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The Influence of Corporate Social Responsibility and Good Corporate Governance on Market Response with Corporate Reputation as a Moderator

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ABSTRACT

This study examines the impact of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on market response, with corporate reputation as a moderating variable. The research focuses on property sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period, using a purposive sample of 13 firms. A quantitative approach is employed, applying multiple linear regression and moderated regression analysis (MRA) to test both direct and interaction effects. CSR is measured based on disclosures aligned with Global Reporting Initiative (GRI) indicators and Financial Services Authority (POJK) regulations, while GCG is proxied by managerial ownership. Market response is assessed using cumulative abnormal return (CAR), and corporate reputation is evaluated through indicators of public visibility and corporate image. The findings reveal that CSR has a positive and significant effect on market response, indicating that social responsibility disclosures provide favorable signals to investors. Conversely, GCG does not significantly influence market response, suggesting that governance mechanisms have not yet become a primary consideration for investors in the property sector. Corporate reputation is found to strengthen the relationship between CSR and market response, but it does not moderate the relationship between GCG and market response. These results highlight the strategic role of corporate reputation in enhancing the market impact of CSR activities. The study contributes to the development of legitimacy and agency theories in the Indonesian capital market and provides practical implications for companies, regulators, and investors in integrating non-financial information into investment and governance decisions.

Keywords: CSR, GCG, Market Response, Corporate Reputation.

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INTRODUCTION

Market response reflects investors' reactions to various types of information released by firms and to external factors influencing the capital market, which are generally manifested in changes in stock prices, trading volume, and abnormal returns following announcements. Although this concept has been extensively examined, empirical findings remain inconsistent: some studies report significant market responses to specific information, while others document weak or even nonexistent reactions. These inconsistencies are often attributed to differences in market characteristics, observation periods, types of information analyzed, and the methods used to measure market response. Moreover, prior research has tended to focus primarily on internal firm-related information while overlooking the role of external contextual factors that may shape how investors process information. Such limitations highlight an important research gap that warrants further investigation. Accordingly, this study is urgently needed to provide a more comprehensive understanding of the mechanisms underlying market responses and to clarify the conditions under which markets can efficiently absorb information, as proposed by market efficiency theory. (Fama, 2021). In the context of sustainable business, market response is a vital indicator, as it reflects how investors and stakeholders evaluate a company's efforts to address both external and internal challenges. One form of information that can influence market perception is Corporate Social Responsibility (CSR) practices. In addition, the implementation of Good Corporate Governance (GCG) also plays a crucial role in building market trust.

Both CSR and GCG are believed to affect market response, particularly in the property sector, which is highly dependent on a company's Reputation. These two elements are corporate strategies used to demonstrate commitment to social responsibility and transparent governance, ultimately influencing investor perception and stock market performance. Corporate Social Responsibility (CSR) refers to a company's ethical responsibility to support sustainable economic development and generate positive impacts on society and the environment (Hamim, 2020). CSR is not merely a marketing tool, but also a strategy to build public image and trust. In the property sector, CSR implementation is critical, as companies are often scrutinized for their social and environmental impacts, including displacement, pollution, and zoning violations. By integrating CSR programs such as environmental preservation, community empowerment, and ethical practices, companies can improve their Reputation and strengthen investor confidence.

However, the effectiveness of CSR in shaping market perception is also influenced by Good Corporate Governance (GCG). GCG is a governance system that upholds transparency, accountability, responsibility, independence, and fairness. These principles help companies build healthy relationships with stakeholders and improve operational efficiency. According to OJK (2022), companies with strong GCG practices generally exhibit more stable financial performance and higher market trust. In other words, GCG not only reflects compliance with regulations but also demonstrates a commitment to integrity and professionalism in business management. GCG has become a focal point in the Indonesian capital market, as evidenced by the OJK's implementation of the ASEAN Corporate Governance Scorecard to improve corporate governance quality. However, in the property sector, GCG practices are still often questioned, particularly regarding fund transparency and project management. Several cases of misuse of IPO proceeds highlight the urgency of strengthening GCG implementation in this industry.

