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Building financial performance through corporate social responsibility and value investing: A study in Indonesia

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Abstract: Recent research emphasizes the importance of implementing Good Corporate Governance (GCG) in improving the sustainability of financial performance (FM) for companies. The sustainability of this research, which includes Corporate Social Responsibility (CSR) as a mediating variable and Value Investing (VI) as a moderating variable, shows that the integration of GCG and CSR in a single model is still limited and requires further testing. Therefore, this study aims to examine the influence of CSR on the relationship between GCG and FM, particularly in the hospitality industry. The research employs an observational approach, distributing questionnaires to hotel managers in the Jakarta area using cluster sampling techniques. The research design is causal-predictive, and direct and indirect relationship analyses were conducted using the Partial Least Squares – Path Modelling (PLS-PM) method with the WarpPLS version 7.0 application. The analysis results indicate that GCG has a direct positive influence on CSR and FM, and CSR also contributes positively to FM. Furthermore, CSR was found to be a significant mediator in the relationship between GCG and FM. Although VI has the potential to act as a moderator in the relationship between GCG and FM, as well as CSR and FM, these findings provide important contributions to the hotel industry in designing effective GCG strategies to strengthen financial performance and support organizational sustainability. Translated with DeepL.com (free version).

Keywords: *Corporate social responsibility (CSR), Financial performance (FM), Good corporate governance (GCG), Value investing (VI).*

1. Introduction

The expansion of the tourism sector in Indonesia has contributed positively to the hospitality industry. Hotel Room Occupancy Rate (TPK) in Indonesia is projected to increase to an average of 43.16 percent in 2024. This percentage represents a 1.74-point increase compared to 41.41 percent in 2023 [1]. This situation can open up significant opportunities for the hotel sector to record substantial profits in both star-rated and non-star-rated hotels. Although the hotel industry in Indonesia has experienced considerable growth over the last decade, industry players face the challenge of increasingly fierce competition. The number of star-rated hotels increased from 1,778 units in 2014 to 3,763 units in 2023 [2]. This indicates the increasing intensity of competition in the accommodation sector. To survive and continue to thrive amidst competitive market conditions, hotel management needs to conduct an in-depth evaluation of its financial performance. Financial accounting reports produced by a company, including income statements and profit and loss statements, can be used to evaluate the organization's financial performance using financial accounting analysis reports. Financial performance reports can help determine whether the company is healthy [3]. Company leaders are required to continuously evaluate financial conditions to make informed decisions for the company [4].

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The financial activities of a company relate to its efforts to obtain funds and minimize costs and expenses. Financial management efforts also aim to provide financial support for the company's objectives [3]. As stated by Endri et al. [4] and Dimitriadis et al. [5], finance management is a goal-oriented activity. Finance management has been described as a combination of art and science, through which important decisions about what to invest in, how to finance it, and how to combine the two to maximize appropriate goals are made. The performance of a company is measured in financial terms; the success of a company depends on how it is perceived and responds to the external economic market [4, 6]. The realm of financial accounting is now far more complex and dynamic. The advanced technologies and more lenient regulations are shaping the institutional landscape. The financial market is inherently volatile, and interest rates can rise or fall abruptly in a short period of time.

As stated by Alhassan et al. [7], Mandagie et al. [8], and Sayidah et al. [9], the effectiveness of good corporate governance (GCG) cannot be assured merely through formal codes, best practice guidelines, or even legal frameworks. In many instances, the disciplinary role of economic forces, particularly capital markets and stock exchanges, is regarded as more influential than rigid regulatory controls. Central to this market-based discipline are the principles of information transparency and accountability. Moreover, the successful implementation of GCG requires more than formal compliance; it demands strong commitment, professional integrity, and, above all, ethical conduct. Ultimately, corporate governance is not just about adhering to rules but about consistently acting with integrity and doing what is ethically right.

Corporate Social Responsibility (CSR) has emerged as a central theme in corporate reporting, as highlighted by Sadiq et al. [10], Fathony et al. [11], and Mandagie et al. [8]. Most companies now adopt formal CSR policies and publish annual reports detailing their initiatives in this area. Organizations are increasingly able to distinguish between actions that reflect social responsibility and those that do not, as discussed by Kamal Hassan and Saadi Halbouni [12], Mardnly et al. [13], Bhatt and Bhatt [14], and Sadiq et al. [15]. CSR also encompasses broader interactions, those between multinational corporations, governments, and the public, as well as between companies and the local communities in which they operate. At its core, CSR is not only about complying with expectations but about acting ethically and making decisions that reflect a commitment to doing things right and doing the right things [11, 14-16].

