widagdo is a lecturer (associate professor) and researcher in the Accounting Department, faculty of Economics and Business, Sebelas Maret University, Indonesia. His research expertise is related to financial accounting.

Corina Joseph is a Professor, the Faculty of Accountancy, Universiti Teknologi MARA. His research expertise is related to CSR, sustainability reporting, corporate governance, public sector accounting, and financial criminology.

Endang Dwi Amperawati is a professor at faculty economics and business, at Primagraha University. His experts research in the managerial accounting and marketing.

Kiswanto is a lecturer, researcher, and Ph.D. student at Doctoral Program Sebelas Maret University, Indonesia. His research expertise is related to financial accounting and corporate governance.

Data availability statement

The author has full access to all data in this study and the author is willing to provide such data upon reasonable request from the corresponding author.

References

- Agnihotri, Arpita, and Saurabh Bhattacharya. 2019. "Internationalization, Related Party Transactions, and Firm Ownership Structure: Empirical Evidence from an Emerging Market." *Research in International Business and Finance* 48:340–52.
- Aguilera, Ruth V, and Alvaro Cuervo-Cazurra. 2009. "Codes of Good Governance." *Corporate Governance: An International Review* 17(3):376–87.
- Ahmad, Zafran, Liu Chao, Wang Chao, Wasim Iqbal, Sulaman Muhammad, and Shujaat Ahmed. 2022. "Assessing the Performance of Sustainable Entrepreneurship and Environmental Corporate Social Responsibility: Revisited Environmental Nexus from Business Firms." *Environmental Science and Pollution Research* 29(11):21426–21439.
- Alduais, Fahd, Jafer Alsawalhah, and Nashat A. Almasria. 2023. "Examining the Impact of Corporate Governance on Investors and Investee Companies: Evidence from Yemen." *Economies* 11(13):1–25.
- Aras, Güler, and David Crowther. 2008. "Governance and Sustainability: An Investigation into the Relationship between Corporate Governance and Corporate Sustainability." *Management Decision* 46(3):433–48.
- Arora, Akshita, and Chandan Sharma. 2016. "Corporate Governance and Firm Performance in Developing Countries: Evidence from India." *Corporate Governance* 16(2):420–36.

- Arslan, Muhammad, and Ahmad Alqatan. 2020. "Role of Institutions in Shaping Corporate Governance System: Evidence from Emerging Economy." *Heliyon* 6(3):1–17.
- Bae, Kee-Hong, Jun-Koo Kang, and Jin-Mo Kim. 2002. "Tunneling or Value Added? Evidence from Mergers by Korean Business Groups." *The Journal of Finance* 57(6):2695–2740.
- Banamtuan, Obi, Diana Zuhroh, and Sihwahjoeni Sihwahjoeni. 2020. "Asset Management and Capital Ownership on Firm Value: Through Profitability." *AFRE Accounting and Financial Review* 3(1):83–92.
- Bartlett, Robert, and Frank Partnoy. 2020. "The Misuse of Tobin's Q." *Vand. L. Rev.* 73:353.
- Baumgartner, Rupert J., and Daniela Ebner. 2010. "Corporate Sustainability Strategies: Sustainability Profiles and Maturity Levels." *Sustainable Development* 18(2):76–89.
- Bhasin, Madan Lal. 2017. "Integrating Corporate Governance and Forensic Accounting: A Study of an Asian Country." *International Journal of Management Sciences and Business Research* 6(1):31–52.
- Bhat, Kalim Ullah, Yan Chen, Khalil Jebran, and Niaz Ahmed Bhutto. 2018. "Corporate Governance and Firm Value: A Comparative Analysis of State and Non-State Owned Companies in the Context of Pakistan." *Corporate Governance: The International Journal of Business in Society* 18(6):1196–1206.
- Bose, Sudipta, Amitav Saha, and Indra Abeysekera. 2020. "The Value Relevance of Corporate Social Responsibility Expenditure: Evidence from Regulatory Decisions." *Abacus* 56(4):455–94.
