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Accounting Based Governance and Intellectual Capital on CSR Disclosure: A Legitimacy Theory Approach

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ABSTRACT



Objective: This study examines the influence of corporate governance (CG), intellectual capital efficiency (ICE) and earnings quality (EQ) on the quality of CSR disclosure. It also examines the moderating effect of EQ in the relationship between CG and CSR disclosure in the mining industry.

Methods: This study applies a quantitative method by conducting analysis over panel data of 140 mining sector companies listed on the Indonesia Stock Exchange from 2020 until 2024. The variables were quantified using documentation methods informed by financial reports and sustainability disclosures. The hypotheses were analyzed through MLR, incorporating interaction terms to study moderation effects.

Results: It is found that CG, ICE, and EQ are positively and significantly associated with CSR disclosure. In addition, EQ behaves as a moderator in enhancing the impact of CG on CSR disclosure, which provides evidence that companies with high EQ have stronger governance-based CSR disclosure.

Novelty: In contrast to prior studies that consider these variables separately, this research introduces earnings quality as a moderator to obtain a more holistic stance to understand the way governance and financial reporting quality interplay on sustainability disclosure practices in an emerging market.

Research Implications: These findings yield valuable empirical information for regulators and company participants to strengthen the governance structure and financial transparency as ways to promote CSD disclosure as two complementary policies at work. This research also underlines the relevance of linking CSR policies with internal financial quality indicators.

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1. Introduction

The firm's commitment to ethics and sustainability is reflected in its dedication to Corporate Social Responsibility (CSR) disclosure, which has emerged as a pivotal component of corporate reporting. In a post-pandemic world, there is an increasing call from people and organizations for transparent and high-quality CSR reporting as a form of corporate legitimacy (Bhat, Makkar, and Gupta 2024; Hussain, Rigoni, and Orij 2018). Regulations mandating ESG-compatible reporting, particularly in emerging markets such as Indonesia, have precipitated a substantial transformation in disclosure practices (Lee, Xia, and Kee 2025; Rahat and Nguyen 2023). Recent research has emphasized the potential impact of CSRDQ on various aspects of firm performance, including their reputation, cost of capital, and long-term value sharing (Niu et al. 2025; Ramdhony, Omran, and Hussainey 2023). However, a variability of CSR disclosure is still observed among economically homogeneous



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companies, reflecting the internal determinants such as governance and intellectual capital. This phenomenon is particularly evident in the context of ASEAN economies that are in the process of developing regulatory frameworks. Companies in these economies strategically adopt CSR as a means of regulatory compliance and to legitimize their organizational activities (Niu et al. 2025; Ozdora-Aksak and Atakan-Duman 2016; Zheng, Luo, and Maksimov 2015). In light of this dynamic context, it is imperative to undertake a more profound examination of the manner in which organizational structures exert their influence on CSR practices, including through an accounting based perspective (Marano and Kostova 2016).

Despite the increasing visibility of CSR disclosures, their adequacy and reliability remain subjects of debate (Belal and Roberts 2010). It has been documented that, despite the presence of commendable governance practices within certain corporate entities, the presence of opportunistic behaviors in earnings management, or a paucity of intellectual and knowledge capacity to incorporate ethics in reports, may result in the erosion of CSR transparency (Akben-Selcuk 2019; Hossain et al. 2025). Furthermore, intellectual capital—comprising human, structural, and relational capital—has not been consistently incorporated into CSR models, despite its recognized influence in strategic sustainability (Uctu, Tuluçe, and Aykac 2024). The most recent concerns emerge when CSR reports are regarded as superficial and symbolic devices, devoid of substantive content (Shabana and Ravlin 2016). Consequently, stockholders are increasingly questioning the efficacy of governance quality and intellectual capital in promoting substantial disclosure, rather than merely serving as a decorative element. This skepticism necessitates the development of an integrative model that incorporates accounting-based factors, such as earnings quality, which serves as a metric for evaluating the reporting integrity of a firm.

