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Intellectual Capital as Mediator of CSR and GCG on Stock Price Performance

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ABSTRACT

This study investigates the effects of CSR and GCG on stock price performance, with Intellectual Capital (IC) serving as a mediating variable in Indonesian banking sector listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. Grounded in Stakeholder and Signaling Theory, the Resource-Based and Knowledge-based view. The study argues that sustainability and governance practices enhance market value through the development of strategic knowledge-based resources. A quantitative explanatory research design was employed using panel data collected from 10 banking firms, selected through purposive sampling. The data were analyzed, used panel data regression and Sobel mediation tests implemented in STATA version 17. The findings indicate that CSR and GCG don't exert a significant direct impact on stock price performance, suggesting that investors do not immediately translate sustainability and governance initiatives into market valuation. In contrast, IC demonstrates a positive and significant impact on stock price performance, highlighting its role as a critical intangible asset and a source of sustainable competitive advantage. Furthermore, both CSR and GCG significantly contribute and the enhancement of IC through the strengthening of human, structural, and relational capital. Mediation analysis affirm that IC fully mediates the relationships between CSR and stock price performance as well as between GCG and stock price performance. These findings underscore the strategic importance of IC as the primary mechanism through which sustainability and governance practices create market value and improve stock market performance in the banking sector.

Keywords: Intellectual Capital (IC), Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), Stock Price Performance, Banking Sector.

INTRODUCTION

Modern business sustainability increasingly emphasizes, the integration of social responsibility, governance quality, and knowledge-based resources within corporate strategy rather than relying solely on financial performance. The financial industry in the banking sector, Corporate Social Responsibility (CSR) serves as a strategic instrument for enhancing corporate legitimacy, reputation, investor confidence, and firm value through transparent social and environmental practices (Ikhsan, 2021; Maulida et al., 2024). Furthermore, stock price performance represents investor expectations regarding future corporate prospects and functions as an important indicator of shareholder value creation through capital gains and dividends. In this regard, CSR disclosure acts as a non-financial signal influencing investor perceptions and market evaluations of corporate performance (Puspita & Gunardi, 2022; Fadhel et al., 2022).

Previous empirical studies demonstrated that CSR disclosure positively affects stock prices. Kasanah and Riduwan (2017) confirmed this relationship within the property and real estate sector; however, inconsistent findings concerning financial performance indicate that the impact between CSR and stock price performance remains volatile, uncertain, ambiguous, complex, and requires additional explanatory variables. The GCG principle also functions in a critical role in implementation transparency, accountability, and prudent risk management to strengthen stakeholder value (Allan et al., 2020). Following Indonesia's 1998 economic crisis, GCG became

increasingly important in improving operational efficiency and investor trust (Adnyani et al., 2020). In Indonesian banking, OJK Regulation No. 55/POJK.03/2016 further reinforces governance credibility and minimizes information asymmetry (Otoritas Jasa Keuangan, 2016).

This study highlights Intellectual Capital (IC) as a strategic intangible resource encompassing human, structural, and relational capital. Effective IC management strengthens innovation, governance effectiveness, and long-term profitability (Allan et al., 2020). Therefore, this study proposes an integrative framework examining the influence of CSR and GCG on stock price performance through IC mediation within Indonesian banking institutions.

Previous studies have extensively examined the relationships among CSR, GCG, IC, and stock price performance. However, empirical findings remain inconsistent regarding the direct effects of CSR and GCG on stock price performance and the mediating role of IC. Existing studies also predominantly rely on a single theoretical perspective, focus on manufacturing or mixed industrial sectors, and employ conventional multiple regression, partial least squares, and SEM PLS. Thereby limiting a comprehensive examination of the underlying mechanisms. This study addresses these empirical, theoretical, contextual, and methodological gaps by integrating stakeholder and signaling theory, and the Resource-Based and knowledge-based View (RBV-KBV) within the context of the Indonesian banking sector listed on the IDX during 2019–2023. Methodologically, the examination combines Random Effect Panel Regression with the Sobel Test to provide more robust evidence of mediation effects. The novelty of this research lies in positioning Intellectual Capital as a full mediating mechanism through which CSR and GCG influence stock price performance, offering a more comprehensive explanation of sustainable and innovation value creation in the financial and banking sector.