- Brown, Lawrence D., and Marcus L. Caylor. 2006. "Corporate Governance and Firm Valuation." *Journal of Accounting and Public Policy* 25(4):409–34.
- Budianto, Diga Cendekia, and Yosman Bustaman. 2016. "Capital Structure, Profitability and Firm Value: Evidence from Mining Companies." *Business And Management Studies Journal* 3(2):1–12.
- Busch, Timo, and Volker H. Hoffmann. 2011. "How Hot Is Your Bottom Line? Linking Carbon and Financial Performance." *Business & Society* 50(2):233–65.
- Chaney, Paul K., Mara Faccio, and David Parsley. 2011. "The Quality of Accounting Information in Politically Connected Firms." *Journal of Accounting and Economics* 51(1–2):58–76.
- Chih, Hsiang-Lin, Chung-Hua Shen, and Feng-Ching Kang. 2008. "Corporate Social Responsibility, Investor Protection, and Earnings Management: Some International Evidence." *Journal of Business Ethics* 79:179–98.
- Choi, Bo Bae, Doowon Lee, and Jim Psaros. 2013. "An Analysis of Australian Company Carbon Emission Disclosures." *Pacific Accounting Review* 25(1):58–79.
- Chung, Chune Young, Jung Hoon Byun, and Jason Young. 2019. "Corporate Political Ties and Firm Value: Comparative Analysis in the Korean Market." *Sustainability* 11(2):327.
- Clarke, Thomas. 2015. "Changing Paradigms in Corporate Governance: New Cycles and New Responsibilities." *Society and Business Review* 10(3):306–26.
- Collins, Daniel. W., and S. .. Kothari. 1989. "An Analysis of Intertemporal and Cross-Sectional Determinants of Earnings Response Coefficients." *Journal of Accountings and Economics* 11:143–81.
- Copeland, Adam M., Antoine Martin, and Michael Walker. 2010. "The Tri-Party Repo Market before the 2010 Reforms." *FRB of New York Staff Report* (477).
- Curran, Vernon, Lauren Matthews, Lisa Fleet, Karla Simmons, Diana L. Gustafson, and Lyle Wetsch. 2017. "A Review of Digital, Social, and Mobile Technologies in Health Professional Education." *Journal of Continuing Education in the Health Professions* 37(3):195–206.
- Darko, Josephine, Zakaria Ali Aribi, and Godfrey C. Uzonwanne. 2016. "Corporate Governance: The Impact of Director and Board Structure, Ownership Structure and Corporate Control on the Performance of Listed Companies on the Ghana Stock Exchange." *Corporate Governance* 16(2):259–77.
- Darmawan, Indra, Hermanto Siregar, Dedi Budiman Hakim, and Adler Haymans Manurung. 2020. "The Effect of Crude Oil Price Shocks on Indonesia Stock Market Performance." *Jurnal Organisasi Dan Manajemen* 16(1):11–23.
- Deng, Bofu, Li Ji, and Zhongmin Liu. 2022. "The Effect of Strategic Corporate Social Responsibility on Financial Performance: Evidence from China." *Emerging Markets Finance and Trade* 58(6):1726–39.
- Ding, Shujun, Chunxin Jia, Craig Wilson, and Zhenyu Wu. 2015. "Political Connections and Agency Conflicts: The Roles of Owner and Manager Political Influence on Executive Compensation." *Review of Quantitative Finance and Accounting* 45:407–34.
- Do, Quoc-Anh, Yen Teik Lee, and Bang Dang Nguyen. 2015. "Political Connections and Firm Value: Evidence from the Regression Discontinuity Design of Close Gubernatorial Elections."
- Durnev, Art, and E. Han Kim. 2005. "To Steal or Not to Steal: Firm Attributes, Legal Environment, and Valuation." *The Journal of Finance* 60(3):1461–93.