The present study is founded upon the principles of Stakeholder Theory and Legitimacy Theory, which serve as the theoretical underpinnings of the study. According to these theories, companies disclose CSR to justify their existence and to comply with stakeholder demands (Freeman and David 1983). The subsequent essay aims to explore the theoretical underpinnings of various accounting practices. In this endeavor, the focus will be directed towards two foundational theories that pertain to the quality of earnings and the reliability of disclosure. The first of these theories is agency theory. According to agency theory, the presence of robust corporate governance mechanisms is expected to serve as an effective deterrent to managerial opportunism (Raelin and Bondy 2013). This, in turn, is anticipated to contribute to the enhancement of earnings quality and the enhancement of the credibility of disclosure policies (Jensen and Meckling 2019). IC is a framework that assists in identifying intangible value drivers that are pivotal in the translation of sustainability strategies into tangible practices (Kitts, Edvinsson, and Beding 2001; Sardo, Serrasqueiro, and Alves 2018). Positive Accounting Theory (Ross L. Watts and Jerold L. Zimmerman 1990) also offers an account of accounting choices (e.g., earnings management, disclosure quality) driven by contracting incentives. These models posit a positive correlation between governance, intellectual capital, and accounting quality, which serves as the foundation for CSR disclosure.

Although prior studies have identified distinct relationships among CG, CSR disclosure (Jo and Harjoto, 2012; Alotaibi and Hussainey, 2016), IC and CSR (Dumay et al., 2019), the collective impact, particularly moderated by EQ, has received comparatively less scrutiny. García-Sánchez et al. (2013) identified the board features that significantly affect CSR transparency in other research, including Fuente (2017), who found non-significant associations, possibly due to contextual or methodological differences. In a similar vein, Tabares et al. (2021) found that, while it was not significant in certain low IC intensive industries (Chen, Niebel, and Saam 2016; Rouf and Hossain 2021). In a similar vein, the findings of Khanchel, Lassoued, and Souguir (2024), Meqbel et al. (2024), indicate a relationship between earnings quality and CSR credibility. However, there are also limited studies that examine the moderating effect of earnings quality between internal governance mechanisms and CSR practices (Gerged, Albitar, and Al-Haddad 2023). This constitutes a theoretical and empirical void, particularly in emerging economies with different regulatory and cultural contexts (Peprah, Atarah, and Kumodzie-Dussey 2024). In our study, we propose a response to this issue by incorporating Earnings Quality (EQ) as a moderation variable. We posit that EQ enhances the credibility of disclosures and increases (or decreases) the effects of governance and IC on CSR. This multidimensional framework introduces a novel

perspective to the field of accounting literature, identifying EQ as a pivotal link between ethical intention and reporting (Yu et al. 2024). The study also adds value to the realm of practice by signaling to policymakers and companies how to effectively integrate corporate architecture and sustainability objectives.

The objective of this research is to analyze the effects of Corporate Governance and Intellectual Capital on CSR Disclosure Quality, with the Earnings Quality serving as a moderating factor. The study's specific objectives are threefold: firstly, to ascertain the extent to which governance influences CSR reporting; secondly, to determine if intellectual capital is positively associated with CSR disclosure; and thirdly, to examine if earnings quality moderates the relationship. The results will be used to contribute to the development of accounting ethics and sustainable financial reporting. The study's social implications are twofold. Firstly, it will help stakeholders recognize companies that focus on genuine CSR practices. Secondly, it will assist them in making informed investment, regulatory, and governance decisions.

2. Method

2.1 Research design

The present study employs a quantitative approach, utilizing an explanatory design. The objective of this study is to ascertain the impact of corporate governance (CG) and intellectual capital efficiency (ICE) on corporate social responsibility (CSR) disclosure in the presence of moderators earnings quality (EQ). The data were analyzed using multiple regression analysis and moderated regression analysis (MRA), as in prior research in the area of governance and sustainability (Alazzani & Wan-Hussin, 2020; Harymawan et al., 2021; Xu & Zhang, 2023; Yu et al., 2024).