LITERATURE REVIEW

Stakeholder Theory

Is functional posit that companies are responsible, transparent, market value, pursuing organizational interests, generating value is stakeholders are affected by corporate activities. The theory highlights the importance of integrating stakeholder interests into managerial decision-making while complying with social expectations and ethical standards. Freeman (1984), defines stakeholders as groups or individuals capable of influencing or being influenced by organizational operations. Accordingly, firms are expected to sustain stakeholder relationships through transparent governance, responsible business conduct, and effective management of economic resources to maximize mutual benefits and minimize potential stakeholder losses.

Signaling Theory

Michael Spence introduced Signaling Theory to explain how informed parties communicate relevant corporate information to reduce information asymmetry and influence investor decisions (Spence, 1973). Margali et al. (2020) further emphasize that corporate signals reflect management perceptions regarding future growth prospects. According to Owolabi and Inyang (2013), signals may include financial obligations and strategic disclosures. In this study, CSR, GCG, IC and stock price performance function as strategic signals influencing investor perceptions of corporate credibility, sustainability, and long-term value creation potential.

Resource Base View Model

Resource-Based View (RBV), introduced as a strategic framework and refined (Barney, 1991), emphasizes internal resources as the foundation of long-term growth and sustainable competitive advantage. RBV highlights that valuable, rare, inimitable, and non-substitutable (VRIN) maximizing resources firms to strengthen long-term competitiveness (Amrila & Guntarayana, 2020). Moreover, unique organizational resources developed through extensive learning processes and cultural adaptation are difficult for competitors to imitate, thereby reinforcing sustainable competitive positioning within dynamic business environments (Aisyah et al. 2022).

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***Intellectual Capital* (IC)**

Intellectual Capital (IC) is value creation and intangible, knowledge-based organizational resources that contribute to value creation and long-term performance (Dian & Ruwanti, 2022). According to Bontis et al. (2000), IC includes intellectual assets such as employee knowledge, innovation, patents, brands, organizational processes, and strategic information that are often not reflected in financial statements (Wang et al. 2014). Effective utilization of these resources enhances organizational productivity, innovation, profitability, and customer loyalty, thereby strengthening long-term corporate performance and organizational sustainability (Sullivan, 1998; Williams, 2001; Sangkala, 2006).

Human Capital

Human Capital represents the collective competencies, expertise, values, and capabilities of employees that contribute to organizational value creation (Gonzalez-Loureiro & Teixeira, 2011). Its effectiveness increases when organizations optimally develop employee knowledge and skills (Sawarjuwono, 2004). Creativity is also considered a crucial element in fostering innovation and sustainable organizational growth. Mayo (2000) emphasizes factors such as motivation, leadership, teamwork, and organizational climate, while Sveiby (1997) highlights experience, expertise, and training. Within the VAIC™ framework, HCE measures the value of human resources to create value added.

Structural Capital

Structural Capital reflects an organization's ability to enhance employee productivity through organizational structures, operational systems, management processes, culture, and intellectual property (Sawarjuwono, 2004). According to Bontis et al. (2000), Structural Capital is shaped by communication systems, organizational mechanisms, and work procedures, while Sveiby (1997) emphasizes education systems, organizational culture, and research activities. Structural Capital includes intellectual property and infrastructure capital, such as information systems and networking mechanisms. Structural Capital Efficiency (SCE) evaluates the contribution of structural resources to value creation and is calculated as SCE = SC/VA, where SC = VA − HC.

Capital Employed Efficiency

CEE, as a construct of the VAIC™ model, measures a firm's effectiveness in utilizing physical and financial capital to create value. Higher CEE indicates stronger operational and strategic performance, particularly in banking institutions with substantial Intellectual Capital. Used, the formula $CEE = \frac{VA}{CE}$ where CE equals total assets minus intangible assets.

***Corporate Social Responsibility* (CSR)**

It reflects corporate fundamental impact on ethical business practices, sustainable development, social welfare, and environmental sustainability as regulated in Law Number 40 of 2007. Dian and Ruwanti (2022) emphasize CSR as a managerial responsibility that strengthens corporate-community relationships. Furthermore, Ahmad et al. (2023) and Endriyaningsih et al. (2023) highlight CSR's strategic role in enhancing corporate value, reputation, customer loyalty, and stakeholder trust. In the banking sector, CSR encompasses economic, environmental, and social dimensions that collectively support sustainable business practices and long-term corporate sustainability (Brealey, 2020; Edward, 1986).