Numerous empirical studies investigating the link between Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), and financial performance have produced mixed findings. Several researchers [4, 17-21] report that effective corporate governance and responsible social practices contribute positively to a company's financial outcomes. However, contrasting evidence suggests that GCG may not always have a direct impact on financial performance [22-24]. Similarly, a study by Tee and Nizam [25] concludes that, overall, corporate governance mechanisms do not significantly explain variations in firm performance. On the other hand, Sadiq et al. [10] find that GCG has a positive and significant influence on CSR, implying that firms with strong CSR engagement tend to perform better financially. Further evidence from Endri et al. [26] indicates that the presence of independent commissioners does not significantly affect firm value or performance, whereas the strategic role of the board contributes positively to firm value, although it does not necessarily enhance financial performance.

The variability in findings from prior research has led scholars to explore the relationship between corporate governance, financial accounting performance, and firm value within a unified analytical model. This study aims to offer valuable insights for managerial decision-making, particularly in understanding the key drivers of firm performance and value in the hospitality sector. It also seeks to examine how corporate governance influences the accounting-based valuation of companies operating in Indonesia.

2. Literature Review

2.1. Good Corporate Governance

Based on the Decree of the Indonesian Minister of State-Owned Enterprises No. KEP-117/M-MBU/2002 on Good Corporate Governance (GCG), five core principles serve as the foundation for effective corporate governance: (1) Transparency, which emphasizes openness in the decision-making process; (2) Accountability, which ensures clear roles, structures, systems, and responsibilities across all corporate bodies; (3) Responsibility, which refers to the company's adherence to legal and regulatory frameworks; (4) Independence, which requires professional management free from conflicts of interest or external pressures; and (5) Fairness, which promotes equity in upholding the rights of all stakeholders. In relation to GCG, financial performance is commonly used as an indicator of a company's overall health [10]. The effectiveness of GCG implementation is reflected in how efficiently and effectively an organization achieves its strategic goals [25]. Financial performance, in this context, represents the extent to which management succeeds in utilizing corporate assets productively over a specific period [22].

H1: Good corporate governance contributes positively to a company's financial performance.

2.2. Corporate Social Responsibility

Corporate Social Responsibility (CSR) encompasses a range of definitions, but at its core, it involves incorporating social and environmental concerns into a company's business practices and stakeholder relationships [26]. Organizations that engage in CSR seek not only to meet legal and ethical standards but also to support sustainable development and enhance societal well-being [4]. This approach requires business decisions to be made with careful consideration of their broader social and environmental impacts. CSR practices promote customer attraction and retention, employees, and in turn the company's reputation. These practices must be aligned with the company's goals and the goals of the organization's collaborators, in order to satisfy and engage them [8]. There is a relationship between CSR and organizational management; the way managers make decisions through CSR strategies will improve the work development of their employees. Socially and environmentally responsible organizations influence the behavior of their employees, making them feel proud and identified with their organization [11]. Likewise, social responsibility. The ability to influence employee sustainability in the organization [15]. Because of that, CSR is a means of connecting organizations with society and the environment, so employee performance is fundamental [4].

$H_{2:}$ Good corporate governance contributes positively to corporate social responsibility

$H_{3:}$ Corporate social responsibility contributes positively to financial performance

2.3. Financial Performance

Contemporary organizations increasingly implement performance evaluation systems within their after-sales service departments [27]. These assessments play a crucial role in aligning internal processes to support effective service recovery. To design and implement a strategic service approach, it is essential for organizations to understand how customers perceive the key aspects of service quality [22]. Performance evaluation can be approached from two main perspectives: the first, more commonly applied, involves analyzing the relationship between service quality and financial outcomes such as revenue and profitability. The second, less frequently used, involves assessing performance based on a comprehensive set of objectives that include both financial and non-financial indicators. Service performance is often viewed as synonymous with service success [10].

In the hospitality sector, while there have been notable improvements in managing operations based on the iron triangle metrics, time, cost, and quality, many organizations still fall short in delivering the intended long-term benefits of those operations [28]. This shortfall represents a missed opportunity for stakeholders and investors to fully realize the value of their contributions in enhancing organizational performance [8]. In response to this challenge, the field of hospitality management has increasingly focused on the importance of benefits realization in operational activities [11, 15]. This focus has become even more critical as operations grow in scale and complexity, often involving collaboration across multiple organizations. Failing to maximize the benefits of these efforts may lead to substantial financial and strategic losses for both funders and hotel management teams.