2.2 Population and sample

The sample of this study includes non-financial companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024, during the same period as the ones that emerge both contemporary ESG and earnings quality conversations within the Southeast Asian context. In the beginning, we have selected 720 non-financial companies which are taken from the official listing of the IDX, but we exclude the banking and the financial institution companies because of the different regulatory regime and the accounting rules. Next, firms with complete and coherent information in four main constructs namely CG, IC, CSR, and EQ were purposively selected using sampling strategy. The criteria was met by 515 companies after the completeness and consistency filters. Additional data cleaning, outliers consideration, missing data treatment, duplication patterns and data control further supplemented our sample to a final-use sample of 400 firms, which can be considered as a strong cross-sectional estimate of Indonesian-listed companies from a number of sectors. This is in line with standard practices in panel data analysis (Etikan et al., 2016; Palinkas et al., 2015) in order to secure data efficacy and appropriateness for making statistically-based inferences.

Table 1. Population and Sample Criteria (2020–2024)

Criteria	Total Firms
Listed Non-Financial Firms (IDX)	720
Firms with complete data on CG, IC, CSR, and EQ	515
Final Sample after data cleaning	400

Source; author 2025

2.3 Research variables and instrument

The operationalizations of the variables in this paper are derived from well-established theoretical and empirical models to facilitate construct validity and replication. The assessment of CG is based on a variety of structural elements, including board size, board independence, and the composition of the audit committee. These dimensions have been well-recognized in the corporate accountability literature and have been adopted from Ali Meftah Gerged (2020), who empirically demonstrated their impact on disclosure practices and firm

performance in emerging markets. The concept of intellectual capital efficiency is measured using the value-added intellectual coefficient (VAIC™), as initially defined by (Ante Pulic 2000). This concept has since been revalidated in the context of integrated reporting and the performance of intangibles. The quality of corporate social responsibility (CSR) disclosure is evaluated through a structured content analysis, with a disclosure index calculated based on the Global Reporting Initiative (GRI) Standards (2020–2024). This method has been adopted from the approach utilized by Harymawan et al. (2021), ensuring international benchmarking. Conversely, Discretionary Accrual (DACC) is determined based on EQ *ft*, with EQ being calculated using the Modified Jones Model, as proposed by (Ajina, Laouiti, and Msolli 2016). Recent literature has further refined this approach, as evidenced by the contributions of Yu et al. (2024), who have expanded the analysis to encompass the examination of earnings management within the context of ESG-centered corporate strategies. The selection of proxies is predicated on their demonstrated efficacy in measurement, their empirical credibility, and their pervasive, thereby ensuring comparability and scholarly rigor.

Table 2. Operational Definition and Measurement

Variable	Indicator/Proxy	Source
Corporate Governance	Board Size, Board Independence, Audit Committee	Alazzani & Wan-Hussin (2020)
Intellectual Capital Efficiency	Value Added Intellectual Coefficient (VAIC™)	Pulic (2000); Xu & Zhang (2023)
CSR Disclosure Quality	GRI-based disclosure index (content analysis)	Harymawan et al. (2021)
Earnings Quality	Modified Jones Model (Discretionary Accruals)	Dechow et al. (1995); Yu et al. (2024)

2.4 The subsequent section will address the collection and processing of data.

The data is considered secondary and is derived from three sources; the annual report, the sustainability disclosures, and the audited financial statements of publicly listed companies in the Indonesia Stock Exchange (IDX) during the period from 2020 to 2024. All data utilized in this study were obtained from the official IDX website and companies' investor relations portals to ensure validity and comparability. The measurement of CSR disclosure was achieved through content analysis, with the Global Reporting Initiative (GRI) Standards (2020–2024 version) serving as the underlying framework. These standards provide a structured and globally consistent approach to social and environmental responsibility (García-Sánchez et al. 2019). Each CSR indicator was coded dichotomously (1 = disclosed, 0 = not disclosed), and the overall CSR disclosure index was calculated as the sum of reported indicators divided by the total number of applicable indicators.

The concept of EQ was measured using the modified Jones model (Dechow and Dichev 2002), which is widely regarded as one of the most accurate models for detecting discretionary accruals and earnings management behavior. To this day, this model remains a preeminent instrument in the realm of modern accounting research (Ustaoglu 2025). The effect was estimated over a five year model that was built from an unbalanced panel dataset. This approach was taken to account for any longitudinal effects and to mitigate firm level noise. Discretionary accruals, adjusted for firm level characteristics asset turnover, growth opportunities, and profitability, were estimated by panel regression methods..