- Elbannan, Mona A, and Mohamed A Elbannan. 2014. "Corporate Governance and Accounting Performance: A Balanced Scorecard Approach." *Accounting and Finance Research* 3(2):60–76.
- Fabian, Obiora, J. K. J. Onuora, and C. Okoye Obianuju. 2022. "Environmental Accounting Practices, Social Responsibility Disclosures and Firm Value; Evidence from Listed Oil and Gas Firms in Nigeria." *IIARD International Journal of Economics and Business Management E-ISSN*.
- Faccio, Mara. 2006. "Politically Connected Firms." *American Economic Review* 96(1):369–86.
- Faizah, Siti Nurul, and Dharma Tintri Ediraras. 2021. "Mediation of Profitability on Corporate Social Responsibility to Firm Value." *Jurnal Riset Akuntansi Kontemporer* 13(2):51–58.
- Fama, Eugene F. 1980. "Agency Problems and the Theory of the Firm." *Journal of Political Economy* 88(2):288–307.
- Fama, Eugene F., and Michael C. Jensen. 1983. "Agency Problems and Residual Claims." *The Journal of Law and Economics* 26(2):327–49. doi: 10.1086/467038.
- Friedman, Jed, and James Levinsohn. 2002. "The Distributional Impacts of Indonesia's Financial Crisis on Household Welfare: A 'Rapid Response' Methodology." *World Bank Economic Review* 16(3):397–423. doi: 10.1093/wber/lhf001.

- Goldman, Eitan, Jörg Rocholl, and Jongil So. 2009. "Do Politically Connected Boards Affect Firm Value?" *The Review of Financial Studies* 22(6):2331–60.
- Gomes, Josir Simeone. 2011. "Management Control in Internationalized Brazilian Companies: A Four Case Comparative Study." *Global Business Review* 12(3):367–76.
- Gompers, Paul, Joy Ishii, and Andrew Metrick. 2003. "Corporate Governance and Equity Prices." *The Quarterly Journal of Economics* 118(1):107–56.
- Gray, Rob. 2010. "Is Accounting for Sustainability Actually Accounting for Sustainability... and How Would We Know? An Exploration of Narratives of Organisations and the Planet." *Accounting, Organizations and Society* 35(1):47–62.
- Hafez, Hassan M. 2016. "Corporate Social Responsibility and Firm Value: An Empirical Study of an Emerging Economy." *Journal of Governance and Regulation* 5(4):40–53.
- Haigh, Nardia, and Andrew J. Hoffman. 2014. "The New Heretics: Hybrid Organizations and the Challenges They Present to Corporate Sustainability." *Organization & Environment* 27(3):223–41.
- Handriani, Eka, and Robiyanto Robiyanto. 2018. "Corporate Finance and Firm Value in the Indonesian Manufacturing Companies." *International Research Journal of Business Studies* 11(2):113–27.
- Haris, Muhammad, Hongxing Yao, Gulzara Tariq, Hafiz Mustansar Javaid, and Qurat Ul Ain. 2019. "Corporate Governance, Political Connections, and Bank Performance." *International Journal of Financial Studies* 7(4):1–37. doi: <https://doi.org/10.3390/ijfs7040062>.
- Van Horne, James C., and John Martin Wachowicz. 2001. *Fundamentals of Financial Management*. Pearson Educación.
- Huang, Haifeng, and Zhenrui Zhao. 2016. "The Influence of Political Connection on Corporate Social Responsibility—Evidence from Listed Private Companies in China." *International Journal of Corporate Social Responsibility* 1(9):1–19.
- Huynh, Pacific, James Phie, Smriti Murali Krishna, and Jonathan Golledge. 2020. "Systematic Review and Meta-Analysis of Mouse Models of Diabetes-Associated Ulcers." *BMJ Open Diabetes Research and Care* 8(1):e000982.