A study by Wilyanda (2019) found that CSR disclosure did not influence market response because the scope of CSR information in annual reports was limited, with reports predominantly focusing on economic aspects and not fully adhering to the GRI standards. Nonetheless, the effects of CSR and GCG on market response are not always consistent. Corporate Reputation has been proven to play an important moderating role. Companies with strong reputations tend to gain more stakeholder trust, making their CSR and GCG implementations more effective in attracting investor attention and enhancing firm value. In contrast, companies with poor reputations often struggle to elicit positive market responses, even when actively implementing CSR and GCG programs. This underscores that corporate Reputation is a key factor in shaping the success of social responsibility and governance strategies in influencing market perception. Capital market studies show that investor reactions to CSR and GCG programs can be observed through stock price fluctuations, trading volumes, and market sentiment. Companies that pursue meaningful social and governance initiatives are generally well-received by investors, especially when aligned with market expectations. However, not all CSR and GCG initiatives are positively received. Programs perceived as irrelevant or merely symbolic may foster distrust. Therefore, the synergy between CSR, GCG, and corporate Reputation is crucial in building market trust.

In a study by Sudirman & Ningrum (2022), it was found that CSR significantly affects corporate Reputation, while GCG does not have a direct significant impact. However, jointly, CSR and GCG significantly Influence Reputation. These findings reinforce the importance of further studies examining the interactions among CSR, GCG, Reputation, and market response, as most prior research tends to isolate CSR and GCG, neglecting their potential synergies and the moderating role of Reputation. In the property sector, companies listed on the Indonesia Stock Exchange (IDX) are increasingly encouraged to demonstrate social responsibility and implement transparent governance. This demand is growing in line with rising public concern for social, environmental, and business ethics issues. For property companies, CSR is a critical strategy for building relationships with communities and gaining stakeholder trust. On the other hand, GCG is essential for ensuring transparency, accountability, and effective risk management—especially in an industry frequently challenged by integrity and regulatory compliance issues.

Differences in corporate Reputation also affect market responses. When highly reputable companies release information about successful CSR or GCG implementation, stock prices typically rise. Conversely, companies with weaker reputations do not always attract market attention, even when undertaking similar programs. Therefore, this study aims to analyze the Influence of CSR and GCG on market response, with corporate Reputation as a moderating variable, explicitly focusing on property companies that play a significant role in the economy and are often under public scrutiny.

THEORETICAL FRAMEWORK

This study is grounded in established theoretical perspectives and key underlying concepts that explain corporate behavior and market dynamics. A comprehensive review of relevant theories provides a conceptual foundation for understanding how corporate actions convey information to stakeholders. Prior empirical studies examining similar constructs are incorporated to reinforce this foundation and ensure academic rigor. These studies offer empirically validated evidence regarding the relationships among corporate social responsibility, corporate governance, and market-related outcomes. By integrating theoretical reasoning with empirical findings, this study develops a coherent and robust analytical basis. Such integration is essential for constructing a sound theoretical framework. Consequently, the theoretical framework guides the examination of the proposed relationships in this research.

Within this framework, Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) are positioned as the main explanatory variables influencing market response. CSR is conceptualized as a strategic corporate initiative that signals ethical commitment and long-term sustainability and is measured using the GRI Standards Index. GCG is represented by managerial ownership, reflecting the alignment of interests between managers and shareholders. Drawing on signaling theory and agency theory, CSR disclosure and governance mechanisms are viewed as important sources of information for investors. These mechanisms are expected to reduce information asymmetry in the capital market. As a result, firms with stronger CSR practices and governance structures are more likely to generate favorable market responses. This theoretical logic underpins the direct relationships proposed in the research model. Corporate reputation is incorporated into the theoretical framework as a moderating variable that may influence the strength of the relationships between CSR, GCG, and market response. Corporate reputation reflects stakeholders' cumulative perceptions of a firm's credibility, reliability, and performance over time. In this study, corporate reputation is measured using the Market-to-Book Ratio (MtB), which represents market valuation relative to book value. A strong reputation is expected to enhance the credibility of signals conveyed through CSR activities and governance quality. Conversely, a weaker reputation may diminish investor trust and reduce market responsiveness. Therefore, including corporate reputation provides a more comprehensive understanding of market reactions. This integrated theoretical framework is developed with reference to prior empirical studies, including (Qurniasih, Pramurinda, Fakhrudin, & Inayanti, 2024).

