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Research Article

The Effect of Corporate Social Responsibility Disclosure and Intellectual Capital on Market Performance With Profitability as A Moderating Variable (An Empirical Study on Manufacturing Companies Listed on The Indonesia Stock Exchange In 2021–2023)

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Abstract: Market performance reflects the firm's value from the perspective of investors, based on current performance and future projections, which influence stock prices and long-term investment returns. This study aims to examine the effect of Corporate Social Responsibility (CSR) disclosure and Intellectual Capital (IC) on market performance, with profitability as a moderating variable. The study was conducted on manufacturing companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The sample consisted of 166 observations. The sampling method used in this study was non-probability sampling with a purposive sampling technique. Data were collected through documentation and analyzed using STATA software. The results show that CSR disclosure has no significant effect on market performance, while IC has a significant negative effect on market performance. However, profitability, measured by Return on Equity (ROE), significantly strengthens the relationship between CSR disclosure and market performance, as well as between IC and market performance."

Keywords: Corporate Social Responsibility Disclosure, Intellectual Capital, Market Performance, Profitability

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1. INTRODUCTION

The development of the business world has experienced significant growth in terms of knowledge and information dissemination, as companies strive to meet the needs of information users. The constantly changing economic landscape demands that companies disclose their conditions, positions, and performance. When a company is able to demonstrate good performance through its financial and sustainability reports, investors will be more inclined to invest capital, which in turn enhances the company's overall performance (Vinancia, 2018). Company performance reflects operational activity and the ability to measure success in generating profit within a specific period, thereby providing insights into the company's future condition.

Company performance can generally be categorized into financial performance and market performance. Financial performance reflects a company's historical financial condition, presented through prior information and indicators such as liquidity and profitability (Vinancia, 2018). Meanwhile, market performance refers to investor perceptions of a company's current and future conditions, closely related to the firm's value in the capital market, and is represented by long-term investment returns or stock returns. For companies listed on the capital market, a positive corporate image enhances investor perception, which is reflected in market performance. This perception ultimately eases the company's access to capital. Market performance can be used to evaluate a company's prospects and development through its stock price, which also influences investor interest in participating in the capital market (Nurhayati, 2017). An increase in stock prices attracts investors, raising stock demand and contributing to improved market performance.

In 2019, the manufacturing sector experienced a decline in performance. For example, shares of PT Indo Kordsa Tbk. (BRAM) dropped by 39.81%, ending at IDR 6,500 per share. Similarly, PT Unilever Indonesia Tbk. (UNVR) saw a decline of 8.31% since the beginning of the year, while PT Astra International Tbk. (ASII) fell 15.81% year-to-date (www.cnbcindonesia.com). Furthermore, PT Gudang Garam Tbk (GGRM) and PT Hanjaya Mandala Sampoerna Tbk (HMSP) experienced respective share price declines of 36.50% and 43.40% (www.cnbcindonesia.com). In 2020, the Jakarta Composite Index (JCI) fell by 31.25%, with the basic industry and chemical sectors showing the steepest decline at 43.55% year-to-date. In the face of increasingly fierce global competition, companies are compelled to optimize performance to attract investors. However, efforts to boost company performance often result in negative environmental impacts, potentially affecting society and long-term business sustainability.

Market performance reflects investor perception of how well a company is performing, both currently and in the future, and is indicated by the company's stock price. Transparent information disclosure enhances investor trust in the company's future prospects. Nevertheless, corporate efforts to improve performance may cause environmental damage. As such, companies must be aware of their environmental impact. There is a growing perspective that social and environmental concerns are vital to a company's economic activities. This view stems from the fact that corporate production activities often exacerbate social inequality and environmental degradation—particularly within the manufacturing sector. Manufacturing companies have a direct environmental impact due to machinery used in transforming raw materials into finished goods, which can generate waste. In addition, product packaging and residue left by consumers contribute further to environmental concerns. To mitigate these negative impacts, companies are expected to implement Corporate Social Responsibility (CSR).