H_4: Corporate social responsibility as a mediating role in the relationship between Good Corporate Governance and Financial Performance

2.4. Value Investing

The fundamental principle of investing involves purchasing assets at a lower price and selling them at a higher price [3, 11]. Value investing has emerged as a widely adopted strategy for identifying companies that the market may undervalue. This approach involves a detailed analysis of stocks that could be mispriced, with an emphasis on their long-term growth potential [29, 30]. The growing body of evidence highlights the opportunity for generating strong returns through this method. A key driver of value investing is investor behavior, particularly psychological biases that lead to overvaluation based on previous performance trends [8]. These insights highlight the relevance of a value-based investment strategy, which aims to uncover hidden or overlooked opportunities. Typically, value investors prefer stocks that are priced lower when comparing firms with similar earnings or book value metrics.

H_5: Value investing as a moderating role in the relationship between good corporate governance and financial performance

H_6: Value investing as a moderating role in the relationship between corporate social responsibility and financial performance

As illustrated in Figure 1, the findings indicate a link between the implementation of good corporate governance and improved company performance within the industry. This study explores the interactions among good corporate governance, corporate social responsibility, financial performance, and value investing, specifically within the context of Indonesia's hospitality sector.

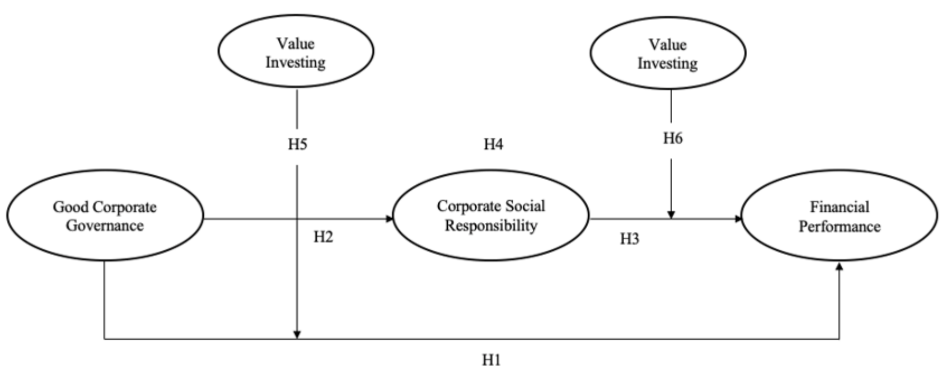

Figure 1.
Research Model.

3. Materials and Methods

This study adopts a quantitative approach and is classified as explanatory research. The population comprises companies within Jakarta's hospitality industry, focusing on a total of 63 hotels. Using the Slovin formula, the sample size was determined to include 290 middle management respondents. The sampling method applied was proportional stratified random sampling, a technique categorized under probability sampling. Data were collected through structured questionnaires.

For data analysis, this research employed Partial Least Squares (PLS), a variance-based Structural Equation Modeling (SEM) technique. As noted by Haenlein and Kaplan [31], PLS-SEM is oriented toward theory development and predictive modeling. It is particularly effective in explaining

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relationships between latent constructs. One of the key strengths of PLS is its flexibility, as it does not require assumptions of normal data distribution and is well-suited for studies with relatively small sample sizes [32].

Hypothesis testing was carried out using a full-model SEM approach, with hypotheses accepted when the T-statistic value exceeded the critical value of 1.96 at a 5% significance level. This comprehensive methodological framework provides a solid basis for evaluating the relationships among the study's variables.

4. Results

4.1. Characteristics of Respondents

The respondent profile in this study was categorized by gender, age, educational background, and length of service. These characteristics were derived from responses to the distributed questionnaires, which were completed by middle-level managers working in a hotel holding company based in Jakarta, Indonesia. The data collection took place between January and April 2025 and was conducted online using Google Forms. Prior to participating, all respondents were asked to provide informed consent, which was obtained electronically through the questionnaire platform. To ensure clarity and ease of understanding, the questionnaire was presented in the Indonesian language.