***Good Corporate Governance* (GCG)**

It is recognized as an implementation strategic framework on practical impact that regulates and supervises corporate activities to enhance shareholder value, organizational sustainability, and stakeholder interests (IICG; Dian & Ruwanti, 2022). Effective GCG involves governance structures, stakeholder interactions, and systematic control mechanisms that improve transparency, accountability, and corporate performance (Latifah et al., 2019; Allan et al., 2020). Key GCG indicators include transparency, accountability, responsibility, independence, and fairness, which

collectively strengthen investor confidence, ethical governance, regulatory compliance, and long-term corporate sustainability, particularly within the banking sector.

Stock Price Performance

Stock price performance is a fundamental indicator of corporate performance because it reflects investor evaluations of financial condition, growth potential, and sustainability. Fama (1970) argues that stock prices incorporate all available information, while Hartono (2017) defines stock return as investor gains from capital appreciation and dividends. Moreover, stock performance is commonly assessed through stock return, Market-Adjusted Return (MAR), and abnormal return, which collectively capture market reactions, firm-specific performance, and investor perceptions of long-term corporate value (Brigham & Houston, 2019; Tandelilin, 2017; Brealey, 2020).

The impact of CSR on Stock Price Performance

Grounded in signalling and stakeholder theory, CSR is basically a strategic non-financial signal reflecting a firm's commitment to long-term supported, stakeholder engagement, and effective risk management. Positive CSR disclosure enhances investor confidence, strengthens corporate legitimacy, probably increases stock prices through improved market perception. Empirical evidence supports this relationship, as CSR positively influences financial performance and firm value (Khurshid et al., 2017; Dian & Ruwanti, 2022). Nevertheless, Allan et al. (2020) report insignificant CSR effects within the manufacturing sector, indicating that CSR outcomes remain contingent upon industry-specific characteristics and organisational contexts.

H_1: *CSR has a positive impact on stock price performance.*

The impact of Good Corporate Governance (GCG) on Stock Price Performance

Stakeholder Theory argues that firms must ensure accountability to all stakeholders affected by corporate activities through governance mechanisms such as independent boards and transparent financial reporting. Meanwhile, Signalling Theory views Good Corporate Governance (GCG) disclosure as an important signal that reduces agency risk and enhances managerial accountability. Empirical studies indicate that effective GCG practices positively influence firm performance, operational efficiency, investor confidence, and firm value (Allan et al., 2020; Shahwan & Fathalla, 2020; Dian & Ruwanti, 2022; Ningrum & Anggraini, 2025). Consequently, strong governance implementation is considered capable of improving corporate financial and market performance.

H_2: GCG has a positive impact on stock price performance.

The impact of Intellectual Capital (IC) on Stock Price Performance

From the Resource-Based and Knowledge-based View, IC constitutes an important intangible asset such fondation sustainable aggressive advantage through knowledge, innovation, and relational capabilities. IC efficiency, reflected in human, structural, and relational capital, is frequently associated with higher firm value and investor confidence. Empirical evidence indicates that IC positively influences financial performance and organisational efficiency (Maulida et al., 2024; Shahwan & Fathalla, 2020). Nevertheless, inconsistent findings remain evident, as Allan et al. (2020), reasoned a negative impact between IC and ROE, while Dian & Ruwanti (2022), reported no significant effect in the mining sector, suggesting industry-specific and contextual variations in IC effectiveness.

H_3: IC has a significant impact on stock price performance.

The impact of CSR on IC

CSR represents a strategic investment that strengthens intellectual capital through stakeholder-oriented initiatives. Community and environmental programmes enhance relational capital by improving corporate reputation and public loyalty, while employee-focused CSR contributes to human capital development through greater motivation, competence, and organisational commitment. Enhanced employee engagement further supports the formation of structural capital via improved organisational systems and routines. Empirical evidence by Khurshid et al. (2017) confirms that CSR significantly improves intellectual capital efficiency (VAIC™). Moreover,

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Ningrum and Anggraini (2025). emphasise that effective intellectual capital management can enhance the condition and impact of CSR practices.
H_4: CSR has a positive impact on IC.