- Ibraimi, Xhemazie. 2021. "An Institutional Approach to Governance and Corruption in Kosovo." *Journal of Governance and Regulation* 10(2 Special Issue):238–48. doi: 10.22495/jgrv10i2siart5.
- Ishaq, Maryam, Yasir Islam, and Ghulam Ghouse. 2021. "Tobin's Q as an Indicator of Firm Performance: Empirical Evidence from Manufacturing Sector Firms of Pakistan." *International Journal of Economics and Business Administration, IX* 1:425–41.
- Jaafar, Aziz, and Mahmoud El Shawa. 2009. "Ownership Concentration." *Board Characteristics and Performance: Evidence from Jordan*. SSRN: [Http://Ssrn. Com/Abstract 1392727](http://ssrn.com/abstract/1392727).
- Jamil, Nurul Nazlia. 2020. "The Power of Political Connections: Review on the Impacts of Audit Committee and Corporate Governance." *Journal of Public Administration and Governance* 10(1).
- Jazuli, Muhamad Rosyid, Maimanah Mohammed Idris, and Penlope Yaguma. 2022. "The Importance of Institutional Quality: Reviewing the Relevance of Indonesia's Omnibus Law on National Competitiveness." *Humanities and Social Sciences Communications* 9(1):1–13. doi: 10.1057/s41599-022-01343-w.
- Jensen, Michael C., and William H. Meckling. 1976. "Theory of The Firm: Managerial Behavior, Agency Cost, and Ownership Structure." *Journal of Financial Economics* 3:305–60.
- Jensen, Michael C., and William H. Meckling. 2019. "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." Pp. 77–132 in *Corporate Governance*. Gower.
- Jensen, Michael C., William H. Meckling, and W. H. Jensen, M. C., & Meckling. 1976. "Theory of the Firm : Managerial Behavior, Agency Costs and Ownership Structure Theory of the Firm : Managerial Behavior, Agency Costs and Ownership Structure." *Journal of Financial Economics* 3(4):305–60.
- Junus, Onong, Iman Harymawan, Mohammad Nashih, and Muslich Anshori. 2022. "Politically Connected Independent Commissioners and Independent Directors on the Cost of Debt." *International Journal of Financial Studies* 10(2):41.
- Kakabadse, Andrew, and Nada Kakabadse. 2001. "Outsourcing in the Public Services: A Comparative Analysis of Practice, Capability and Impact." *Public Administration and Development: The International Journal of Management Research and Practice* 21(5):401–13.
- Kholid, Muamar Nur. 2019. "Determinants of Intention to Use Islamic Mobile Banking: Evidence from Millennial Generation." *Jurnal Ekonomi & Keuangan Islam* 53–62.
- Kim, Jeong-Bon, and Byungcherl Charlie Sohn. 2013. "Real Earnings Management and Cost of Capital." *Journal of Accounting and Public Policy* 32(6):518–43.
- Kim, Jeong-Bon, and Liandong Zhang. 2016. "Accounting Conservatism and Stock Price Crash Risk: Firm-level Evidence." *Contemporary Accounting Research* 33(1):412–41.
- Kirkbride, J., S. Letza, and X. Sun. 2005. "Corporate Governance: Towards a Theory of Regulatory Shift." *European Journal of Law and Economics* 20:57–70.
- Klettner, Alice, Thomas Clarke, and Martijn Boersma. 2014. "The Governance of Corporate Sustainability: Empirical Insights into the Development, Leadership and Implementation of Responsible Business Strategy." *Journal of Business Ethics* 122:145–65.
- Koller, Martin, Alexander Muhr, and Gerhart Braunegg. 2014. "Microalgae as Versatile Cellular Factories for Valued Products." *Algal Research* 6:52–63.
- Kurniasari, Erni, and Listiawati Listiawati. 2019. "Profitabilitas Dan Leverage Dalam Mempengaruhi Effective Tax Rate." *Jurnal Manajemen* 9(1):17–29.