Corporate Social Responsibility (CSR) refers to a company's ethical and legal commitment to the social and environmental consequences of its activities, while also contributing to sustainable economic development to enhance quality of life and the environment for society at large (Magdalena et al., 2019). CSR is based on the triple bottom line concept, which emphasizes not only profit but also concern for the planet (environment) and people (social welfare) (Alsayegh et al., 2020). In the modern era, CSR has become a widely discussed issue in Indonesia, particularly following the implementation of Law No. 40 of 2007 concerning Limited Liability Companies. Further provisions are outlined in Government Regulation No. 47 of 2012 on Social and Environmental Responsibility, stating that companies engaged in natural resource-related activities are required to fulfill social and environmental responsibilities.

CSR disclosure is crucial, as stakeholders pay close attention to companies that actively engage in CSR, which, in turn, enhances investor valuation and market performance. This aligns with Signaling Theory proposed by Spence (1973), which posits that information holders provide signals regarding the company's condition to external parties, influencing investor decisions. According to Bone Said & Jamaluddin (2023), information signals are vital for investors when deciding to invest in a particular company. Therefore, in addition to financial statements, companies are now expected to disclose CSR reports as a positive signal to potential investors. Companies that provide such disclosures project a positive corporate image, increase their value, and appear more promising in terms of returns, thereby attracting investors (Priyadi, 2018).

According to Fadly Bahrun et al. (2020), investment decisions based solely on financial statements do not guarantee accuracy. Non-financial disclosures are also important for investment considerations, requiring companies to focus on non-financial factors, such as Corporate Social Responsibility (CSR) and Intellectual Capital (IC).

Intellectual Capital (IC) is one of the key non-financial factors in investment decision-making. IC, which gained traction following the revision of PSAK No. 19 (2010) concerning intangible assets, refers to resources based on human intellect and knowledge. PSAK defines intangible assets as non-monetary assets without physical substance, identifiable and used for producing or delivering goods/services, leased to third parties, or for administrative purposes (Indonesian Accounting Association, 2002). While PSAK does not explicitly categorize intangible assets as IC, businesses have begun to recognize the value of IC due to evolving business dynamics. Future corporate success depends heavily on how intellectual or intangible capital is invested and managed. Zurnali (2010) defines IC as non-tangible assets and resources of an organization, including processes, innovation capacity, patterns, knowledge, and collaborative networks—collectively enhancing value and competitive advantage. IC is typically classified into capital employed, human capital, and structural capital (Kurniawati, 2023). The greater a firm's IC value-added, the more efficient its capital utilization and the stronger its competitive edge (Abdurrahman & Nustini, 2022). Firms with competitive advantages can better survive in dynamic markets. A lack of IC reporting can be detrimental to both capital markets and the companies themselves. Ultimately, IC is believed to play a critical role in improving financial performance.

Previous studies on the impact of CSR and IC on market performance have shown mixed results. Research by Hariadi et al. (2022) and Ikram et al. (2020) found a positive impact of CSR on market performance, as did Hikmatiar (2021) and Rjiba et al. (2020). In terms of IC, Mukhtaruddin et al. (2023), Acuña-Opazo & González (2021), Arif et al. (2022), and Salvi et al. (2020) found that IC positively influences company financial performance. However, contrary findings by Supandi (2024), Rasyid et al. (2022), Prasojo & Shalihin (2022), and Nabila & Surasni (2021) indicate that CSR and IC disclosures do not significantly impact market performance.

Given these inconsistencies, further research is necessary. A contingency approach is needed to examine whether other variables moderate the relationship between the independent and dependent variables. This study uses profitability as a moderating variable. According to Pramudia & Fuadati (2020), higher profitability attracts investors, boosting stock prices and returns.

Profitability is a ratio used to measure a company's ability to generate profits during its operational activities within an accounting period (Lambey, 2021). It also reflects managerial effectiveness in resource management. A profitable company is considered stable and has promising future prospects (R. Aprilyani Dewi et al., 2021). High profitability encourages companies to disclose more CSR and environmental information, signaling operational soundness to stakeholders (Fuqoha & Firmansyah, 2023). It also signals to investors that the company is financially healthy, which could lead to increased stock prices and returns—key indicators of market performance. The greater the profitability, the stronger the relationship between CSR and IC disclosure and market performance.