METHODS

This study employs a quantitative approach with a causal-comparative research design, aiming to examine the effect of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on market response, as well as to assess the role of corporate reputation as a moderating variable that may strengthen or weaken the relationship between these variables. This approach is used because it is capable of explaining cause-and-effect relationships among variables empirically and objectively. The population in this study consists of all property sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. The sample was selected using a purposive sampling technique by considering several criteria, including the availability of complete annual reports and sustainability reports for five consecutive years, the absence of delisting, and no significant changes in business structure, such as major mergers or acquisitions. Based on these criteria, out of 94 listed companies, only 13 companies met the requirements and were used as the research sample.

The independent variables used in this study are Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG), each measured using a CSR disclosure index based on the GRI Standards and managerial ownership ratio, respectively. The dependent variable, market response, is measured using Cumulative Abnormal Return (CAR), which reflects investors' reactions to information disclosed by the company. Meanwhile, corporate reputation is employed as a moderating variable and is measured using the Market-to-Book Ratio (MtB), under the assumption that a good reputation can enhance the market's positive perception of CSR and GCG information. Data were collected through documentation of annual reports, sustainability reports, and publicly available stock price data. Data analysis was conducted using SPSS version 26, employing multiple linear regression analysis to examine the direct effects of CSR and GCG on market response, as well as moderated regression analysis (Moderated Regression Analysis/MRA) to test the interaction of corporate reputation in this relationship. The results of this analysis are expected to provide a deeper understanding of how CSR and GCG practices influence investor perceptions, particularly in Indonesia's property sector.

This study employs a quantitative approach using multiple linear regression analysis and Moderated Regression Analysis (MRA) to examine the effect of CSR and GCG on market response, with corporate reputation as a moderating variable. The data were obtained from the annual reports of property companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period and were analyzed using SPSS. The analysis stages include data transformation and processing, followed by descriptive statistical analysis and classical assumption tests (normality, multicollinearity, autocorrelation, and heteroscedasticity). Subsequently, model feasibility is assessed through the F-test and the coefficient of determination (R^2), as well as the t-test to examine the partial effects of the independent variables. Moderated Regression Analysis (MRA) is used to evaluate whether corporate reputation strengthens or weakens the relationship between CSR, GCG, and market response. The interpretation of the results is intended to address the hypotheses and to understand the relationships among variables in the model.

RESULT AND DISCUSSION

The data used in this study have been processed and adjusted to fit the analytical model, so the figures presented represent calculated results aligned with the research framework. The data for each variable are illustrated in the following chart:

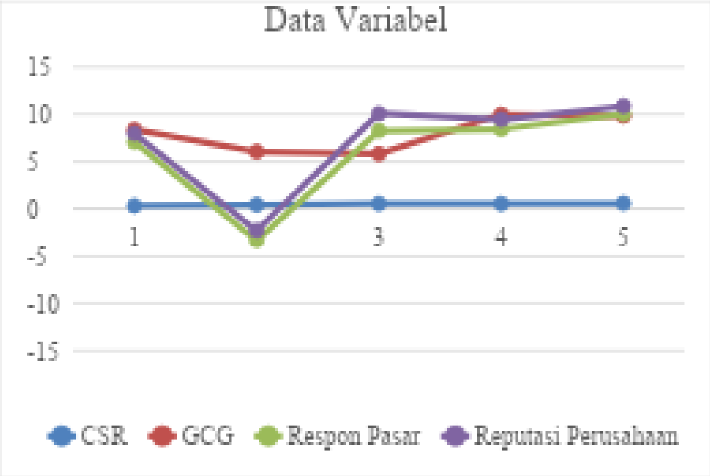

Figure 1. Variable Data Chart for the Years 2019–2023
Source: Processed Data, 2025.

