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Digital Technology and CSR Disclosure on Firm Value Moderated by Financial Flexibility and Firm Size

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Abstract

This study aimed to examine the effect of digital technology and corporate social responsibility (CSR) disclosure on firm value moderated by financial flexibility and firm size. The data collected quali tatively from company websites were analyzed using quantitative content analysis. The moderating impact of financial flexibility and firm size was tested using the Moderating Regression Analysis (MRA) model. Moreover, a criteria-based method was employed to determine samples comprising 135 banking companies listed on the Indonesia Stock Exchange for 2019-2021. The results showed that digital technology and CSR disclosure positively affect firm value. This means the company website information demonstrates to stakeholders that management has optimized resources, implemented innovative models, and increased business efficiency, quality, and consistency. Therefore, it provides a good reputation to investors and potential investors. Other findings showed that financial flexibility and firm size moderate the relationship between CSR disclosure and firm value. The two variables also strengthen the relationship between CSR disclosure and firm value. However, firm size weakens the effect of digital technology disclosure on firm value. Financial flexibility does not moderate the effect of digital technology disclosure on firm value. This study has implications for the management to focus on information quality and quantity in digital technology and CSR in fulfilling the stake holders' decision-making needs.

Keywords : CSR disclosure, Digital technology disclosure, Financial flexibility, Firm size, Firm value.
JEL Classification : G30, G21

1. Introduction

The company aims to maximize public value and reputation in the long run (Pricewater-houseCoopers, 2021). Investors consider firm value when analyzing stock prices and making investment decisions (Worokinasih & Zaini, 2020). This signifies that the value reflects investor confidence (Huynh et al., 2020). According to PricewaterhouseCoopers (PwC, 2016), the stock market consistently placed a higher value on shareholder equity than the balance sheet value between 2009 and 2016. The difference between the book value and the market value indicates a failure to disclose hidden information (Soetanto & Liem, 2019). This results in information asymmetry between the company and external users (Cabrita et al., 2017; Shahwan & Fathalla, 2020). Therefore, additional information should be disclosed to stakeholders to reduce information asymmetry. Furthermore, mandatory and voluntary additional information allows for precise estimates in financial analysis to increase competitive advantage (Cormier et al., 2019). Also, it reduces information asymmetry between managers and investors.

Non-financial information disclosure is still low in Indonesia, with an average of 50% of each intangible asset (Mukhibad & Setyawati, 2019). In financial companies listed on the IDX, the disclosure level of intangible assets is 6.27% (Ningsih & Laksito, 2014). Non-financial disclosure is 22.29% (Leonard & Trisnawati, 2015), while disclosure in banking sector is the lowest (Utama & Khafid, 2015). Although the overall disclosure is low, the banking sector discloses more information on intangible assets. This is because banking is a fiduciary industry that provides services as its main activity. It is based on stakeholder trust, meaning the services provided significantly affect customer relationships and loyalty (Gokmenoglu & Amir, 2020). This is relevant when intangible assets in the banking industry are properly disclosed to increase the value (Kryscynski et al., 2020).

There is limited information on digitalization in traditional financial reports, while more innovative company annual reports increase value. This has led to a new strategy in reporting by digitizing the investor decision-making process (Salvi et al., 2021). The information on digitalization disclosed is a rarely explored topic. Only a few studies have examined the relationship between information about digitalization and firm value (Bertani et al., 2021; Vitolla et al., 2020).

Voluntary non-financial disclosures could be conducted to increase stakeholder trust by providing environmental and social-related information. The stakeholders' social awareness and expectations have created the need for mandatory and voluntary reporting on CSR, which is important for enhancing reputation (Sukoharsono et al., 2021). Its disclosure has developed as a dimension of responsible company communication on sustainability and social responsibility. This is because the disclosure aims to fulfill stakeholder expectations and serve as a communication medium for correct and transparent information (Podnar, 2008). Therefore, a company makes efforts to convince stakeholders and potential investors that management has strategically communicated CSR (Pollach et al., 2012; Sukoharsono et al., 2021; Kim and Rader, 2010). Voluntary disclosure shows that the current non-financial tangible assets are insufficient to support Indonesia's competitiveness in the ASEAN region. This is because the assets are easily imitated and less innovative (Soetanto & Liem, 2019). In line with this, financial flexibility is an intangible asset that helps deal with unexpected events and maximizes firm value. Similarly, increasing the annual financial reports' relevance by making voluntary non-financial disclosures could be influenced by firm size. The size is reflected in how big it is measured by the value of the total assets on the balance sheet at the end of the year. A larger company has higher public demand for information than a smaller one. Furthermore, it tends to disclose more extensive information to reduce agency costs. More shareholders also denote more disclosure due to demands from shareholders and capital market analysts (Gunawan, 2017; Jensen & Meckling, 1976).