This study re-examines the effects of CSR and IC disclosures on market performance, with profitability as a moderating variable. The study covers a 3-year observation period from 2021 to 2023. Expanding the population and sample aims to produce more accurate findings regarding the influence of CSR and IC on corporate market performance. The sample comprises manufacturing companies, chosen because they dominate listings on the Indonesia Stock Exchange (IDX) and are directly associated with social and environmental issues, such as environmental impact, product output, and employee-related matters.

2. METHOD

This research was conducted on manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023. Data was obtained through the official IDX website (www.idx.co.id) and the respective company websites. The research objects include Corporate Social Responsibility (CSR) and Intellectual Capital (IC) disclosures, with the aim of analyzing their effects on market performance, as well as examining the moderating role of profitability in the relationship. The dependent variable used is market performance (measured by the Tobin's Q method), while the independent variables are CSR and IC disclosures. The moderating variable used is profitability, measured by Return on Equity (ROE) (Sugiyono, 2020; Arifah, 2021; Bahri et al., 2023).

The population in this study were all manufacturing companies listed on the IDX, with purposive sampling technique as the sample selection method. The sample was determined based on certain criteria such as the availability of annual and sustainability reports, the use of the rupiah currency, and the success of generating positive profits during the observation period. From a total of 220 companies, 55 companies were selected as samples, so there were 165 observations over three years. This study uses secondary data in the form of financial and sustainability reports collected through a non-participatory observation method, namely the researcher only acts as an independent observer without direct involvement (Sugiyono, 2020).

Data analysis was performed using Moderated Regression Analysis (MRA) assisted by STATA software. Before the regression analysis was performed, classical assumption tests such as normality, heteroscedasticity, multicollinearity, and autocorrelation tests were first performed to ensure the feasibility of the model. In addition, descriptive statistics, model feasibility tests (F test), determination coefficients (Adjusted R^2), and hypothesis tests (t test) were also used to support the analysis. This approach is expected to explain the extent to which CSR and IC influence market performance by considering the influence of profitability as a moderating variable (Ghozali, 2016; Sugiyono, 2020).

3. RESULTS AND DISCUSSION

Description of Research Result Data

Descriptive Statistical Analysis Results

Descriptive analysis is an analysis used to analyze data by describing or depicting the data that has been collected as it is without intending to draw conclusions that apply to the general public or generalizations. (Sugiyono, 2020). The purpose of conducting descriptive analysis is to find out a brief description of the data regarding the size of data centralization, the size of data distribution, and the tendency of a data cluster.

Table 1. Results of Descriptive Statistical Analysis

	N	Mean	Std Deviation	Min.	Max.
CSR Disclosure (X1)	166	0.318	0.215	0.042	0.914
Intellectual Capital (X2)	166	3.161	1.376	1.09	8,441
Market Performance (Y)	166	1,495	1,057	0.342	9,806
Profitability (M)	166	0.105	0.064	0.002	0.285

Source: Data processed by researchers, 2025

Descriptive statistics are used to provide an overview of data seen from the number of samples, minimum value, maximum value, average value (mean), and standard deviation (std. Deviation) of each variable in the study without any intention to draw conclusions. Based on Table 1, it is known that the number of observations in this study was 166 (n = 166). The results of the descriptive statistical analysis are as follows:

1) **Market Performance (Y)**

Based on Table 1, market performance data measured by Tobin's Q shows a minimum value of 0.342, which means that the lowest or smallest value of market performance was experienced by Intan Wijaya Internasional Tbk (INCI) in the 2023 period and a maximum value of 9.806, which means that the highest value of market performance was experienced by Avia Avian Tbk (AVIA) in the 2021 period. The average market performance of 1.495 and the standard deviation of 1.057 indicate that there is quite a high variation in market performance between companies.

2) **Disclosure of Corporate Social Responsibility (X1)**

Based on Table 1, the corporate social responsibility disclosure data measured by CSRDI shows a minimum value of 0.0427, which means the lowest or smallest value of CSR disclosure was carried out by Mark Dynamics Indonesia Tbk (MARK) in the 2021 period and a maximum value of 0.9145, which means the highest value of CSR disclosure was carried out by Mayora Indah Tbk (MYOR) in the 2022 period. The average CSR disclosure is 0.3184 and the standard deviation is 0.2152. CSR disclosure has an average higher than the standard deviation value, indicating that the average CSR disclosure has a low level of deviation.