Corporate Social Responsibility (CSR) has shown a consistent upward trend over the years, with the average disclosure score rising from 0.34 in 2019 to 0.59 in 2023. This indicates that property sector companies are becoming increasingly active in implementing and reporting their CSR initiatives. This trend aligns with growing stakeholder demands and a shift in corporate strategy toward sustainable development. The increase in CSR scores has been shown to positively influence market response, as indicated by regression analysis results, in which CSR shows a positive and significant coefficient. These findings support legitimacy theory, which posits that corporate social activities serve as a strategic communication tool to gain public and investor support. In contrast to CSR, Good Corporate Governance (GCG) exhibited notable fluctuations. The average GCG score declined in 2020 and 2021 but then sharply increased in 2022 and 2023. However, regression analysis shows that GCG does not have a significant effect on market response. This may occur because investors might not yet consider GCG practices as a primary factor in short-term investment decision-making. This finding is consistent with Fitriana's (2020) study but contradicts those of Utami and Haryanto (2022), who emphasized the importance of GCG in building long-term investor trust.

Market Response, measured using Cumulative Abnormal Return (CAR), also experienced substantial volatility. The year 2020 recorded the most negative average market response (-9.36), likely due to market uncertainty caused by the COVID-19 pandemic. However, there was a sharp positive rebound in 2021 (+2.44), indicating market recovery. Regression analysis results also suggest that the market response is more sensitive to CSR signals than to GCG, particularly when accompanied by a strong corporate reputation. Corporate Reputation, which serves as a moderating variable, also experienced fluctuations. It rose significantly in 2021 but declined again in 2023. However, this dynamic was not strong enough to influence the relationship between CSR and market response. This suggests that a company's Reputation has not yet served as a reinforcing signal, enhancing the impact of CSR in investors' eyes. Likely, investors focus more on the substance and relevance of CSR programs themselves rather than on overall corporate Reputation. Overall, these findings reinforce the view that corporate Reputation is an intangible asset that is crucial to enhancing the effectiveness of CSR in building positive investor relationships. Theoretically, these findings imply that the relationship model between CSR, Reputation, and market response can serve as a basis for developing corporate communication strategies. Practically, companies are encouraged not only to improve the quality of their CSR disclosures but also to build a credible reputation in the eyes of the public and investors.

The results of the hypothesis test using multiple linear regression are presented in **Table 1 (Coefficients Table)**. This table reports the regression coefficients, t-statistics, and significance levels used to assess the partial effects of each independent variable and the moderating variable's role in the research model.

Table 1. Coefficients Table

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-5.388	2.595		-2.076	.043
	X1	9.184	4.302	.356	2.135	.037
	X2	.125	.083	.304	1.511	.137
	M	.721	1.312	.201	.549	.585
	X1_M	-4.064	2.718	-.522	-1.495	.141
	X2_M	-.057	.118	-.096	-.480	.633

a. Dependent Variable: Y

Source: Processed Data, 2025.

Based on the regression analysis results, Corporate Social Responsibility (CSR) was found to have a positive and significant effect on market response, with a significance value of 0.037 below the 0.05 threshold. This indicates that higher CSR disclosure levels lead to more favorable market responses. Meanwhile, Good Corporate Governance (GCG) did not show a significant impact on market response, with a significance value of 0.137 above the 0.05 threshold. Similarly, corporate Reputation, whether as an independent variable or in its interaction with CSR and GCG, did not exhibit a significant moderating effect. The significance values for the interaction terms CSR × Reputation and GCG × Reputation were 0.141 and 0.633, respectively, both above the 0.05 threshold. These findings indicate that corporate Reputation has not yet significantly strengthened the relationship between CSR or GCG and market response. To satisfy the classical regression assumptions, an autocorrelation test was conducted to detect autocorrelation among residuals. The results of the autocorrelation test are presented in **Table 2**.

Table 2. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.492[a]	.243	.171	6.087242	2.135

a. Predictors: (Constant), X2_M, X1_M, X1, X2, M

b. Dependent Variable: Y

Source: Processed Data, 2025.