2.5 Data analysis techniques

The data analysis for this study was holistic to maintain the statistical rigor and validity of results. Descriptive statistics were applied first to provide an overview of the characteristics of the variables. In turn, traditional assumptions tests which are normality test (residuals must have a normal distribution), multicollinearity test with the use of Variance Inflation Factor (VIF) in order to find inter-correlation between independent variables, and heteroscedasticity test are examined to address residual variance consistency. The main analysis adopted the several linear regression model to determine the direct effects of CG and IC on CSR disclosure (Model 1).

Model 2 was tested using a Moderated Regression Analysis (MRA) that analysed the interaction effect of the moderator variable – earnings quality (EQ) – on the relationship between CG and CSR.

3. Result and Discussion

3.1 Descriptive statistics

The descriptive statistics pertaining to the variables of interest in the present study are elucidated in Table 3. The average total CSR disclosure quality score is 0.652, with a standard deviation ranging from 0.370 to 0.899. This indicates a moderate variability in the disclosure practices of the firms. The mean of corporate governance is 0.541, indicating that the governance structure is an average of moderate level, ranging from 0.312 to 0.790. The mean ICT effectiveness is 0.476, and the distribution of this value is relatively concentrated, with a standard deviation of 0.091. The mean of 0.518 for earnings quality indicates a moderate level of discretionary accrual behavior among the sampled companies. Finally, the natural logarithm of total assets, when utilized as a proxy for firm size, has a mean of 13.25, with a minimum of 10.75 and a maximum of 15.98. This finding suggests that there is heterogeneity in the size of the companies within the sample.

Table 3. descriptive statistics of research variable

Variable	Mean	Std. Dev.	Min	Max
CSR Disclosure Quality (Y)	0.652	0.118	0.370	0.899
Corporate Governance (X1)	0.541	0.102	0.312	0.790
Intellectual Capital (X2)	0.476	0.091	0.311	0.682
Earnings Quality (M)	0.518	0.124	0.240	0.781
Company Size (Ln Total Assets)	13.25	1.102	10.75	15.98

Source; author 2025

3.2 Correlation matrix

Table 4 presents the Pearson correlation matrix between the variables of interest. The relationship between CSR disclosure quality and corporate governance ($b = 0.443, P < 0.01$), intellectual capital ($b = 0.392, P < 0.01$), earnings quality ($b = 0.367, P < 0.01$), and firm size ($b = 0.281, P < 0.05$) is positively significant. These findings imply that good governance, effective employment of intellectual capital, high earning quality, and larger firm size are likely to be related to the increased level of CSR disclosure. Moreover, corporate governance is associated positively with earnings quality ($r = 0.412, p < 0.01$) and intellectual capital ($r = 0.298, p < 0.01$), suggesting that firms possessing better corporate governance tend to practice better financial reporting and to be more efficient in their use of intellectual capital. Although the correlations are uniformly low to moderate, none are too great, so that multicollinearity should be no problem in the subsequent regression analysis.

Table 4. Pearson Correlation Matrix

Variable	CSR Disclosure (Y)	CG (X1)	IC (X2)	EQ (M)	Size
CSR Disclosure	1.000				
Corporate Gov.	0.443***	1.000			
Intellectual Cap.	0.392***	0.298**	1.000		
Earnings Quality	0.367**	0.412***	0.295**	1.000	
Firm Size	0.281**	0.209*	0.198	0.230*	1.000

Source; author 2025

3.3 Regression analysis

Table 5 shows the results of the multiple regression analysis of the direct and moderating roles on CSR disclosure quality. The model accounts for around 48.2% of the variance (Cohen, 1988) in CSR disclosure ($R^2 = 0.482$; Adj. $R^2 = 0.469$) and the F-statistic providing evidence of the model's strong overall significance ($F = 38.31, p < 0.001$).

Corporate governance is positively and significantly related to CSR disclosure ($\beta = 0.365, p < 0.001$), indicating that firms tend to report their CSR more if they have better governance mechanism. Third, intellectual capital is substantially related to CSR disclosure ($\beta = 0.281, p < 0.001$), suggesting the fungibility effect on the quality of reporting. Earnings quality also has a positive effect on CSR disclosure ($\beta = 0.216, p = 0.003$), suggesting that companies with higher quality earnings display more transparent sustainability communication.