Few studies have tested the effect of digital technology and CSR disclosures on firm value, especially in Indonesia. This study was adopted by Salvi et al. (2021) regarding the impact of digital technology disclosure on firm value by adding the variable of CSR disclosure. Salvi et al. (2021) had several limitations, including analyzing voluntary digital technology disclosure, while management requires other aspects, such as environmental disclosure, to increase firm value. Therefore, this study answered the limitations by including digital technology disclosure and social responsibility. It examined the quality of digital non-financial disclosures through website media and annual reports. Additionally, the study investigated the impact of these disclosures on firm value moderated by financial flexibility and firm size.

2. Hypotheses Development

This study aimed to examine the effect of digital technology disclosure and social responsibility on firm value moderated by financial flexibility and firm size. The signal theory was employed in collecting data from the capital market to reduce information asymmetry regarding the company's financial and social activities (Spence, 2002). In this case, the signal quality of the information disclosed provides support and trust from stakeholders on positive benefits and enhances the reputation. Previous studies examined the impact of digital technology implementation and disclosure on firm value. Al-Akra & Ali (2012), Chung et al. (2015), and Uyar & Kılıç (2012) found that voluntary online information disclosure positively affected firm value through report content analysis. In line with this, Garay, Gonz´alez, Guzm´an, and Trujillo (2013) found similar results after examining information disclosed through websites. This positive relationship was also verified for information in integrated reports (Barth, Cahan, Chen, & Venter, 2017; Lee & Yeo, 2016). The studies show that digital technology disclosure increases value and competitiveness. Specifically, a company benefits more from socially responsible activities than the costs incurred (Siegel and Vitaliano 2007).

Orens et al. (2009) and Raimo et al. (2020) found that digital information on intellectual capital positively affected firm value. However, few studies show a contribution regarding the effect of digitization information on firm value. L´opez-Arceiz, Torres, and Bellostas (2019) found that digital information technology facilitates achieving strategic and financial goals. Therefore, the first hypothesis was proposed as follows:
H_1: Digital technology disclosure positively affects firm value.

Signalling theory suggests that management signals stakeholders about the company's sustainable development activities and convey social responsibility through communication media such as websites. The disclosure of social responsibility activities also signals to stakeholders about CSR and climate change commitment, financial stability, corporate governance, and environmental activities. In this context, signals reduce information asymmetry between the company and stakeholders and decrease the legitimacy gap with society (Ching and Gerab, 2017). Chapple and Moon (2005) added that websites represent official company policies and practices that facilitate communication on community engagement, socially responsible production processes, and employee relations. Therefore, the second hypothesis was formulated as follows:
H_2: Corporate social responsibility disclosure positively affects firm value.

Digital technology disclosure is affected by management policies in projecting investment policies on digitization-related intangible fixed assets. This study explained three important aspects. First, a financially-flexible company enters external markets more easily to fulfill greater capital needs (Arslan et al., 2013). This helps fulfill the stakeholders' expectations, facilitating relationships and increasing revenues. Second, financial flexibility helps maintain the debt and future financing capacity. It also facilitates in selecting more and better investments (Marchica and Mura, 2010), significantly enhancing market competitiveness. Third, financial flexibility affects funding, investment, and business activities. A company with higher financial flexibility is more flexible in dealing with emergencies (Denis and McKeon, 2012), increasing the ability to withstand shocks during crises. Therefore, the third hypothesis was proposed as follows:
H_3: Financial flexibility moderates the effect of digital technology disclosure on firm value.

Ashfaq & Rui (2019), Salehi & Rui (2019), and Fahad & Nidheesh (2018) found that CSR disclosure significantly relates to firm size, which affects firm value. The bigger company gets internal and external funding more easily, which is useful for its operations. Therefore, the fourth hypothesis was proposed as follows:
H_4: Firm size moderates the effect of digital technology disclosure on firm value.