3) **Intellectual Capital(X2)**

Based on Table 1, the intellectual capital data measured by VAICTM shows a minimum value of 1.090, which means the lowest or smallest value of intellectual capital was carried out by Arkha Jayanti Persada Tbk (ARKA) in the 2021 period and a maximum value of 8.441, which means the highest value of intellectual capital was carried out by Wijaya Karya Beton Tbk (BTON) in the 2022 period. The average intellectual capital of 3.161 and the standard deviation of 1.376 illustrate that there is a significant variation in the level of intellectual capital of the sample companies.

4) **Profitability (M)**

Based on Table 1, the profitability data measured by ROE shows a minimum value of 0.002, which means that the lowest or smallest value of profitability was experienced by Sekar Bumi Tbk (SKBM) in the 2023 period and a maximum value of 0.285, which means that the highest value of profitability was experienced by Selamat Sempurna (SMSM) in the 2023 period. The average profitability is 3.161 and the standard deviation is 1.376, which means that the average profitability has a low level of deviation between companies in the sample.

Classical Assumption Test Results

Normality Test Results

The normality test is used to determine whether the regression model used in this study is normally distributed or not.(Ghozali, 2016).The normality test used in this study is the Kolmogorov-Smirnov test. This test is used to determine whether the data is normally distributed or not by looking at the p-value. The basis for making decisions on normality tests that are normally distributed if the p-value is greater than the significant value of 0.05 (Sig. > 0.05) and vice versa if the p-value is less than 0.05 (Sig. < 0.05) it is said that the data is not normally distributed. The results of the normality test in this study can be seen in Table 2.

Table 2. Normality Test Results

N	D	p-value
Combined KS	0.092	0.12

Source: Data processed by researchers, 2025

Table 2 shows that the resulting p-value is greater than the significance of 0.05, so it can be concluded that all variables in the regression equation model in this study are normally distributed.

1) **Heteroscedasticity Test Results**

Table 3. Heteroscedasticity Test Results

			Prob > F	0.000
			R-Squared	0.336
Y	Coefficient	Robust std	t	P>|t|
X1	-0.184	0.286	-0.64	0.521

X2	-0.165	0.067	-2.45	0.015
X1_M	7.706	3.559	2.17	0.032
X2_M	2.139	0.329	6.49	0.000
Cons	1.044	0.190	5.48	0.000
Breusch–Pagan/Cook–Weisberg				
Chi^2 (1)	59.96			
Prob > Chi^2	0.000			

Source: Data processed by researchers, 2025

Based on the results of the robust regression, including the coefficient values, robust standard errors, t-statistics, and probability values for each variable, the model is overall statistically significant. The R-squared value of 0.3362 indicates that the independent variables still explain a portion of the variability in the dependent variable

2) Multicollinearity Test Results

The multicollinearity test aims to determine whether there is a correlation between independent variables. A good regression model should not have a correlation between independent variables, to determine whether or not there is multicollinearity in the regression model can be seen through the tolerance value or Variance Inflation Factor (VIF). VIF exceeds 10%, it means that there is a multiple correlation or multicollinearity. This test is said to have no multicollinearity when the VIF value is below 10 or <10 and tolerance is above 0.1 or > 0.1. The results of the multicollinearity test in this study can be seen in Table 4.

Table 4. Multicollinearity Test Results

Variables	Colliearity Statistics	
	VIF	Tolerance
X1	3.97	0.252
X2	2.88	0.346
X1_M	4.57	0.218
X2_M	5.05	0.198

Source: Data processed by researchers, 2025

The results of the multicollinearity test presented in Table 4 through the tolerance value and Variance Inflation Factor (VIF) show several important indicators. The Corporate Social Responsibility disclosure variable (X1) has a tolerance value of 0.25 and VIF. The Intellectual Capital variable (X2) shows a tolerance value of 0.34 and a VIF of 2.88. The interaction between CSR disclosure (X1) and Profitability (M) has a tolerance value of 0.21 and a VIF of 4.57 while the interaction between Intellectual Capital (X2) and Profitability (M) shows a tolerance value of 0.19 and a VIF of 5.05. The tolerance value for all independent variables is greater than 0.10 and the VIF value for all independent variables is less than 10. Thus, there is no multicollinearity problem in the independent variables.