The Impact of GCG on IC
Stakeholder Theory suggests that GCG promotes transparency, accountability, and fairness in organisational decision-making, thereby creating a supportive environment for IC development. Effective GCG enhances Human Capital through merit-based systems, strengthens Structural Capital by encouraging innovation and knowledge management, and improves Relational Capital through stakeholder trust. Empirical evidence by Shahwan and Fathalla (2020) confirms that impressive GCG significantly increases IC efficiency. Likewise, Ningrum and Anggraini (2025) emphasise that strong Intellectual Capital is essential for optimising governance quality, innovation capability, and stakeholder relationship management within organisations.
H_5: GCG has a positive effect on IC

IC as a Mediating Variable in the Relationship between CSR and Stock Price Performance
This study proposes that Corporate Social Responsibility (CSR) indirectly enhances stock price performance through Intellectual Capital (IC). Stakeholder Theory explains that CSR initiatives strengthen human, relational, and structural capital, while Signalling Theory suggests that CSR-driven IC signals future firm value to investors. Resource-Based View (RBV) further considers IC a strategic VRIN resource that generates sustainable competitive advantage. Empirical evidence by Khurshid et al. (2017) doesn't confirm IC as a partial mediator between CSR and financial performance, whereas Ningrum and Anggraini (2025) highlight IC's strategic role in strengthening the impact between CSR, GCG, and firm value.
H_6: IC mediates the impact of CSR on Stock Price Performance.

IC as a Mediating Variable in the Impact between GCG and Stock Price Performance
This study argues that GCG influences stock price performance indirectly through Intellectual Capital (IC). Stakeholder Theory suggests that effective governance enhances the growth and utilisation of human, relational, and structural capital. Furthermore, Signalling Theory explains that stronger IC serves as a credible signal of organisational quality and prospects, thereby increasing investor confidence and stock valuation. Empirical evidence by Shahwan and Fathalla (2020) and Aslam et al. (2023) confirms the mediating role of IC in the impact between GCG and firm performance, particularly regarding operational and financial efficiency outcomes.
H_7: IC mediates the impact of GCG on Stock Price Performance.

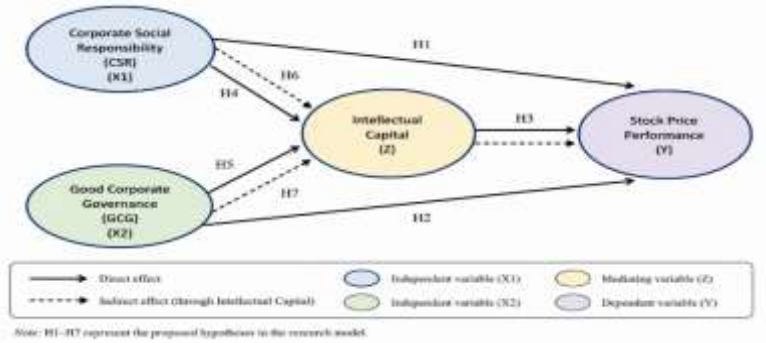

Figure 1: Conceptual Framework

Notation Description:
Y_{it} : Stock price performance of firm *i* at time *t*
$X1_{it}$: Corporate Social Responsibility (CSR)
$X2_{it}$: Good Corporate Governance (GCG)
Z_{it} : Intellectual Capital (IC)

METHOD

This study utilize a quantitative explanatory path to examine the impact of Corporate Social CSR and GCG on stock price performance with IC as a mediating variable among banking companies listed on the Indonesia Stock Exchange (IDX) during 2019–2023.

The population consists of all banking sectors listed on the IDX. The sample was selected using purposive sampling based on the following criteria: (1) banking companies consistently listed during 2019–2023; (2) companies publishing complete annual reports and sustainability reports; and (3) availability of data required to measure CSR, GCG, IC, and stock price performance. The final sample comprised 10 banking companies observed over five years, resulting in 50 panel observations. Secondary data were collected from annual and sustainability reports, financial statements, and the IDX database. The sampling procedure integrates purposive and limited random sampling, conceptually reflecting purposive stratified sampling to enhance external validity and reduce sampling bias (Neuman, 2014; Ghozali, 2016). Data analysis was managed using panel data regression. Model selection was determined through the Chow and Hausman Test. Hypothesis testing included the coefficient of determination (Adjusted R^2), F-test, and t-test. The mediating effect of Intellectual Capital was examined using the Sobel Test.