Social responsibility reduces the flexibility to respond to negative productivity shocks. This reduces the welfare of other stakeholders to maintain target interests (Becchetti et al., 2013). Arslan-Ayaydin et al. (2014) showed that a financially flexible company had investment opportunities during the financial crisis that affected developing countries. Therefore, the fifth hypothesis was formulated as follows:
H_5: Financial flexibility moderates the effect of corporate social responsibility disclosure on firm value.

Putri et al. (2016) stated that firm size is a moderating variable that strengthens the relationship between social responsibility and firm value. Based on this explanation, the sixth hypothesis was formulated as follows:
H_6: Firm size moderates the effect of corporate social responsibility disclosure on firm value.

3. Method, Data, and Analysis

This study classified data on digital technology disclosure using content analysis procedures. It measured digital technology disclosure by assigning a code based on the disclosure framework, where

1 denotes the information is consistent with the disclosure category and 0 when inconsistent. The codes obtained were added up to get an overall score from each banking company. The digital technology disclosure framework was based on the International Financial Accounting Standard (IFRS). The framework under IFRS was chosen because reports must be interlinked with company information and external data. In this case, external data comprise market data, reports on industry, country, or company competitors, and legal frameworks. The same approach should be applied to internal users by availing closed and open internal information. Therefore, a digital technology disclosure framework was prepared by developing the existing accounting standards. The aim was to improve the performance of financial reporting in non-financial disclosure in the digitization era.

The corporate social responsibility disclosure framework in this study used the Global Reporting Initiative (GRI) basis. This is because the GRI framework provides standardization requiring participants to report economic indicators, environmental compliance, labor practices, human rights, society, and product responsibility. Within this category and other subcategories (Landrum, 2017), the framework allows the flexibility to report on the issues most salient to the company and its stakeholders CSR disclosures were classified using content analysis procedures. In the classification, the website data with elements contained in the GRI standard were given a value of 1, while undisclosed information was assigned a value of 0. The codes obtained were added to get an overall score from each banking company.

Firm value is calculated in several ways, but this study used the Price to Book Value (PBV) ratio. The measurement was used because it assists investors in reading the company's financial market assessments (Nimtrakoon, 2015).

$$\text{PBV} = \frac{Closing\ Price}{Net\ book\ value}$$

The two moderating variables in this study are financial flexibility and firm size. Financial flexibility was measured using the leverage ratio to estimate the funding utilization from debt (Brigham & Daves, 2006).

$$Lev = \frac{Net\ Debt}{EBITDA}$$

Firm size is a scale to determine the number of assets owned (Maji & Goswami, 2016; Nimtrakoon, 2015; Rahayu, 2019).

$$SIZE = Ln.Total\ Asset$$

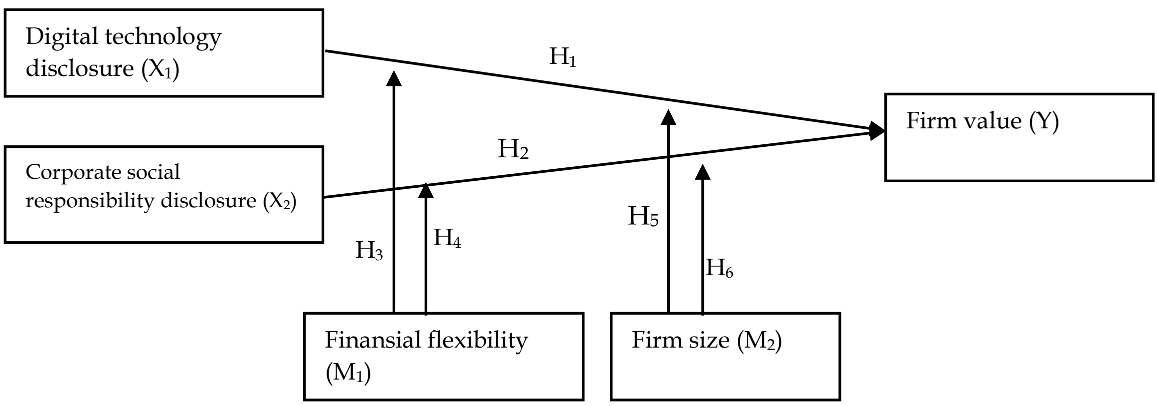

Figure 1. Study Framework

Purposive sampling was used to determine 135 banking companies listed on the Indonesia Stock Exchange in 2019-2021. The 2019-2021 period was selected for several reasons. First, the coronavirus pandemic, which began in 2019, is an important new material in analyzing risk determinants and disclosure by management to maintain the company's reputation (Zyznarska-Dworczak & Rudžionienė, 2022). Second, internet users worldwide have increased by 59% since the pandemic until