The autocorrelation test results indicate a Durbin–Watson value of 2.135, which falls within the range of 1.5–2.5. This suggests that the regression model does not suffer from autocorrelation and that the residuals are independent. After the regression model meets the classical assumptions, a model feasibility test is conducted to assess the independent variables' ability to explain the dependent variable jointly. The results of this test are presented in **Table 3**.

Table 3. Autocorrelation Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	628.797	5	125.759	3.394	.010[b]
	Residual	1963.889	53	37.055		
	Total	2592.687	58			

a. Dependent Variable: Y

b. Predictors: (Constant), X2_M, X1_M, X1, X2, M

Source: Processed Data, 2025.

The model feasibility test (F-test) yields an F-value of 3.394 with a significance level of 0.010 (< 0.05), indicating that all independent variables simultaneously have a significant effect on market response (Y). Accordingly, the regression model is considered statistically valid and appropriate. These results indicate that CSR and GCG jointly influence market response, although only CSR shows a significant effect in the partial (t-test) analysis. This suggests that the market evaluates firms based on an integrated combination of social responsibility and governance aspects.

Based on the estimated coefficients, the following regression equation is obtained:
Market Response = −5.388 + 9.184 CSR + 0.125 GCG + 0.721 Reputation.

This equation indicates that CSR and GCG have positive effects on market response, while corporate Reputation has a positive but statistically insignificant effect. This model serves as the basis for subsequent analysis before testing the moderating interaction effects using Moderated Regression Analysis (MRA).

Corporate Social Responsibility Affects Market Response

The results of this study indicate that Corporate Social Responsibility (CSR) has a positive and significant Influence on market response. This means that the greater the company's involvement in CSR programs, the more positive the market response, such as increases in stock prices or liquidity. This reflects the market's perception of CSR activities as a form of corporate responsibility that brings positive social and environmental impact. In this context, most property sector companies in the research sample have shown a relatively high level of engagement in CSR disclosure and implementation, covering economic, social, environmental, and human rights aspects, in accordance with reporting standards such as the GRI Standards. Descriptively, the relatively high average CSR scores in this study indicate that many property companies are actively disclosing and carrying out social responsibility programs. Many of them refer to global reporting standards, such as the GRI Standards, which cover economic, social, and environmental dimensions. This suggests a growing corporate awareness of sustainability and stakeholder expectations.

These findings align with legitimacy theory, which holds that CSR is used to gain societal acceptance and ultimately shape a company's positive image in the eyes of investors. From a signaling perspective, CSR is seen as a positive signal of the company's commitment to sustainability and long-term risk management. Investors who value ESG (Environmental, Social, and Governance) aspects interpret such signals as indicators of corporate credibility.
Support for these results is also found in several prior studies. Utama & Wahyuni (2021) found that CSR positively affects abnormal stock returns. Rachmawati & Triyono (2020) emphasized that CSR is a key factor in investment decisions as it reflects a company's ethical values. Wibowo & Toly (2022) asserted that CSR is part of a corporate communication strategy to build investor trust. Hermawan & Mulyani (2023) also stated that CSR disclosure shapes positive market perceptions regarding a company’s risk and prospects. Based on these findings, the first hypothesis (H1) is accepted: CSR has become a strategic element in building firm value in the eyes of investors and the capital market, and it is an essential tool to maintain competitive advantage in an era that increasingly demands corporate social responsibility. Thus, the findings of this study support the first hypothesis (H1), confirming that CSR has a significant impact on market response. CSR is no longer merely normative but has become an integral part of modern business strategy to enhance Reputation, gain investor trust, and create sustainable firm value.

Good Corporate Governance and Its Influence on Market Response

The findings of this study reveal that Good Corporate Governance (GCG) does not have a significant effect on market response. This suggests that even though companies may adopt governance principles such as transparency and accountability, these efforts do not necessarily capture investor attention or influence their investment decisions. One possible explanation is that GCG is primarily internal in nature and less visible to the public, making it a weaker signal to the market. Additionally, the GCG indicators used in this study covered only managerial ownership, which may not fully reflect broader governance principles, such as board independence, internal audits, or shareholder rights. From a theoretical standpoint, these results do not support agency theory or signaling theory, which suggest that implementing sound corporate governance should reduce conflicts of interest and increase investor trust. In practice, however, the lack of information transparency and the generally low quality of disclosure in annual reports lead GCG to be perceived as a less influential factor in investment decisions—particularly in the property sector. Investors tend to focus more on visible aspects such as financial performance and CSR programs, which are seen as more direct indicators of company value and sustainability.