RESULTS

Sample Characteristics Stationed on the Defined Standards

In this analysis, the sampling process employed a purposive sampling technique, whereby sample selection was stationed on predetermined criteria aligned with the study objectives. This approach was adopted to ensure that the selected respondents appropriately represent the existing population under investigation. As a result of the applied selection criteria, ten banking companies met the requirements to be included as the research sample. The final sample of this study comprises the following banks: BBCA, BBRI, BMDR, BBNI, BBTN, BNLI, BBII, PNBN, CIMB, and NISP.

Descriptive Statistical Analysis

Descriptive statistics were utilised to test the characteristics of CSR, GCG, IC, and stock price performance during 2019–2023. The findings reveal that CSR does not demonstrate a direct linear association with stock prices, as banks with high CSR engagement do not necessarily achieve superior market valuation. In contrast, GCG practices remain relatively stable across sampled banks and are positively associated with stronger intellectual capital. Furthermore, IC exhibits a more substantial relationship with stock prices, particularly among banks with higher market valuation. These results indicate that IC serves as a crucial mediating mechanism through which CSR and GCG contribute indirectly to stock price appreciation and investor-recognised value creation.

Table 1. Descriptive statistics results

Variable	Mean	Std. dev.	Min	Max
CSR (X1)	92573..64	116805.9	1210	585000
GCG (X2)	3.46	0.5424811	2	4
IC (Z)	3.409	0.4417879	2.71	4.32
Stock Price Performance (Y)	2711.4	2358.858	206	9400

Source: Secondary data processed by the researcher, 2026.

Descriptive statistics reveal notable variability across variables. CSR exhibits substantial dispersion, indicating uneven social commitment among banks, whereas GCG and IC show relatively stable patterns, reflecting consistent governance and intellectual capital practices. Meanwhile, stock prices fluctuate considerably, suggesting that market valuation is shaped not only by CSR, GCG, and IC, but also by various internal and external factors.

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Panel Data Regression Estimation Model
Chow Test (F-Test)

Table 2. Chow Test Results

Model	Prob > F
Chow Test	0.0002

Source: Secondary data processed by the researcher, 2026

Based on Table 2, the Chow test expose a cross-section chi-square probability of 0.0002 (<0.05), indicating significant inter-bank heterogeneity and supporting the rejection of H_0 within the estimated model. Based on the Chow test results, the Fixed Effects Model (FEM) is more suitable and was chosen as the final model in this study than the Common Effects Model (CEM), shows that to obtain analysis results and align with the research context and relevant estimates in this study.

Hausman Test

Table 3. Hausman Test Results

Model	Asymp. Sig. (2-tailed)
Hausman Test	0.000

Source: Secondary data processed by the researcher, 2026

The Hausman test ($p = 0.0000 < 0.05$) supports rejecting H_0. Based on the Hausman test results, the Fixed Effects Model (FEM) is considered more applicable than the Random Effects Model (REM) and is accordingly used in the subsequent analysis.
The Chow test formed a probability value below 0.05, indicating that the Fixed Effects Model (FEM) is chosen over the Random Effects Model (REM). Furthermore, the Hausman test provide a probability value less than 0.05, implying that the Fixed Effects Model (FEM) is more suitable than REM. Therefore, based on the panel data model selection procedure, the Fixed Effects Model (FEM) is chosen as the final estimation model for hypothesis testing.
According to Baltagi (2021) and Gujarati (2022), when the results of the Chow and Hausman tests both reject the null hypothesis, the most appropriate model to use is the Fixed Effect Model (FEM) because FEM is considered more consistent and able to capture heterogeneity between individuals.

Classical Assumption Tests
Multicollinearity Test

Table 4. Results of the Multicollinearity Test

Variable	VIF	1/VIF
Z	2.43	0.410871
X1	1.81	0.551922
X2	1.58	0.634395
Mean VIF	1.94	

Source: Secondary data processed by the researcher, 2026

The multicollinearity test confirms the absence of serious multicollinearity within the regression model. All Variance Inflation Factor (VIF) values were under the critical threshold of 10 (CSR = 1.81; GCG = 1.58; IC = 2.43), while tolerance values exceeded 0.10. Although Intellectual Capital exhibited the highest VIF, it remained within acceptable limits. These results indicate that CSR, GCG, and IC are not strongly linearly correlated, suggesting that the regression model is mathematically robust and that the estimated coefficients feasible interpreted reliably without multicollinearity bias.