Regarding gender distribution, the majority of respondents were male, comprising 152 individuals (52.41%), while female respondents totaled 138 (47.59%). In terms of age, 32 participants (11.03%) were between 25–30 years old, 51 participants (17.58%) were aged 31–35, 164 participants (56.55%) were in the 36–45 age group, and 43 participants (14.82%) were older than 45. As for educational qualifications, most respondents held a bachelor's degree (188 individuals or 64.82%), followed by 98 participants (33.80%) with a master's degree and 4 participants (1.37%) with a doctorate.

With respect to work experience, 28 respondents (9.65%) had been employed for less than one year, 106 individuals (36.55%) had worked for 1–5 years, 81 respondents (27.93%) had between 6 and 10 years of service, and 75 participants (25.86%) had been with their organizations for 11 to 15 years.

4.2. Validity Test, Reliability Test, R-square test

To assess the credibility of the questionnaire, validity testing was carried out using a convergent validity approach. According to Hair et al. [32] and Haenlein and Kaplan [31], a measurement item is deemed valid when the Average Variance Extracted (AVE) exceeds the threshold value of 0.5, indicating that the instrument adequately captures the underlying construct it intends to measure.

Table 1.
AVE, Composite Reliability, Cronbach Alpha, R-square, and Adjusted R-square.

Variables	AVE	Composite reliability	Cronbach alpha	R-square	R-square Adjusted
Value Investing (VI)	0.713	0.938	0.811	-	-
Good Corporate Governance (GCG)	0.609	0.814	0.782	-	-
Corporate Social Responsibility (CSR)	0.613	0.808	0.766	0.625	0.621
Financial Performance (FP)	0.676	0.967	0.895	0.634	0.638

Table 1 displays the Average Variance Extracted (AVE) values for each construct in the model. AVE reflects the proportion of variance in the observed indicators that is explained by the underlying latent variable. Higher AVE values suggest that the construct effectively captures the variance shared with its indicators. In this study, the AVE scores for good corporate governance, corporate social responsibility, financial performance, and value investing are 0.609, 0.613, 0.676, and 0.713, respectively. These results indicate that the indicators for each construct explain a substantial portion of the variance, thereby supporting the presence of strong convergent validity.

Reliability testing involves evaluating both Cronbach's Alpha and Composite Reliability (CR) to determine the consistency of measurement items. According to Hair et al. [32], a Cronbach's Alpha

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value above 0.7 is considered acceptable, while an ideal Composite Reliability falls between 0.7 and 0.95. Values exceeding the upper threshold may suggest redundancy among the indicators. Table 1 outlines the reliability results for each construct in the model, based on their Composite Reliability scores. This metric assesses the internal consistency of the indicators linked to each latent variable, with higher values reflecting greater reliability. In this study, the Composite Reliability values for good corporate governance, corporate social responsibility, financial performance, and value investing are 0.814, 0.808, 0.967, and 0.938, respectively. These results demonstrate a high degree of internal consistency across all constructs, confirming the strength and reliability of the measurement model.

The R-Square (R^2) test is used to assess the explanatory strength of a model by indicating how much of the variance in the dependent variable can be accounted for by the independent variables. According to Ghozali and Latan [33], an R^2 value of 0.75 or higher is considered substantial, 0.50 is viewed as moderate, and 0.25 is regarded as weak. However, an R^2 value exceeding 0.90 may signal overfitting, where the model may be too closely tailored to the sample data and may not generalize well to other contexts. These benchmarks are useful for evaluating both the adequacy and the reliability of the model in capturing the relationships between variables [32, 34].

In this study, the R-Square value for the corporate social responsibility (CSR) variable is 0.621, indicating that good corporate governance (GCG) explains approximately 62.1% of the variance in CSR. Similarly, the R-Square value for the financial performance variable is 0.638, suggesting that financial performance is influenced by GCG, CSR, and value investing, collectively accounting for about 63.8% of the variance. These results reflect a moderately strong explanatory power within the model.

4.3.Q-square Test

The Q-Square (Q^2) value derived from the analysis is 0.636, indicating that the model accounts for approximately 63.6% of the variance in the observed data. This suggests that the research framework demonstrates strong predictive relevance. The remaining 36.4% of the variance is attributed to factors not included within the current model. Thus, based on this result, the model is considered to have a satisfactory level of goodness of fit.

In addition, the F-Square (f^2) test was conducted to evaluate the effect size of each independent variable on its corresponding dependent variable. According to established thresholds, an f^2 value of 0.02 is interpreted as a small effect, 0.15 as a medium effect, and 0.35 as a large effect. The f^2 values identified in this study for each relationship are outlined as follows:

Table 2.
F-Square (f^2).