2021. It shows that digital information has been influential as a communication medium, especially in business (Kemp, 2020).

This study used a quantitative content analysis approach by identifying data analysis units based on digital technology disclosure and social responsibility categories on websites. The analysis units were coded according to guidelines to explore the amount of digital technology and CSR disclosures. The coding results for each independent variable indicated an intercoder reliability score using Kappa Cohen of 0.643 and 0.651 for the digital technology and CSR disclosure variables. This value fulfilled the reliability requirements and was declared feasible for regression analysis (Stevens et al., 2014). After testing the validity, statistical analysis was conducted using regression. Multiple linear regression analysis was used to examine the effect of digital technology disclosure and social responsibility on firm value. Furthermore, Moderating Regression Analysis (MRA) model was applied to test the moderating impact of financial flexibility and firm size. The regression had to fulfil the classical assumption of normality, heteroscedasticity, multicollinearity, and autocorrelation test requirements. The equations for multiple linear and MRA regression analyses are as follows:

$$Y = \alpha + \beta_1 DT + \beta_2 CSR + \varepsilon$$

$$Y = \alpha + \beta_1 DT + \beta_2 CSR + \beta_3 DT * M_1 + \beta_4 DT * M_2 + \beta_5 CSR * M_1 + \beta_6 CSR * M_2 + \varepsilon$$

Where: Y= Firm value (PBV); TD= Number of Digital Technology disclosures on the website; TSP= Number of CSR disclosures on the website; M1= Moderating Variable of Financial Flexibility; M2= Moderating Variable of Firm size; α= Constant; β_1- β_6= Regression Coefficient; ε= Error.

4. Results

Data Analysis Results

The results of the descriptive statistics in Table 1 show that the average PBV by a banking company exceeds 1, indicating that the market value is higher than the book value (Heryana et al., 2020). The lowest score was obtained by Bank KB Bukopin Company in 2019, indicating the bank's PBV value is the smallest, allegedly due to the impact of the Covid-19 pandemic. The President Director of the KB Bank Kookmin Company explained that a decline in financial performance was unavoidable due to the pandemic. There was a 30% increase in credit restructuring of the total loans disbursed by banks (Walfajri, 2021). The results show that the highest score was 4.43, obtained by Bank Jago Company, with the highest PBV ratio. This is because, in 2020, investors have confidence in the bank's future performance as a potentially profitable digital bank. The bank is supported by Gojek, which had 40 million active users (Putra, 2021). Furthermore, it is predicted that Bank Jago would merge with Tokopedia, which makes investors pursue shares (Putra, 2021).

Table 1. Descriptive Statistic

Variable	N	Min	Max	Average	Std. Deviation
Y (Firm value)	135	-1.90	4.43	0.50	1.06
X_1 (Digital technology disclosure)	135	0.01	1.00	0.38	0.32
X_2 (Corporate social responsibility disclosure)	135	0.00	0.11	0.05	0.03
M_1 (Financial flexibility)	135	-3.22	2.89	0.13	0.64
M_2 (Firm size)	135	13.48	21.27	17.43	1.82

Description: This table is based on raw data

Table 1 shows that digital technology disclosure has an average value of 0.38. This indicates that of the five indicators, the banking company has not disclosed much digital technology on websites based on fixed, unrecognized and recognized intangible assets, financial instruments, and estimated liabilities.

The average CSR disclosure on the website only reaches 0.05 of the total indicators based on the GRI standard. This may be because a banking company explains its social disclosures based on GRI standards through sustainability and annual reports. Subsequently, website disclosures are not just summaries to attract visitors or investors.

The findings show that the average value of financial flexibility is 0.13. This indicates that a banking company has insignificant investments, reducing the risks faced (Brigham & Daves, 2006).