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Heteroscedasticity Test

Table 5. Heteroscedasticity Test Result

Model	Prob > chi2
Heteroscedasticity Test	0.0948

Source: Secondary data processed by the researcher, 2026

The Glejser heteroscedasticity test produced a probability value of 0.0948, transcend the 0.05 significance level, thereby indicating the deficiency of heteroscedasticity in the regression model. Accordingly, the homoscedasticity authoritativeness is fulfilled, ensuring efficient and unbiased coefficient estimates and strengthening the reliability of hypothesis testing and coefficient interpretation.

Hypothesis Testing
Coefficient of Determination Test (Adjusted R^2)

Table 6. Coefficient of Determination Test (Adjusted R^2) Result

Model	R-Squared
Coefficient of Determination Test	0.7363

Source: Secondary data processed by the researcher, 2026

The Adjusted R^2 of 0.719 demonstrates that CSR, GCG, and IC explain 71.9% of stock price performance variation in the banking sector, indicating substantial model robustness and explanatory capacity. Meanwhile, 28.1% is influenced by external determinants, including macroeconomic conditions, regulatory dynamics, and firm-specific financial factors beyond the proposed model.

F-Test

Table 7. Simultaneous Significance Test (F-Test) Results

Model	Prof > F
F-Test	0.0000

Source: Secondary data processed by the researcher, 2026

The F-test composed a probability value: (0.0000 <0.05), leading to the rejection of H_0. This result confirms that CSR, GCG, and IC simultaneously and significantly influence stock price performance, indicating that the regression model effectively explains stock price variations among IDX-listed banking firms.

t-test

Table 8. Partial Significance Test (t-test) Results

Variable Y	P > |t|
X1	0.306
X2	0.979
Z	0.000
_cons	0.000

Source: Secondary data processed by the researcher, 2026

The T-test results indicate that CSR and GCG don't significantly influence Stock Price Performance, as reflected by p-values of 0.306 and 0.979, respectively; thus, H1 and H2 are rejected. In contrast, IC demonstrates a positive and highly significant effect on Stock Price Performance with a p-value of 0.000, leading to the acceptance of H3. Furthermore, an additional

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T-test excluding simultaneous variables was performed to evaluate the remaining hypotheses independently.

Table 9: Results of the Partial Significance Test (t-test) Without the Y Variable

Variable Z	P > |t|
X1	0.000
X2	0.000
_cons	0.000

Source: Secondary data processed by the researcher, 2026

The T-test results reveal that CSR and GCG exert positive and highly significant effects on IC, as indicated by p-values of 0.000 < 0.05. Therefore, H_4 and H_5 are empirically supported and accepted**.**

The Sobel Test

Table 10. Sobel Test Results

Perhitungan Uji Sobel	
Model	**p-value**
IC – CSR – stock price performance	0.00005593
IC – GCG – stock price performance	0.00057247

Source: Secondary data processed by the researcher, 2026

The Sobel test results demonstrate that IC significantly mediates the relationships between CSR, GCG, and stock price performance. The mediation effects are statistically significant, with p-values of 0.00005593 for CSR and 0.00057247 for GCG, both below the 0.05 threshold. Moreover, the direct effects of CSR and GCG become insignificant after IC is incorporated into the structural model, indicating full mediation. These findings suggest that CSR and GCG enhance stock price performance indirectly through the strengthening of Intellectual Capital. Therefore, H_6 and H_7 are supported.

DISCUSSION

H_1: The Effect of CSR on Stock Price Performance (Rejected)

CSR does not exert a direct, meaningful effect on stock price performance. This study indicates that, consistent with the data observed, banks with substantial CSR investment may still experience relatively weak stock price performance. These results are broadly consistent with the experience of several Indonesian commercial banks, including BBRI, BMRI, BBCA, BBTN, NISP, and Pan PNBN. Sustainability initiatives were not consistently accompanied by superior stock price performance during the 2019–2023 period. Instead, market value is determined mostly by profitability, earnings quality, asset quality, and future growth prospects. In the case of Bank Permata (BNLI), stock price fluctuations over the observation period were also influenced by important corporate initiatives, demonstrating that CSR alone was not the leading factor of market success. Implicitly, CSR contributes to business value more efficiently through the increase of intellectual capital (social capital) rather than through a direct effect on stock price performance
From the perspectives of signalling theory and stakeholder theory, CSR efforts are to have a purpose and movement, supposed to generate good signals and improve stakeholder legitimacy. However, the results showed that signals are not immediately recognised by the market unless they are turned into concrete strategic value through mechanisms such as intellectual capital creation. This result is further approved by the research by Allan et al. (2020), show that there is no direct meaningful association between CSR and stock price performance or market-based performance