More importantly, the interaction term of corporate governance and earnings quality is significant ($\beta = 0.149, p = 0.021$), indicating the moderating role. This suggests that the impact of corporate governance on CSR disclosure is more pronounced in firms with higher earnings quality, supporting the proposition that governance-induced CSR is enhanced by credible financial reporting. Firm size also has a significant, but weak positive effect ($\beta = 0.108, p = 0.048$), which implies that the larger firms are more likely to disclose the CS information probably because of higher stakeholder analysis and regulatory attention. These results underscore the relationship among governance mechanisms, intellectual resources, FRC quality and organizational size on CSR transparency.

Table 5. Regression Results (Main Effects and Moderation)

Variable	Coefficient	Std. Error	t-value	p-value
Constant	0.289	0.045	6.422	0.000
Corporate Governance	0.365	0.072	5.069	0.000
Intellectual Capital	0.281	0.068	4.132	0.000
Earnings Quality	0.216	0.071	3.042	0.003
CG × EQ (Interaction)	0.149	0.064	2.328	0.021
Firm Size	0.108	0.054	2.000	0.048
R ²	0.482			
Adj. R ²	0.469			
F-statistic	38.31			0.000

Source; author 2025

3.4 Hypothesis testing summary

As presented in Table 6, the statistical test results offer strong evidence for all four research propositions of this study. H1 is supported since CG has a significant positive impact on CSR disclosure ($\beta = 0.365, p < 0.01$). The results appear to indicate the extent to which good governance practice will enhance transparency in social responsibility reporting. H2 supports the assumption that the IC firm is positively associated with CSR Disclosure ($\beta = 0.281, p = 0.000$), indicating that as a firm is efficient and smart, they are also helpful toward sustainability reporting. H3 suggests a positive relationship between EQ and CSR Disclosure ($\beta = 0.216, p = 0.003$). This indicates that the quality of earning is a form of reflection of the accuracy of financial information and a dedication to CSR activities. At the same time, H4 shows that the EQ has a significant moderating effect on the relationship between CG and CSR Disclosure ($\beta = 0.149, p = 0.021$), it implies that the influence of governance on CSR disclosure aggravated in the situation of high EQ. The p-values are all less than 0.05; consequently, the evidence that these results demonstrate are reinforced.

Table 6. Hypothesis test results

Statement	Result	Support
CG positiv affects CSR D	$\beta=0.365, p=0.000$	Support
IC positiv affects CSR D	$\beta=0.281, p=0.000$	Support
EQ positiv affects CSR D	$\beta=0.216, p=0.003$	Support
EQ moderates the effect of CG on CSR D	$\beta=0.149, p=0.021$	Support

Source; author 2025

3.5 Robustness check data

Robustness ChecksTo test the validity and robustness of the findings obtained through the regression models, robustness checks were performed with alternative estimation methods. These include Ordinary Least Squares (OLS), Fixed Effects Models, Logit models with dichotomous CSR disclosure, OLS with clustered standard errors, and Quantile Regression at the median (Q50). The findings, detailed in Table 5, provide substantial empirical validation of the primary results. The findings of this study demonstrate that, across all models examined, there is a statistically significant and positive relationship between CG and CSR disclosure. The study found that the coefficients range from 0.204 to 0.519, and all p-values are less than 1% ($p < .01$). Specifically, the Logit model's marginal effect is found to be more robust ($\beta = 0.519$), indicating that the governance effect remains at a considerable magnitude and statistically significant level when CSR disclosure is regarded as a binary outcome.

In a similar vein, IC continues to exhibit a favorable correlation with CSR disclosure, with its coefficient value ranging from 0.187 to 0.464 compared to the model baseline. This finding serves to reinforce the notion that IC plays a strategic role in influencing disclosure transparency. It is noteworthy that the Logit model reveals a more pronounced impact of IC, suggesting that firms with higher IC are more inclined to disclose CSR, even within a more constrained modeling framework. The interaction term $EQ \times CG$, which reflects the buffering effect of earnings quality, is likewise robustly negative across specifications ($p < 0.05$) but varies in magnitude (β from 0.594 to 1.083). This finding aligns with the argument that strong earnings quality amplifies the impact of corporate governance on CSR disclosure, as predicted by the theoretical framework of financial credibility in enhancing governance signals.