	Financial Performance (FP)	**Corporate Social Responsibility (CSR)**
Financial Performance (FP)	-	-
Good Corporate Governance (GCG)	0.224	0.537
Corporate Social Responsibility (CSR)	0.433	-

Table 2 displays the f-squared (f^2) effect size values for each path relationship within the model. These values reflect the extent to which each independent variable contributes to the explained variance of the dependent variable, namely, Financial Performance (FPP). The f^2 value for the relationship between Good Corporate Governance (GCG) and Financial Performance is 0.024, indicating a small effect size. Meanwhile, the f^2 value for the influence of GCG on Corporate Social Responsibility (CSR) is 0.537, which represents a large effect. These results highlight the relative strength of each predictor in influencing the model's outcomes, with GCG playing a particularly significant role in shaping CSR.

Table 3.
Goodness-of-Fit (GoF).

NO.	GoF	Mark	Information
1.	SRMR	0.087	The model is already strong
2.	NFI	0.684	The model is already strong
3.	rms Theta	0.296	suitable model,
4.	F^2	0.639	Corporate Social Responsibility
		0.746	Good Corporate Governance

As shown in Table 3, the Goodness of Fit (GoF) index is calculated at 0.296. According to the criteria suggested by Tenenhaus [35], a GoF value of 0.10 is considered small, 0.25 is moderate, and 0.36 or higher is considered large. Based on this threshold, the model's GoF falls within the moderate range, indicating a satisfactory overall fit between the measurement model (outer model) and the structural model (inner model).

Additionally, the model's predictive capability was assessed using the Q-square Q^2 statistic. A Q^2 value greater than zero suggests that the model has predictive relevance. In this study, the Q^2 value was found to be 0.638, which exceeds the threshold and indicates that approximately 63.8% of the variance in the dependent variables, corporate social responsibility and financial performance, can be explained by the constructs included in the model. Therefore, the model demonstrates acceptable predictive power and is suitable for further analysis.

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4.4. Hypotheses Testing

Based on the processed data, the findings provide the basis for evaluating the research hypotheses. Hypothesis testing was carried out by analyzing the T-statistic and P-values, in accordance with the approach outlined by Hair et al. [32]. This study specifically examined the moderating role of value investing, which was included to evaluate whether it strengthens, weakens, or alters the relationship between the independent (explanatory) variables and the dependent (response) variable.

To interpret the moderating effects, the analysis draws on the framework proposed by Ghozali and Latan [33], which classifies moderation into several types: (a) absolute moderation, (b) pure moderation, (c) quasi-moderation, (d) potential or homologous moderation, and (e) explanatory or predictor moderation. The following section presents the hypothesis testing results derived from the inner (structural) model, based on this theoretical perspective.

Table 4.
Hypotheses Testing.

Hypothesis		Original Sample	T Statistics	P Value	Results
H1	Good Corporate Governance →Financial performance	0.412	2.459	0.019	Positive/ Significant
H2	Good Corporate Governance → Corporate Social Responsibility	0.405	3.429	0.000	Positive/ Significant
H3	Corporate Social Responsibility →Financial performance	0.493	5.071	0.000	Positive/ Significant
H4	Mediation effect Corporate Social Responsibility*Good Corporate Governance → Financial performance	0.510	4.575	0.000	Positive/ Significant
H5	Moderation Effect Value Investing*Good Corporate Governance → Financial performance	0.127	0.566	0.414	Moderated Potential
H6	Moderation Effect Value Investing*Corporate Social Responsibility →Financial performance	0.260	3.921	0.098	Purely Moderated

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5. Discussion

5.1. Good Corporate Governance and Financial Performance

As reflected in Table 4, good corporate governance demonstrates a positive and significant effect on financial performance. This suggests that companies can enhance their financial outcomes by adopting strong governance practices. The result supports previous research by Mandagie et al. [8] and Endri et al. [26], which highlights the critical role of governance in shaping organizational performance. By implementing effective governance mechanisms, firms can optimize resource allocation, reduce inefficiencies, and attract investors who are focused on long-term value creation. These findings emphasize the strategic importance of embedding sound corporate governance as a core driver of sustainable financial success and organizational growth.