- Kurniawan, Robi, and Shunsuke Managi. 2018. "Coal Consumption, Urbanization, and Trade Openness Linkage in Indonesia." *Energy Policy* 121:576–83.
- LaFond, Ryan, and Ross L. Watts. 2008. "The Information Role of Conservatism." *The Accounting Review* 83(2):447–78.

- Lamuda, Ilyas, Maysyar Yusuf, and Meimoon Ibrahim. 2020. "The Analysis of Wealth Structure and Firm Size on Firm Value of Food and Beverage." *ATESTASI: Jurnal Ilmiah Akuntansi* 3(2):106–12.
- Lilling, Matthew S. 2006. "The Link between CEO Compensation and Firm Performance: Does Simultaneity Matter?" *Atlantic Economic Journal* 34:101–14.
- Lin, Yu-Hsin. 2017. "Controlling Controlling-Minority Shareholders: Corporate Governance and Leveraged Corporate Control." *Colum. Bus. L. Rev.* 453.
- Lins, Karl V, Henri Servaes, and A. N. E. Tamayo. 2017. "Social Capital , Trust , and Firm Performance : The Value of Corporate Social Responsibility." *The Journal of Finance* LXXII(4):1785–1824. doi: 10.1111/jofi.12505.
- Liviani, Ratu, and Yoga Tantular Rachman. 2021. "The Influence of Leverage, Sales Growth, and Dividend Policy on Company Value." *International Journal of Financial, Accounting, and Management* 3(2):165–78.
- Lo, Shih-Fang, and Her-Jiun Sheu. 2007. "Is Corporate Sustainability a Value-increasing Strategy for Business?" *Corporate Governance: An International Review* 15(2):345–58.
- Luo, Xueming, and Chitra Bhanu Bhattacharya. 2006. "Corporate Social Responsibility, Customer Satisfaction, and Market Value." *Journal of Marketing* 70(4):1–18.
- Machuga, Susan, and Karen Teitel. 2009. "Board of Director Characteristics and Earnings Quality Surrounding Implementation of a Corporate Governance Code in Mexico." *Journal of International Accounting, Auditing and Taxation* 18(1):1–13.
- Maharani, Shinta, and Arum Prastiwi. 2023. "The Effect of Debt to Equity Ratio on Earnings Management With Good Corporate Governance As The Moderating Variable." Pp. 305–15 in *Journal of International Conference Proceedings*. Vol. 6.
- Makhlouf, Mohammed Hassan, Yazan Oroud, and Mohammed Zakaria Soda. 2020. "Does the Board Independence Influence the Association between Risk Disclosure and Firm Value? Evidence from Jordan." *Humanities and Social Sciences Reviews* 8:46–54.
- Masmoudi, Sana, and Jihed Barhoumi. 2023. "The Impact of Corporate Social Responsibility Disclosure on Firm Value: The Moderating Role of Board Gender Diversity in French Companies." *Journal of Commerce and Accounting Research* 12(1):39.
- Maulana, Ahmad, and Lela Nurlela Wati. 2019. "Pengaruh Koneksi Politik Dan Struktur Kepemilikan Manajerial Terhadap Nilai Perusahaan." *Jurnal Akuntansi* 8(1):1–12.
- Mishra, Prabhaker, Chandra M. Pandey, Uttam Singh, Anshul Gupta, Chinmoy Sahu, and Amit Keshri. 2019. "Descriptive Statistics and Normality Tests for Statistical Data." *Annals of Cardiac Anaesthesia* 22(1):67–72.
- Mongan, John, Linda Moy, and Charles E. Kahn Jr. 2020. "Checklist for Artificial Intelligence in Medical Imaging (CLAIM): A Guide for Authors and Reviewers." *Radiology: Artificial Intelligence* 2(2):e200029.
- Morck, Randall, Daniel Wolfenzon, and Bernard Yeung. 2005. "Corporate Governance, Economic Entrenchment, and Growth." *Journal of Economic Literature* 43(3):655–720.