Subsequently, the firm size is 17.43, indicating that a banking company is large (Suryani & Rofida, 2020).

Table 2. Hypothesis Testing Results Using Fixed Effect Model

		1	2	3	4	5
1	Y (Firm value)	1.000				
2	X_1 (Digital technology disclosure)	0.447**	1.000			
3	X_2 (Corporate social responsibility disclosure)	-0.167	-0.127	1.000		
4	M_1 (Financial flexibility)	-0.325	-0.322	-0.081	1.000	
5	M_2 (Firm size)	-0.374	-0.293	0.833**	0.059	1.000

Description: **Significant correlation at 0.01, *Significant correlation at 0.05

Table 2 shows the correlation between variables, where digital technology disclosure correlates moderately to firm value. This means that higher digital technology disclosure on the website increases the value. However, CSR disclosure is not correlated with any of the variables. This could be due to the low level of disclosure made on websites. Firm size has a significantly strong correlation with CSR disclosure

Table 3. Regression Test

Variable	Model 1		Model 2	
	Coefficient	*p-value*	*Coefficient*	*p-value*
Konstanta	5.454	0.000	12.389	0.000
X_1 Digital Technology	0.895	0.001**	3.898	0.046*
X_2 Corporate social responsibility	10.084	0.035*	107.914	0.000**
M_1 Financial flexibility	-0.100	0.019*	0.010	0.919
M_2 Firm size	-0.308	0.000**	-0.760	0.000**
X_1*M_1			0.013	0.908
X_1*M_2			-0.613	0.000**
X_2*M_1			2.274	0.025*
X_2*M_2			7.248	0.000**
F Stat		15.860		12.817
p-value		0.000**		0.000**
R^2		0.307		0.414

Description: **Significant coefficient at p < 0.05

From the multiple regression test results in Table 3, the regression model formed is described in the following problems:

$$\boldsymbol{Y = \alpha + \beta_1 DT + \beta_2 CSR + \beta_3 DT * M_1 + \beta_4 DT * M_2 + \beta_5 CSR * M_1 + \beta_6 CSR * M_2 + \varepsilon}$$

PBV = 12.389 +3.898 X_1 +107.914 X_2 +0.010 M_1 -0.760 Z_2 -0,013 X_1*M_1 -0,613 X_1*M_2 + 2.274 X_2*M_1 +7.248 X_2*M_2

Hypotheses were tested using multiple linear regression analysis with more than one independent variable. The tests aimed to determine the effect of the independent variables, including digital technology disclosure (X_1) and CSR disclosure (X_2), on the firm value variable (Y) as the dependent variable. The results in Table 4 show that digital technology disclosure, corporate social responsibility, financial flexibility, and firm size simultaneously affect firm value. Furthermore, the analysis produced a partial test (t-test), where the relationship between each independent and dependent variable is as follows. (1) The effect of digital technology disclosure on firm value has a significance of 0.046 <0.05, meaning it affects firm value, supporting H_1. (2) The effect of CSR disclosure on firm value shows a significance of 0.000 < 0.05. This means the disclosure affects firm value, confirming H_2. (3) The effect of financial flexibility in moderating digital technology disclosure on firm value has a significance greater than 0.05. Therefore, the variable does not moderate the effect of digital technology disclosure on firm value, rejecting H_3. (4) The effect of firm size in moderating digital technology disclosure on firm value has a significance of 0.000 < 0.05, with a regression coefficient of -0.613. This denotes that firm size moderates and weakens the effect of digital technology disclosure on firm value, supporting H_4. (5) The effect of financial flexibility in moderating CSR disclosure on firm value. The financial flexibility variable indicates a significance of 0.025 < 0.05 and a regression coefficient of 2.274. The findings mean financial flexibility moderates and strengthens the effect of CSR disclosure on firm value, confirming H_5. (6) The effect of firm size in moderating CRS disclosure on firm value. The firm size variable has a significance of 0.000 (<0.05) and a regression coefficient of 7.248. Subsequently, the variable moderates and strengthens the effect of CSR disclosure on firm value, supporting H_6.