5.2. Good Corporate Governance and Corporate Social Responsibility

As shown in Table 4, good corporate governance has a positive and significant effect on corporate social responsibility (CSR). This indicates that stronger governance practices contribute to the enhancement of CSR initiatives. The study underscores the vital role of good corporate governance in influencing how organizations approach social responsibility, particularly in shaping investment strategies and decision-making processes. These findings align with those of Dimitriadis et al. [22] and Soelton et al. [36], who emphasize the multifaceted nature of effective governance, such as improving internal controls, reinforcing regulatory frameworks, and elevating information quality through advanced technologies like collaborative algorithms and recognition systems. By leveraging governance structures effectively, firms are better equipped to manage and communicate critical information, leading to a deeper understanding of both internal operations and external market conditions [15]. Consequently, the integration of governance-driven initiatives can strengthen a company's value proposition, operational performance, and market appeal, supporting sustainable growth and competitiveness in an increasingly transparent global business environment.

5.3. Corporate Social Responsibility and Financial Performance

Corporate social responsibility (CSR) demonstrates a significant positive effect on financial performance, as reflected in Table 4. This finding highlights the critical role of CSR in supporting an organization's overall financial success. Strategic implementation of CSR initiatives contributes not only to sustainable business practices but also to enhancing long-term financial outcomes. By aligning investments with intrinsic value and long-term growth potential, organizations can improve their financial stability and strengthen their competitive edge.

CSR practices serve as a mechanism for maximizing shareholder returns while fostering resilience and strategic coherence across the organization. These efforts contribute to improved operational effectiveness, increased profitability, and long-term shareholder value [37]. As such, CSR can be considered a foundational element for achieving superior financial results and enduring business prosperity.

Moreover, CSR positively influences financial performance by encouraging the acquisition of undervalued resources, which supports long-term growth and consistent returns. Prioritizing a company's intrinsic worth and future prospects enables more calculated investment decisions that are in line with organizational objectives. This approach not only enhances value for shareholders but also mitigates risks and drives sustainable performance over time. These conclusions are supported by earlier studies, including those by Mayur and Saravanan [23], Endri et al. [4], and Dimitriadis et al. [22], which also affirmed the significant and beneficial relationship between CSR and financial performance.

5.4. Corporate Social Responsibility Mediating between Good Corporate Governance and Financial Performance

Corporate social responsibility (CSR) plays a significant mediating role in the relationship between good corporate governance (GCG) and financial performance, as evidenced in Table 4. This study emphasizes that effective GCG practices substantially contribute to improved financial outcomes, particularly through enhanced organizational efficiency [10]. When governance frameworks are well-implemented, ensuring timely execution of activities, optimal resource utilization, and alignment with strategic goals, they enhance operational effectiveness, boost profitability, mitigate risk, and increase stakeholder confidence [8].

The strong link between CSR and GCG illustrates the foundational role of governance in shaping socially responsible practices. GCG serves as a critical enabler for long-term organizational success and the achievement of strategic targets [6]. Nevertheless, despite advancements in governance practices across various indicators such as scope, cost, and time, some performance gaps remain, limiting the realization of full benefits [7].

This highlights the need for a more focused approach to managing the value derived from GCG, ensuring that CSR initiatives translate into measurable outcomes that enhance organizational performance. Addressing these shortcomings is increasingly vital, especially given the growing complexity of corporate operations. Failure to do so may lead to significant consequences for investors and stakeholders, reinforcing the importance of treating corporate governance as a professional and strategic discipline.

5.5. Value Investing moderating between Good Corporate Governance and Financial Performance

Value investing was found to moderate the relationship between good corporate governance and corporate social responsibility; however, the test results indicated a positive but statistically insignificant effect on the relationship between good corporate governance and financial performance. Despite this, the findings suggest that value investing continues to play an important role in amplifying the influence of governance practices on financial outcomes, particularly in today's dynamic digital economy [38]. By integrating digital technologies and fostering an innovation-oriented culture, organizations can enhance operational workflows, boost productivity, and respond more effectively to shifts in market conditions [14].

Value investing provides a strategic avenue for improving organizational performance by encouraging structural, procedural, and technological transformations [37]. Through more efficient resource allocation, minimized transaction costs, and improved managerial coordination, value investing contributes to greater production efficiency and enhanced overall performance, supporting long-term business viability.