- Mrabure, Kingsley O., and Alfred Abhulimhen-Iyoha. 2020. "Corporate Governance and Protection of Stakeholders Rights and Interests." *Beijing I. Rev.* 11:292.
- Nadeem, Muhammad Athar, Zhiying Liu, Salman Zulfikar, Amna Younis, and Yi Xu. 2021. "Does Corruption Impede Innovation in Developing Economies? Insights from Pakistan: A Call for Policies Reforms." *Crime, Law and Social Change* 75(2):93–117. doi: 10.1007/s10611-020-09927-w.
- Ntim, Collins G., Kwaku K. Opong, and Jo Danbolt. 2012. "The Relative Value Relevance of Shareholder versus Stakeholder Corporate Governance Disclosure Policy Reforms in South Africa." *Corporate Governance: An International Review* 20(1):84–105.
- Nurfutri, Yulia, Rita Retnowati, and Muhammad Taufik Awaludin. 2022. "Development of Digital Pocket Book for Disaster Mitigation Materials Coronavirus Disease 2019 (COVID-19) to Increase Student Resilience to Disasters." *Journal Of Biology Education Research (JBER)* 3(1):11–22.
- O'callaghan, Derek, Derek Greene, Joe Carthy, and Pádraig Cunningham. 2015. "An Analysis of the Coherence of Descriptors in Topic Modeling." *Expert Systems with Applications* 42(13):5645–57.
- O'Sullivan, Mary. 2000. "The Innovative Enterprise and Corporate Governance." *Cambridge Journal of Economics* 24(4):393–416.
- Omar, Bilal Fayiz, and Nidal Omar Zallom. 2016. "Corporate Social Responsibility and Market Value: Evidence from Jordan." *Journal of Financial Reporting and Accounting* 14(1):2–29.
- Pae, Jinhan, and Tae Hee Choi. 2011. "Corporate Governance, Commitment to Business Ethics, and Firm Valuation: Evidence from the Korean Stock Market." *Journal of Business Ethics* 100:323–48.
- Pantow, Eberhard, Andreas Kleber, and Jens Ruckwied. 2015. "Lightweight Design for CV Cooling Systems in Euro VI Applications." *MTZ Worldwide* 76(1):26–31.
- Pasternack, Daniel, and Matts Rosenberg. 2002. *The Impact of Stock Option Incentives on Investment and Firm Value*. Svenska handelshögskolan.
- Peng, Xinyuan, Pengcheng Tang, Shuwang Yang, and Shuke Fu. 2020. "How Should Mining Firms Invest in the Multidimensions of Corporate Social Responsibility? Evidence from China." *Resources Policy* 65:101576.
- Prastiwi, Dewi, and Renni Ratnasari. 2019. "The Influence of Thin Capitalization and The Executives' Characteristics Toward Tax Avoidance by Manufacturers Registered on ISE in 2011-2015." *AKRUAL: Jurnal Akuntansi* 10(2):119. doi: 10.26740/jaj.v10n2.p119-134.
- Pratami, Y., and P. C. Jamil. 2021. "The Effect of Sustainability Reporting, Profitability, Capital Structure and Manager's Incentives on Company Value." *Business and Accounting* 4.
- Prior, Diego, Jordi Surroca, and Josep A. Tribó. 2008. "Are Socially Responsible Managers Really Ethical? Exploring the Relationship between Earnings Management and Corporate Social Responsibility." *Corporate Governance: An International Review* 16(3):160–77.

- Putra, Zaga Kresna Pratama, and Novvrys Suhardianto. 2020. "The Influence of Political Connection on Tax Avoidance." *Jurnal Akuntansi Dan Keuangan* 22(2):82–90. doi: 10.9744/jak.22.2.82-90.
- Putri, Devi Ayu, Indah Cahya Sagala, and Yani Rugun Simanullang. 2023. "The EFFECT OF TAXES, BONUS MECHANISM, TUNNELING INCENTIVES ON THE INDICATIONS OF TRANSFER PRICING IN MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2021)." *Jurnal Ekonomi* 12(01):384–93.