The regression results showed that the coefficient of determination in model 2 has increased from model 1. This is because the coefficient values of digital technology disclosure and social responsibility have changed due to the effect of the moderating variable. Furthermore, Table 5.8 indicates that the moderating variable of firm size strongly correlates with CSR disclosure. This changes the coefficient values of digital technology and corporate social responsibility in model 2 due to a correlation with the moderating variable. The coefficient of determination implies that digital technology disclosure, corporate social responsibility, and the moderating variable explain 41.4% of the variation in firm value.

5. Discussion

Effect of Digital Technology Disclosure on Firm Value

This study found that digital technology disclosure positively affects firm value. The results signify that higher disclosure of digital technology on the company website increases firm value. In this study, the banking company has disclosed digital technology on its websites. The finding supports Salvi et al. (2021), Barth et al. (2017), Chung et al. (2015), and Lee & Yeo (2016) that voluntary information disclosure positively affects firm value. Furthermore, this study found that information about digitalization positively impacts firm value directly and indirectly. Digital technology helps optimize resources, implement innovative models, and improve business efficiency, quality, and consistency by eliminating traditional steps. Furthermore, it reduces company risk due to better information technology governance. Digital technology disclosure supports policies regarding conducting better risk assessment and company management. In line with this, disclosing information through the website implies management accountability and transparency to stakeholders. As stated in the signalling theory, the company tends to send information to stakeholders as part of performance signals (Hadi et al., 2018). The company conducting more disclosure send a signal that performance is good. Therefore, the signal given through digital technology disclosure on the company website increases stakeholder confidence in its performance and value.

The Effect of CSR Disclosure on Firm Value

CSR disclosure through websites positively affects firm value. This indicates that higher CSR disclosure increases firm value. The results support Kumar (2020), Lestari et al. (2019), and Matuszak & Różańska (2020). The Indonesian banking company realize that higher social and environmental performance support increased economic performance reflected in firm value. In this case, CSR activities are considered profitable assets. When the company must pay for its implementation, the cost is not considered to reduce profits (Bidhari et al., 2013). The results showed that the benefits of PBV increase with CSR activities. Therefore, the company could maximize profits in the stock market by carrying out CSR.

This study examined the corporate social responsibility disclosure during the Covid-19 pandemic. Theoretically, the pandemic could direct social responsibility strategies to more authentic actions. These findings support the signal theory, which emphasizes the importance of information released on the investment decisions of parties outside the company (An et al., 2011). Information is important to investors and business people because it provides an explanation, note, or description of past, present, and future company and stock market conditions. Investors in the capital market need complete, relevant, accurate, and timely information as an analytical tool to make investment decisions. Market participants interpret and analyze the information received as a good or bad signal. Information received as a good signal for investors triggers a change in the stock trading volume (Rokhlinasari, 2015).

Effect of Digital Technology Disclosure on Firm value Moderated by Financial Flexibility

This study found that financial flexibility cannot moderate the effect of digital technology dis closure on firm value. The findings indicate that financial flexibility is a homologizes moderation with no significant effect of variable M on variable Y and interaction (M*X) on variable Y (Sharma, 1981). This result contradicts the signal theory that intentional or unintentional announcements, actions, or publications regarding a company have information content as a signal to the market (Brigham & Da ves, 2006).

Financial flexibility could not moderate the effect of digital technology disclosure on firm value, probably because it was measured using the leverage ratio. This indicates that the company uses internal capital from retained earnings and share capital rather than debt to finance their assets. The adequacy of funds to finance assets obtained from capital reduces the debt proportion. Excessive use of debt makes the resulting benefits disproportionate to the costs incurred. Therefore, a low pro portion of debt increases firm value and vice versa. This result supports Yangs (2011) and Adelegan (2007) that leverage does not affect firm value.

Effect of Digital Technology Disclosure on Firm value Moderated by Firm size.

The results showed that firm size moderates the effect of digital technology disclosure on firm value. This finding supports Handayati et al. (2022), Rahmawati et al. (2021), Nodeh et al. (2015), and Sugiyanto et al. (2021) that firm size weakens the effect of digital technology disclosure on firm value. The larger firm size makes the management unable to make extensive digital technology disclosures. This is because a large company may not extensively disclose information on investment and mana gement of technology and digitalization before obligations are fulfilled to reduce costs incurred. Addi tionally, this could be a management strategy to maintain the reputation by sorting out information to be disclosed to the public.