GCG is intended to serve as a governance framework that fosters objective decision-making, improves the integrity of financial reporting, and strengthens accountability to stakeholders. In general, investors do appreciate companies with strong GCG structures, as these firms are perceived to manage risk better, avoid scandals, and maintain long-term performance. However, in the property sector, the impact of GCG is not always immediately visible due to persistent information asymmetry and a lack of transparency. For instance, several cases of IPO fund misappropriation in property companies have diminished investor trust, even though these firms may formally claim to adhere to GCG principles. This study supports the findings of Sujarwati et al. (2022), which suggest that GCG significantly affects the Earnings Response Coefficient (ERC), but contrasts with Monalisa & Serly (2023), who found that GCG, moderated by foreign ownership, has no significant effect on financial performance. Several previous studies also conclude that GCG has not yet emerged as a dominant signal influencing market behavior, particularly in sectors that have not fully integrated governance principles into their core business strategies. Therefore, it can be concluded that, in the context of the property sector, GCG remains insufficiently influential in driving significant market responses, likely due to limitations in measurement indicators and limited investor focus on internal governance structures.

Corporate Reputation as a Moderator of the Effect of CSR on Market Response

The results of this study indicate that corporate Reputation does not strengthen the relationship between Corporate Social Responsibility (CSR) and market response. In other words, a good reputation does not necessarily enhance CSR's effectiveness in shaping investor perceptions or reactions. This finding suggests that, even if companies actively engage in socially responsible initiatives, capital market investors—particularly in the property sector—do not yet see Reputation as a crucial factor in assessing the impact of CSR. One possible explanation is that a company's Reputation is often not well established in the public eye or is ineffectively communicated through annual reports or media channels. Theoretically, corporate Reputation is viewed as the cumulative public perception of a company's behavior, including its commitment to CSR. Within the framework of legitimacy theory, a reputable company should be able to increase the credibility of its CSR programs and reinforce market response. However, in practice, a reputation built on external awards or communication strategies may not reflect authentic social practices. This misalignment between image and reality prevents Reputation from acting as a reliable additional signal to investors.

This condition becomes even more complex in the property sector, where environmental issues, land disputes, or the social consequences of development projects frequently undermine corporate Reputation. As a result, investors tend to evaluate CSR on its own merits rather than relying on corporate Reputation. Limited availability of reputation-related information and lack of public exposure to CSR activities also serve as barriers. CSR initiatives that are briefly mentioned in annual reports—without accompanying sustainability reporting—are insufficient to shift market perceptions. Moreover, transparency limitations, underdeveloped sustainability reporting, and the still-nascent integration of Environmental, Social, and Governance (ESG) standards in Indonesia's capital markets reduce the effectiveness of Reputation as a moderating variable. Prior studies also support this outcome, noting that Reputation is effective only when CSR already has a direct impact or when it is communicated actively and strategically to the public. Hence, these findings underscore the importance of managing corporate Reputation in tandem with CSR practices and deploying proactive communication strategies to influence market response in a meaningful way jointly.

This finding aligns with prior research by Alamsyah and Fatmawati (2021), Indriyani and Prasetyo (2025), and Putri (2022), which revealed that Reputation fails to act as an effective moderator when CSR is not actively communicated. Similarly, Zahra and Ramadhani (2025) emphasized that corporate reputation serves as a strong market signal only when backed by intensive publicity and positive market perception. Therefore, companies need to integrate reputation management with CSR efforts and enhance transparency and public visibility to strengthen market response.