3) Autocorrelation Test Results

The autocorrelation test is carried out by testing whether the regression model has a correlation between the disturbance error in a certain period with the disturbance error in the previous period (t-1). If there is a correlation, then it can be said that there is an autocorrelation problem. If autocorrelation is detected in the regression model, then there is a correlation between sample members taken based on time. Violation of this assumption usually occurs in observations using time series. As a result, the sample variance cannot reflect the population variance. In addition, the resulting regression model cannot be used to explain the relationship between the dependent variable and the independent variable.(Ghozali, 2016).To detect autocorrelation symptoms, the Durbin-Watson test will be used.

Table 5. Autocorrelation Test Results

Durbin Watson	Information
1,791	No Autocorrelation

Source: Data processed by researchers, 2025

Based on Table 5, the Durbin-Watson value is 1.791. The number of samples in this study is 166 (n = 166) and the number of variables affecting the dependent variable is 3 (K = 3), then the dL value is 1.684 and dU is 1.790. The Durbin-Watson value of 1.791 is greater than the dU limit of 1.790 and less than (4-dU) 4-1.790 = 2.21, so it can be concluded that the data passes the autocorrelation test using the Durbin-Watson test.

Moderated Regression Analysis (MRA) Results

Moderated Regression Analysis(MRA) is a special application of multiple linear regression where the regression equation contains elements of interaction. MRA uses an analysis approach that maintains sample integrity and provides a basis for controlling the influence of moderating variables. This method is carried out by adding a multiplication variable between the independent variable and its moderating variable.(Ghozali, 2016).

Table 6. Results of Moderation Regression Analysis

			Prob > F	0.000
			R-Squared	0.336
Y	Coefficient	Robust std	t	P>|t|
X1	-0.184	0.286	-0.64	0.521
X2	-0.165	0.067	-2.45	0.015
X1_M	7,706	3,559	2.17	0.032
X2_M	2.139	0.329	6.49	0.000
Cons	1,044	0.190	5.48	0.000

Source: Data processed by researchers, 2025

Based on the results of the moderated regression analysis as presented in Table 6, the resulting regression equation is as follows:

Y = 1.044 – 0.184 X1 – 0.165 X2 + 7.706 X1M + 2.139

1. The constant value of 1.044 means that if the disclosure of corporate social responsibility, intellectual capital, the interaction between corporate social responsibility disclosure and profitability, and intellectual capital and profitability are constant, then market performance will increase by 1.044 percent.
2. The value of the regression coefficient of corporate social responsibility disclosure is -0.184 where the value is negative. The regression coefficient value that shows a negative value means that if corporate social responsibility disclosure increases by one unit, market performance will decrease by 0.184 assuming other variables are constant.
3. The regression coefficient value of intellectual capital is -0.165, where the value is negative. The regression coefficient value that shows a negative value means that if intellectual capital increases by one unit, market performance will decrease by 0.165 assuming other variables are constant.

4. The regression coefficient value of the interaction between corporate social responsibility disclosure and profitability is 7.706. The regression coefficient value that shows a positive value means that if the interaction between corporate social responsibility disclosure and profitability increases by one unit, market performance will increase by 7.706 assuming other variables are constant.
5. The regression coefficient value of the interaction between intellectual capital and profitability is 2.139. The regression coefficient value that shows a positive value means that if the interaction between intellectual capital and profitability increases by one unit, market performance will increase by 2.139 assuming other variables are constant.

Model Feasibility Test Results (F Test)

The model feasibility test or F test is conducted to assess the feasibility of the model and to determine whether the independent variables are appropriate to be used to explain the dependent variables in this study. The f test can be seen through the ANOVA table by looking at its significance value. The basis for decision making in the F test is that if the significance value is <0.05 then the regression model is considered feasible, conversely if the significance value is> 0.05 then the regression model is considered unfeasible.