In the context of hospitality management, technological advancements such as smart infrastructure, virtual reality experiences, and digital marketing via social media can streamline services, attract customers, and sharpen competitive advantage. Additionally, strong quality assurance frameworks help hospitality businesses stay attuned to evolving customer preferences, adapt to market shifts, and use resources more effectively, leading to improved operational outcomes and sustainable growth. These capabilities position firms to thrive in competitive environments and leverage emerging opportunities within the hotel and service industries.

5.6. Value investing moderates between Corporate Social Responsibility and Financial Performance

Value investing plays a significant moderating role in strengthening the positive relationship between corporate social responsibility (CSR) and financial performance, as shown in Table 4. This underscores the strategic value of incorporating a value-based investment approach within the hospitality sector. In this context, CSR involves identifying areas within hospitality management that are undervalued yet possess strong potential for sustainable growth and long-term value creation [10]. By aligning business practices with CSR principles, hospitality firms can enhance financial outcomes, boost operational efficiency, and improve their position in the competitive landscape.

A well-integrated CSR strategy allows hotel managers to optimize returns on investment, mitigate risk, and deliver lasting value to stakeholders [4, 22]. Accordingly, the adoption of value investing practices is essential for hospitality businesses aiming to achieve superior performance and long-term viability in an ever-evolving market environment. Integrating these value-driven principles into governance frameworks and quality assurance standards not only supports operational excellence but also reinforces the organization's resilience and strategic direction for future growth.

6. Conclusion

The findings offer meaningful perspectives on the interplay between good corporate governance (GCG), corporate social responsibility (CSR), value investing, and firm performance within the hospitality industry. Firstly, the analysis demonstrates that GCG has a significant influence on CSR, suggesting that well-implemented governance practices can elevate the value and effectiveness of CSR initiatives in hospitality organizations. Likewise, CSR has a notable impact on firm performance, indicating that creative and well-aligned CSR strategies contribute substantially to value creation in this sector.

In addition, the study confirms that value investing plays a vital role in enhancing firm performance, underlining the importance of sound investment strategies in shaping organizational outcomes. Both GCG and CSR are also found to independently influence firm performance, reinforcing their strategic importance in driving success within hospitality firms.

Furthermore, mediation analysis shows that CSR serves as a conduit through which GCG influences firm performance. At the same time, value investing moderates the impact of both GCG and CSR on firm performance, highlighting the strategic role of investment decisions in translating governance and responsibility efforts into tangible business outcomes. These insights collectively stress the need for hospitality companies to adopt strong governance frameworks, forward-thinking CSR strategies, and value-driven investment practices to remain competitive and achieve sustainable performance in today's dynamic hospitality and tourism landscape.

6.1. Recommendation

Based on the results of hypothesis testing, several strategic recommendations can be made to enhance organizational performance by leveraging good corporate governance (GCG), corporate social responsibility (CSR), and value investing.

Firstly, organizations should focus on establishing and maintaining strong GCG frameworks to ensure effective planning, execution, and oversight of operational activities. This includes ensuring accountability and transparency in decision-making processes. Enhancing managerial skills through targeted training programs and professional development opportunities can further strengthen governance capabilities.

Secondly, embracing CSR practices can serve as a catalyst for value creation and competitive advantage. To remain responsive to evolving stakeholder expectations, organizations should invest in research and innovation aimed at developing CSR initiatives that align with their operational goals and social commitments.

Thirdly, adopting a value-based investment approach is essential. Organizations should make investment decisions that not only seek optimal returns but also mitigate potential risks. This involves conducting in-depth cost-benefit analyses, evaluating strategic fit, and regularly reviewing investment portfolios to ensure alignment with long-term objectives. Implementing a structured and adaptive investment evaluation system can enhance resource efficiency and support sustainable growth.

By integrating these practices, organizations can build a more resilient and high-performing structure, better equipped to thrive in dynamic and competitive environments.

6.2. Limitations

Although this study offers valuable insights into the intricate relationships among good corporate governance (GCG), corporate social responsibility (CSR), value investing, and firm performance, several limitations must be acknowledged. Firstly, the applicability of the findings may be limited to the specific industry and context examined, making it necessary to exercise caution when attempting to generalize the results to other sectors or settings. Secondly, by concentrating on selected dimensions of the key variables, the study may not fully capture other relevant factors that influence financial performance. To overcome these constraints, future research should incorporate more diverse and representative samples, employ objective and standardized measures, utilize longitudinal methodologies, and adopt broader theoretical models. Such approaches would contribute to a more holistic understanding of the complex dynamics shaping organizational performance.

Transparency:
The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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