This study is in line with the signal theory that non-financial disclosures, such as digital tech nology, do not obtain information about company digitization. Therefore, even integrated reporting provides limited information on digitization, despite its focus on intellectual capital (Vitolla et al., 2020). This makes management assume that the company should identify the right way to transfer information to the stakeholders and capital markets. In line with signalling theory (Portela de Lima Rodrigues et al., 2011), the company could provide information on digitization to reduce information asymmetry while enabling stakeholders to make rational investment decisions. The website is the ideal channel for sending signals because disclosures provide investors with quickly updated infor mation at a low cost (Salvi et al., 2021).

Effect of Corporate Social Responsibility Disclosure on Firm value moderated by Financial Flexibility

The financial flexibility variable measured by the leverage ratio moderates the relationship between CSR disclosure and firm value. This result supports Guo et al. (2020) and Purbawangsa et al. (2020) that financial flexibility moderates the relationship between corporate social responsibility and firm value. The results showed that financial flexibility strengthens the relationship between CSR disclosure and firm value. This is because the company using debt has obligations for interest ex penses and loan principal costs. Using debt has a considerable risk of non-payment, necessitating considering the ability to generate profits (Prasetyorini, 2013). Management with higher leverage tends to shrink the implementation of corporate social responsibility to avoid the attention of debt holders (Purba and Yadnya, 2015). Therefore, the company with high leverage ratios should disclose more social responsibility than the one with low leverage ratios.

The effect of corporate social responsibility disclosure on firm value moderated by financial flexibility is based on signal theory. This is because the theory relates to corporate social responsibility to maximize profits and the shareholders' interests. The company must also pay attention to society, customers and suppliers as part of its operations.

Effect of Corporate Social Responsibility Disclosure on Firm value moderated by Firm size.

This study showed that firm size moderates the effect of corporate social responsibility dis closure on firm value. Large-scale companies disclose more information because they face many political risks than small businesses. Lee et al. (2017) stated that greater non-financial disclosure re duces political costs. Furthermore, larger companies have higher public demand for information than small businesses.

Bernaciak et al. (2021) found that implementing social responsibility in large companies pro vides positive image benefits for stakeholders. In contrast, small and medium enterprises perceive so cial responsibility as a sunk cost that does not create more profits. These findings have implications for the signal theory that stronger market signals and larger firm size attract more stakeholders.

6. Conclusion, Limitations, and Suggestions

Conclusion

This study provided new results regarding the effect of digital technology disclosure and social responsibility on firm value moderated by financial flexibility and firm size. Data analysis and hypothesis testing showed that digital technology disclosure and corporate social responsibility positively affect firm value. This means that the information contained in the website demonstrates to stakeholders that management has optimized resources and implemented innovative business models. It also indicates that management has increased business efficiency, quality, and consistency, providing a good reputation for investors and potential investors. According to the findings, Indo nesian banking company have realized that higher social and environmental performance support an increase in economic performance reflected in firm value. In this case, social responsibility activities are considered profitable assets. Other findings show that financial flexibility and firm size moderate the relationship between CSR disclosure and firm value. Financial flexibility and firm size also streng then the relationship between CSR disclosure and firm value. However, financial flexibility does not moderate the relationship between digital technology disclosure and firm value. On the contrary, firm size could weaken the effect of digital technology disclosure on firm value. The study also found that digital technology and CSR disclosure support signaling theory. This is because the information disclosed signals the condition to investors and affects its value.

Limitation and suggestions

The study contributes academically as new literature on sources of voluntary disclosure through websites to create corporate value. It also has significant implications for investors and mana gement. Investors have a new source of information in considering investment decisions from financial and non-financial disclosures, such as digital technology and social responsibility, through easily accessible media. Furthermore, managers gain a new understanding of the potential of digital technology disclosure and social responsibility on websites. The management should consider the quality and quantity of information disclosed to the public and stakeholders. This is because dis closing large amounts of information does not guarantee increased corporate value. Moreover, managers should provide information on digital technology and social responsibility relevant to the market to fulfil stakeholder needs and affect their decision-making processes.

This study used data from 2019 to 2021 to examine the disclosure level on company websites during a pandemic in one industrial sector in Indonesia. Therefore, future studies could compare the non-financial disclosure during and after the pandemic. They could also compare voluntary dis closure through social or mass media from various sectors in many countries.

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