- Rahmadani, Ike, Rita Rahayu, and Ammissa Rahman. 2020. "THE EFFECT OF CONSERVATISM ACCOUNTING ON FAIR VALUE OF COMPANIES LISTED IN INDONESIA STOCK EXCHANGE." *Journal Of Islamic Accounting Research* (2020) 2(1).
- Raimo, Nicola, Alessandra Caragnano, Marianna Zito, Filippo Vitolla, and Massimo Mariani. 2021. "Extending the Benefits of ESG Disclosure: The Effect on the Cost of Debt Financing." *Corporate Social Responsibility and Environmental Management* 28(4):1412–21.
- Riyadh, Hosam Alden, Maher A. Al-Shmam, and Mohammed Ghanim Ahmed. 2024. "Empirical Relationship between Board Characteristics, Earnings Management, Insolvency Risk, and Corporate Social Responsibility." *Cogent Business & Management* 11(1):2321300.
- Roll, Richard, and J. Weston. 2008. "Average and Marginal Tobins q as Indicators of Future Growth Opportunities, Expected Return, and Risk." *UCLA Graduate School of Mgt., Finance Working Paper* 8–10.
- Rosyadi, Rosyadi, Zamruddin Hasid, and Purwadi Purwadi. 2023. "Energy Operations for Resident and Its Implications for Economic Growth: Indonesia's New Capital City as a Case Study." *International Journal of Energy Economics and Policy* 13(4):1–8.
- Rubio-Andrés, Mercedes, María del Mar Ramos-González, Miguel Ángel Sastre-Castillo, and Ignacio Danvila-del-Valle. 2020. "Exploring Sustainability, Good Governance, and Social Responsibility in Small and Medium Enterprises." *Corporate Social Responsibility and Environmental Management* 27(2):852–69.
- Sáenz González, Jesus, and Emma García-Meca. 2014. "Does Corporate Governance Influence Earnings Management in Latin American Markets?" *Journal of Business Ethics* 121:419–40.
- Salah, Mohammed. 2016. "The Influence of Rewards on Employees Performance." *British Journal of Economics, Management & Trade* 13(4):1–25.
- Sanders, Wm Gerard, and Donald C. Hambrick. 2007. "Swinging for the Fences: The Effects of CEO Stock Options on Company Risk Taking and Performance." *Academy of Management Journal* 50(5):1055–78.
- Sari, Egi Gumala. 2023. "CORPORATE GOVERNANCE MODERATES THE EFFECT OF EFFICIENCY, INTELLECTUAL CAPITAL, LIQUIDITY ON BANKING EARNINGS MANAGEMENT." *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBA)* 3(4):1298–1312.
- Schaltegger, Stefan, Jacob Hörisch, and R. Edward Freeman. 2019. "Business Cases for Sustainability: A Stakeholder Theory Perspective." *Organization & Environment* 32(3):191–212.
- Setia-Atmaja, Lukas, Janto Haman, and George Tanewski. 2011. "The Role of Board Independence in Mitigating Agency Problem II in Australian Family Firms." *The British Accounting Review* 43(3):230–46.
- Singh, Satwinder, Naeem Tabassum, Tamer K. Darwish, and Georgios Batsakis. 2018. "Corporate Governance and Tobin's Q as a Measure of Organizational Performance." *British Journal of Management* 29(1):171–90.
- Stala-Szlugaj, Katarzyna, and Zbigniew Grudziński. 2021. "Price Trends on the International Steam Coal Market in 2000–2020." *Gospodarka Surowcami Mineralnymi-Mineral Resources Management* 177–98.
- Stjepcevic, Jelena, and Indre Siksnelyte. 2017. "Corporate Social Responsibility in Energy Sector." *Transformations in Business & Economics* 16(1):21–33.