The results of the F test can be seen in Table 6 which shows that the model has a significance value of 0.000 which is less than 0.05 indicating that the model used in this study is a feasible model. This means that this research model is feasible to be used as an analysis tool to test the effect of corporate social responsibility disclosure variables (X1), intellectual capital (X2), interaction variables between corporate social responsibility disclosure and profitability (X1M), and intellectual capital and profitability (X2M) to explain or predict market performance in manufacturing companies listed on the Indonesia Stock Exchange in 2021-2023.

Results of the Determination Coefficient Test (Adjusted R2)

The coefficient of determination (R2) functions to measure and determine the extent to which the variation of independent variables is able to explain the variation of dependent variables. The value of the coefficient of determination is stated to be good if it ranges between zero and one.

The results of the determination coefficient test can be seen in Table 6 that the R-squared value is 0.336 indicating that around 33.6% of the variation can be explained by the regression model using variables consisting of corporate social responsibility disclosure (X1), intellectual capital (X2), interaction variables between corporate social responsibility disclosure and profitability (X1M), and intellectual capital and profitability (X2M) on the dependent variable, namely market performance, while the remaining 66.4% is explained by other factors not included in the model.

Hypothesis Test Results (t-Test)

Hypothesis testing or t-test is conducted to determine the significance of the influence of independent variables individually (partially) on the dependent variable. This test is conducted using a significance level of 0.05. If the significance value is <0.05 then the hypothesis is accepted and vice versa if the significance value is >0.05 then the hypothesis is rejected.

Based on the results of the analysis in Table 6, the effect of corporate social responsibility disclosure on market performance obtained a significance or probability value of 0.521 with a t-value of -0.64 indicating that corporate social responsibility disclosure does not affect market performance, thus H1 is rejected. Intellectual capital on market performance obtained a probability value of 0.015 or > 0.05 with a t-value of -2.45 indicating that intellectual capital has a significant negative effect on market performance, thus H2 is rejected. The effect of the interaction variable between corporate social responsibility and profitability on market performance obtained a significance value of 0.032 (<0.05) with a t-value of 2.17 indicating that profitability is able to strengthen the effect of corporate social responsibility disclosure on market performance, thus H3 is accepted. The effect of the interaction variable between intellectual capital and profitability has a significance value of 0.000 with a t-value of 6.49 indicating that profitability is able to strengthen the effect of intellectual capital on market performance, thus H4 is accepted.

Data Analysis and Discussion

The Influence of Corporate Social Responsibility Disclosure on Market Performance

The first hypothesis (H1) states that corporate social responsibility (CSR) disclosure has a positive and significant effect on market performance. The results of the hypothesis test show that the CSR disclosure variable does not affect the market performance variable. This means that the high or low number of CSR disclosure items disclosed by the company through its annual report does not affect market performance. The results of this hypothesis test conclude that the first hypothesis in this study is rejected.

The results of this study are not in line with the signal theory, where the amount of CSR disclosure disclosed by the company through the annual report cannot be a signal that is used in making investment decisions. CSR disclosure is not a primary aspect for investors in making investment decisions. This is because investors are more interested in making economic factors the main consideration with the aim of obtaining direct benefits that can be in the form of dividends from the company. The results showing that CSR disclosure does not affect market performance are also caused by the quality of CSR disclosure which is still low where the number of CSR disclosure items carried out by companies is on average only 0.318 or around 37 items out of 117 items that should be disclosed.

The results of this study are in line with research conducted by(Prasetyo & Nani, 2021)in plantation sector companies listed on the IDX in 2014-2018 also found that CSR disclosure had no effect on market performance. In the study(Dewi et al., 2024)Coal mining companies CSR disclosure does not affect company value because CSR disclosure is not attractive enough for investors, especially in the coal mining sector which tends to focus more on profit and asset efficiency. The results of this study are also in line with research conducted by(Panwar et al., 2023)and (Meyliana, 2022) who found that CSR disclosure had no effect on market performance.