H_2: The Effect of GCG on Stock Price Performance (Rejected)

GCG doesn't demonstrate a direct significant impact on Stock Price Performance. Additionally, there is no discernible direct correlation between GCG and stock price performance. Despite its

importance, GCG's impact on stock prices is sometimes indirect, delayed, or obscured by other factors. This is explained by the comparatively high average GCG score in the banking industry (3.46). According to this study, it showed that good governance procedures are already the standard and a corporate requirement; thus, for investors, they aren't actually that fundamental. Signalling theory suggests that GCG reduces information imbalance between management and investors. However, in increasingly mature capital markets, governance quality may no longer provide a significant distinction that might directly influence stock prices. Previous studies, such as the one by Shahwan and Fathalla (2020), show a strong association between GCG and business performance; however, differences in market setting, regulatory regimes, and performance assessment methodologies could explain the discrepancy in findings. So, by design, signalling theory, GCG has created a signal to encourage and improve stock performance. But this result to study does not verify this. COVID-19 has changed the company's business focus, leading to negative results and bias in the company's GCG and management.

H_3: The Effect of IC on Stock Price Performance (Accepted)

IC demonstrates a significant and positive impact on stock performance. IC has a substantial impact on stock price performance. Construct The Value-Added Intellectual Coefficient (VAIC™) measures efficiency in three areas: HCE, SCE, and CEE. Studies show that Stock prices for banks such as BBCA, BMRI, and BBRI increased as efficiencies were optimised. The COVID-19 pandemic has expedited go-digital banking, highlighting the need for IC. Banks that incorporated high IC into digital ecosystems saw market incentives, as transactions shifted from expensive physical branches to profitable digital platforms. Signalling Theory suggests that strong IC conveys to investors the possibility for future earnings and durability, enhancing investor confidence and stock value on the Indonesia Stock Exchange. According to the KBV of the firm, IC is positioned as a strategic intangible asset that fulfils the VRIN criteria: valuable, rare, inimitable, and non-substitutable, thereby serving as a sustainable origin of competitive advantage, particularly in knowledge-intensive industries such as banking. These results suggest a more consistent positive correlation pattern between governance quality and intellectual capital development. This
The finding is conforming with the research by Maulida et al. (2024), Shahwan and Fathalla (2020), and Salam (2018), which also shows that IC has a positive impact on stock or financial performance, as it represents the core operational efficiency and digital capability and creates value that investors actively capital gain, dividends, and any incentives.

H_4: The Effect of CSR on IC (Accepted)

CSR has a significant and positive impact on IC. The results of the separate t-test (with IC), p-value = 0.000 < 0.05 (significance value). Investment, implementation, and post-implementation of social responsibility programs in banking companies, for example, BBMRI with its CSR on the development of Micro, Small, and Medium Enterprises (MSMEs) through Wirausaha Muda Mandiri (WMM), entrepreneurship training programs for Indonesian Migrant Workers (PMI), and environmental conservation through Mandirian BER-NYALI. BBRI, with its CSR like BRI Peduli Cares for Schools, Development of MSMEs, BRI Peduli River Cleanups, Disaster Assistance, BRI Teaching, and Entrepreneurship Training, and other initiatives, offers sustainable programs. This can increase the company's intellectual assets in this sector through CSR activities, which increases intellectual capital.
This mechanism aligns with stakeholder theory. CSR programmes that focus on the community and the environment build relational capital and the company's reputation. CSR programmes oriented towards employees (welfare and development) directly enhance human capital. Meanwhile, the procedures and systems established to run sustainable CSR can strengthen structural capital. In other words, CSR is not just an expense but a strategic investment to accumulate intellectual capital that ultimately supports the company's operations and innovation. These findings support the research by Khurshid et al. (2016), which also found that CSR improves IC efficiency. CSR practices maintain the company's legitimacy and relationships with stakeholders, making it easier to accumulate strategically knowledge-based assets within the company.