- Su, Zhong-qin, Hung-Gay Fung, Deng-shi Huang, and Chung-Hua Shen. 2014. "Cash Dividends, Expropriation, and Political Connections: Evidence from China." *International Review of Economics & Finance* 29:260–72.
- Sucua, William, and Jay Mark Cambarihan. 2016. "Influence of Profitability to the Firm Value of Diversified Companies in the Philippines." *Accounting and Finance Research* 5(2):149–53.
- Sudiyatno, Bambang, Elen Puspitasari, Titiek Suwanti, and Maulana Muhammad Asyif. 2020. "Determinants of Firm Value and Profitability: Evidence from Indonesia." *The Journal of Asian Finance, Economics and Business* 7(11):769–78.
- Sugiyanto, Hadi, and Aminullah Assagaf. 2017. "Factors Affecting the Implementation of Good Corporate Governance in Control of Operation and Finance." *International Journal of Economics and Finance* 10(1):32.
- Sulistiyanto, Handita Rachma, and Yeterina Widi Nugrahanti. 2013. "Analisis Perbedaan Ketepatan Waktu Internet Financial Reporting Pada Perusahaan Manufaktur Yang Terdaftar Di BEI." *Jurnal Dinamika Akuntansi* 5(2).
- Tata, Jasmine, and Sameer Prasad. 2015. "CSR Communication: An Impression Management Perspective." *Journal of Business Ethics* 132:765–78.
- Trinugroho, Irwan. 2017. "A Recent Literature Review on Corporate Political Connections." *JDM (Jurnal Dinamika Manajemen)* 8(2):269–78.
- Tumbat, Gülnur, and Kent Grayson. 2016. "Authority Relinquishment in Agency Relationships." *Journal of Marketing* 80(3):42–59.
- Wu, Chun-Lin, Dong-Ping Fang, Pin-Chao Liao, Jia-Wei Xue, Yan Li, and Tao Wang. 2015. "Perception of Corporate Social Responsibility: The Case of Chinese International Contractors." *Journal of Cleaner Production* 107:185–94.
- Wu, Wenfeng, Chongfeng Wu, Chunyang Zhou, and Jun Wu. 2012. "Political Connections, Tax Benefits and Firm Performance: Evidence from China." *Journal of Accounting and Public Policy* 31(3):277–300.
- Yasin, Muhammad, Nurapiah Nurapiah, Abdul Wahab, Maulid Sakaria, and Sujarwadi Sujarwadi. 2021. "ADA APA DENGAN INDUSTRI PERTAMBANGAN INDONESIA?(Sebuah Tinjauan Singkat Dari Sudut Pandang Makro Ekonomi)." *Jurnal Ekonomi Trend* 9(2):113–23.

- Ye, Kangtao, Ran Zhang, and Zabihollah Rezaee. 2010. "Does Top Executive Gender Diversity Affect Earnings Quality? A Large Sample Analysis of Chinese Listed Firms." *Advances in Accounting* 26(1):47–54.
- Yuniar, Farchani Putri. 2024. "Metode Valuasi Ekonomi Dalam Pengambilan Kebijakan Lingkungan Di Sektor Pertambangan." *Journal of Economic, Business & Accounting Research* 1(2).
- Yusoff, Wan Sallha, Mohd Fairuz Md Salleh, Azlina Ahmad, and Fazli Idris. 2015. "Estimating the Value of Political Connection to Malaysia's Richest Tycoon Companies." *The Journal of Developing Areas* 49(5):87–100.
- Zhang, Zhe, Dan Hu, and Liang Liang. 2021. "The Impact of Supplier Dependence on Suppliers' CSR: The Moderating Role of Industrial Dynamism and Corporate Transparency." *Journal of Purchasing and Supply Management* 27(5):100702.
- Zhong, Ninghua, Shujing Wang, and Rudai Yang. 2017. "Does Corporate Governance Enhance Common Interests of Shareholders and Primary Stakeholders?" *Journal of Business Ethics* 141:411–31.