The Influence of Intellectual Capital on Market Performance

The second hypothesis (H2) states that intellectual capital has a negative and significant effect on market performance. The results of the hypothesis test show that the intellectual capital variable has a significant negative effect on the market performance variable in manufacturing companies on the Indonesia Stock Exchange for the 2021-2023 period. This means that the higher the intellectual capital, the market performance measured in this study tends to decrease. The results of this hypothesis test can provide the conclusion that the second hypothesis is rejected.

The results of this study do not support the signal theory, where intellectual capital such as product development or training may not be immediately considered a positive signal by investors, especially if the company cannot demonstrate the ability to manage these costs efficiently, thereby creating information asymmetry that reduces confidence in the potential for future profits. The results of this study are in line with research by(Muslim et al., 2023)who found that intellectual capital had a significant negative effect because intellectual capital management was thought to be ineffective so that it did not produce significant added value for the company. Another view was put forward by(Bangara et al., nd)that intellectual capital is considered as an additional burden without direct benefits and has risks to the company's future prospects which causes a decrease in the perception of the company's value in the eyes of investors. Research by (Mustaruddin, 2025) and(Luthfiani & Suryani, 2022)also shows results that intellectual has a significant negative effect on market performance.

The Effect of Profitability in Moderating the Effect of Corporate Social Responsibility on Market Performance

The third hypothesis (H3) states that profitability as measured by ROE is able to strengthen the influence of corporate social responsibility (CSR) disclosure on market performance in manufacturing companies on the Indonesia Stock Exchange for the 2021-2023 period. The results of the hypothesis test show that profitability is able to moderate CSR disclosure on market performance, in other words, the higher the company's profitability, the greater the CSR disclosure made by the company, which then increases market performance. This research is in line with research conducted by(Fauziah et al., 2023),(Herdjiono & Ture, 2021), And(Handayati et al., 2022)states that profitability is able to strengthen the influence of CSR disclosure on market performance because it allows companies to demonstrate social commitment which can improve the perception of market performance.

The results of this study support the signal theory used in this study because a high level of profitability reflects the financial health of the company, when companies have high profitability they can manage CSR activities better so that the information can be a positive signal for investors and can improve market performance. Investors view that the company has sufficient financial resources to carry out CSR activities without sacrificing operational performance. This can increase investor confidence, thereby strengthening the influence of CSR disclosure on company value.

Profitability in Moderating InfluenceIntellectual Capitalon Market Performance

The fourth hypothesis (H4) states that profitability is able to strengthen the influence of intellectual capital on market performance. The results of the hypothesis testing show that profitability is significantly able to moderate the influence of intellectual capital on market performance. High profitability indicates that the company is able to fund and manage its intangible assets well. This research is in line with research conducted by(Ayuningtyas et al., 2024),(Shahzad et al., 2023), And(Appah et al., 2022)states that profitability is able to strengthen the influence of intellectual capital on market performance.

The results of this study support the signal theory used in this study. When intellectual capital is supported by high profitability, it provides a strong signal to investors. Profitability illustrates that the company is able to bear the costs of intellectual capital and the company has better income potential in the future, making investors tend to see it as a positive signal that the company has a competitive advantage. This advantage is considered a factor that improves market performance. High profitability allows companies to focus more on resource management, which in turn improves investor perceptions of market performance. Investors value companies that are able to utilize their intangible resources supported by strong financial performance.

4. CONCLUSION

Based on the data analysis that has been carried out and the results of the discussion in the previous chapter, the following conclusions can be drawn:

1. Corporate Social Responsibility (CSR) disclosure does not affect market performance, where the results of this study indicate that the direct influence of CSR is not significant. CSR disclosure itself has not been able to improve market performance.
2. Intellectual Capital(IC) affects market performance, where the results of this study indicate that intellectual capital directly has a significant negative effect. This indicates that investment in intangible assets tends to reduce market performance in the short term.
3. Profitability (ROE) is able to moderate (strengthen) the influence of Corporate Social Responsibility (CSR) disclosure on market performance. The results of this study indicate that a high level of profitability in a company can strengthen the influence of CSR disclosure on improving market performance.
4. Profitability (ROE) is able to moderate (strengthen) the influence of Intellectual Capital (IC) disclosure on market performance. The results of this study indicate that high profitability allows companies to change the negative perception of intellectual capital into a positive contribution to market performance.

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