Corporate Reputation as a Moderator of the Effect of GCG on Market Response

The results of this study show that corporate Reputation does not moderate the relationship between Good Corporate Governance (GCG) and market response. Although, in theory, Reputation is expected to strengthen the positive signal of GCG practices to investors, in reality, it fails to amplify their impact on market reactions. This may be attributed to the narrow scope of the GCG indicator, which focuses on managerial ownership and does not fully reflect key aspects of governance, such as transparency, board functions, and audit practices. Moreover, corporate Reputation is often perceived externally, more closely tied to public image or marketing success than to internal management quality. This mismatch in perception weakens the effectiveness of Reputation as a determinant of investor trust in governance practices. One likely reason for the weak moderating effect is the limited nature of the GCG indicator. Managerial ownership alone does not adequately capture the complexity of governance structures, thus providing a weak or incomplete signal to the market. Additionally, investor literacy regarding GCG practices remains relatively low, and Reputation is frequently seen as the result of corporate communication strategies rather than a true reflection of governance strength. Therefore, even if a company has a strong public reputation, without transparency and proper GCG reporting, it does not generate a sufficiently strong signal to influence the market.

In the property sector in particular, Reputation is more commonly associated with brand strength or project completion than with sound governance practices, further weakening its role as a moderating variable. Limited access to information and low market literacy exacerbate this issue. Even companies with high reputations may not be perceived as having effective governance if there is no concrete evidence in their reporting and managerial actions. Previous studies support this finding, asserting that Reputation alone is insufficient to strengthen the relationship between GCG and firm value unless accompanied by transparent and comprehensive governance evaluations. For Reputation to serve as a meaningful market signal, it must reflect genuine governance integrity, not just an external image. This finding is consistent with several prior studies that argue that Reputation is not always an effective moderating variable. For instance, Nuraini and Putra (2020) concluded that general Reputation does not accurately represent GCG quality. Wibowo and Lestari (2021) emphasized that the impact of Reputation becomes significant only when supported by public assessment as reflected in governance indices. Meanwhile, Mahendra and Arifin (2024) added that in the property sector, Reputation is not a primary factor in investment decisions. Therefore, companies must ensure that GCG practices are communicated openly and can be verified, so they provide a stronger signal to the market not merely through external Reputation, but through demonstrated governance performance.

CONCLUSION

This study demonstrates that Corporate Social Responsibility (CSR) has a positive and significant effect on market response, as reflected in the regression coefficients and the t-test results. These findings indicate that the capital market in Indonesia's property and real estate sector consistently responds to CSR-related information as a value-relevant signal, implying that CSR disclosure functions as a determinant of market reactions rather than merely a normative obligation. In contrast, Good Corporate Governance (GCG) does not exhibit a significant effect on market response, either directly or through interaction with corporate Reputation. This result suggests that governance practices have not yet become a primary consideration for investors in their response to market information. However, GCG still contributes to the model alongside CSR, as indicated by the F-test results. Accordingly, within the context of this study, GCG serves more as a structural supporting factor than as a primary trigger of market reactions. The moderation analysis further reveals that corporate Reputation does not moderate the effects of either CSR or GCG on market response. This finding underscores that corporate Reputation has not yet functioned as a reinforcing mechanism for non-financial information, indicating that the significance of CSR does not depend on Reputation as a contingency variable. In other words, the market responds to CSR directly without requiring Reputation as a perceptual intermediary.

From a practical perspective, the implications of this study go beyond a general call to enhance CSR. Instead, the findings emphasize that CSR should be directed toward improving the quality, consistency, and readability of disclosures for investors, as these factors are empirically shown to Influence market responses. Meanwhile, strengthening GCG and corporate Reputation has not yet yielded measurable market effects; therefore, improvements should focus on more substantive and communicative dimensions rather than mere formal compliance. Theoretically, these findings confirm the relevance of legitimacy theory in explaining market responses to CSR, but do not fully support the role of agency theory in the context of GCG and corporate Reputation within Indonesia's property sector. Future research is encouraged to examine alternative mechanisms, such as mediation effects, reputation measures based on market exposure, and broader sectoral and temporal coverage, in order to obtain a more comprehensive understanding of market response dynamics.

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