H_5: The Effect of GCG on IC (Accepted)

GCG has a positive effect on IC. The t-test results also prove that GCG has a positive and significant effect on IC (p-value = 0.000 < 0.05). A good governance structure, characterized by transparency, accountability, independence, and control systems, creates an organizational environment conducive to knowledge growth.

Effective GCG protects and motivates human capital through a fair remuneration and promotion system. GCG also supports structural capital by setting policies that encourage innovation, knowledge management, and intellectual property protection. For BBRI as an issuer, its GCG principles, through comprehensive capability strengthening with best standards, can lead the issuer to better and more adaptive governance. For BMRI as an issuer: the implementation of GCG and information transparency impacts the company, including being ranked in the Top 5 Public Listed Companies (PLCs) in Indonesia and Top 50 PLCs in ASEAN, as well as other issuers in this banking sector. According to signalling theory, reports on improved transparency and accountability, which are GCG principles, can strengthen relational capital with investors, regulators, and business partners. These results are according to Shahwan & Fathalla (2020), who showed that GCG practices improve IC efficiency.

H_6: The Mediating Role of IC in the Effect of CSR on Stock Price Performance (Accepted)

IC functions as a full mediating variable. The Sobel test provides strong evidence: a p-value of 0.00005593 < 0.05 indicates that the mediation route through IC is significant.

Considering that in the combined model the direct effect of CSR becomes insignificant when IC is included, it can be concluded that IC acts as a full mediator. This finding explains why the direct CSR-stock price relationship is often weak or inconsistent. The mechanism is explained by an integrated theoretical framework. Stakeholder Theory clarifies how CSR investments build various IC components. Then, the RBV and KBV position the implementation IC as a strategic resource that creates sustainable competitive advantage. Signalling theory explains that the increase in IC is a fundamental signal to the market about the company's capacity to generate future value, which is then reflected in stock price appreciation. These results are consistent with Khurshid et al. (2016), who also found the partial mediating role of IC. The contribution of CSR to market value occurs indirectly through strengthening intellectual capital.

Although Khurshid et al. reported a partial mediating role of IC between CSR and financial performance, the present study identifies full mediation. This difference may be attributed to variations in institutional context, performance indicators, observation periods, and research models. Specifically, this study focuses on stock price performance in Indonesian listed banks, where investors appear to value CSR and GCG primarily through their offering to IC rather than through direct market effects

H_7: The Mediating Role of IC in the Effect of GCG on Stock Price Performance (Accepted)

IC also functions as a full mediating variable in the relationship between GCG and stock price performance. From a theoretical perspective, the value of GCG is manifested through its ability to establish a strong institutional foundation for the development of knowledge-based assets, which subsequently operate as a "value creation engine" recognized and appreciated by the capital market. In other words, effective governance practices enhance the management, utilization, and sustainability of Intellectual Capital, which ultimately contributes to improved investor perceptions and stock valuation. As a result, consistant according by Shahwan & Fathalla (2020), as well as Aslam et al. (2023), further confirming the mediating role of IC in the correlation between GCG and corporate performance.

IC fully mediates the relationship between CSR & stock price performance; IC fully mediates the relationship between GCG and stock price performance.

CONCLUSION

The effect of IC as a mediator of GCG and CSR on stock price performance has been investigated in this study. The results show that IC acts as a complete mediating variable, suggesting that CSR and GCG work by improving intellectual asset efficiency and value creation rather than directly

affecting stock price performance. Empirically, CSR and GCG greatly enhance IC; nevertheless, once IC is incorporated into the model, their direct effects on stock price performance become negligible. Instead, IC indicates a strong and favorable effect on stock price performance, underscoring its strategic significance in investors' assessments of the market.

This study's integration of the knowledge-based view, signalling theory, stakeholder theory, and governance perspectives to explain how CSR and GCG generate market value through intellectual capital is one of its main contributions. There are various limitations to this study. First, the analysis is limited to banking firms that were listed between 2019 and 2023 on the Indonesia Stock Exchange, which may restrict the findings' applicability to other sectors and institutional settings. Second, while stock price performance may also be impacted by financial, market, and macroeconomic factors, the model exclusively takes into account CSR, GCG, and IC. In order to improve the robustness and generalisability of the results, future research is encouraged to include additional variables like profitability, firm size, leverage, sustainability performance, interest rates, inflation, and economic growth, as well as to extend the observation period and look at various industrial sectors.

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