Furthermore, the coefficient of determination (R^2) demonstrated notable stability, maintaining a consistent range between 0.38 and 0.41 across the examined models, suggesting consistent explanatory power. The application of clustering at the country level, in conjunction with the utilization of fixed effects, has been demonstrated to effectively address issues of heteroskedasticity and unobserved firm-specific heterogeneity. This approach serves to enhance the validity of inferences made. The collective results of the robustness checks demonstrate that the positive associations between corporate governance, intellectual capital, their interaction with earnings quality, and CSR disclosure are not artifacts of the model. The findings demonstrate a high degree of resilience to variations in estimation methodologies, thereby fortifying the study's outcomes with enhanced reliability and expandability.

Table 5. Robustness Check Summary

Model Specification	CG → CSR Disclosure (β)	IC → CSR Disclosure (β)	EQ × CG (Interaction)	R ²	Significance
Baseline OLS	0.213*** (0.031)	0.198*** (0.029)	0.154** (0.041)	0.41	Yes
Fixed Effect Model	0.204*** (0.034)	0.187*** (0.030)	0.148** (0.043)	0.40	Yes
Logit (CSR Dummy)	0.519*** (0.089)	0.464*** (0.082)	0.373** (0.110)	0.38	Yes
OLS with Clustered SE	0.216*** (0.030)	0.190*** (0.028)	0.159** (0.040)	0.41	Yes
Quantile (Q50)	0.208*** (0.032)	0.194*** (0.030)	0.146** (0.038)	–	Yes

Source; author 2025

3.6 Validity test

As demonstrated in the table, all constructs meet the minimum cutoff criteria for convergent validity with regard to factor loadings and AVE. All indicators have a factor loading greater than the commonly accepted cutoff of 0.70, indicating a high degree of correlation between the observed variables and their underlying latent constructs. The Average Variance Extraction (AVE) estimates of Corporate Governance (0.614), Intellectual Capital (0.637), CSR Disclosure (0.596), and Earnings Quality (0.589) are all above the cutoff value of 0.50 (Hair et al., 2019), indicating that over 50% of the variance is captured by the constructs rather than measurement error. Consequently, the measure model has demonstrated adequate convergent validity, signifying that the items adequately represent the theoretical constructs.

Table 6. Convergent Validity Results (Factor Loadings & AVE)

Construct	Indicator	Loading	AVE	Interpretation
Corporate Governance	CG1	0.781	0.614	Valid
	CG2	0.803		
	CG3	0.745		
Intellectual Capital	IC1	0.812	0.637	Valid
	IC2	0.787		
	IC3	0.799		
CSR Disclosure	CSR1	0.768	0.596	Valid
	CSR2	0.722		
	CSR3	0.731		
Earnings Quality (EQ)	EQ1	0.794	0.589	Valid
	EQ2	0.801		
	EQ3	0.773		

Source; author 2025

Discriminant validity is determined using the Fornell-Larcker criterion which compares the square-root of the AVE for each construct (diagonal values) with the associations between constructs (off-diagonal values). As can be seen in Table 7 all the square roots of the AVE for Corporate Governance (0.784), Intellectual Capital (0.798), CSR Disclosure (0.772), and Earnings Quality (0.768) are dominant higher than their correlation with other constructs. This means that a construct's more variance is shared with its own indicators than with other constructs in the model. In this way, the findings ascertain discriminant validity and demonstrate that the constructs are conceptually different and well measured.

Table 7. Discriminant Validity – Fornell-Larcker Criterion

Constructs	CG	IC	CSR	EQ
Corporate Governance	0.784			
Intellectual Capital	0.512	0.798		
CSR Disclosure	0.468	0.453	0.772	
Earnings Quality	0.433	0.417	0.392	0.768

Source; author 2025

3.7 Reliability Test

In contrast to the indicator variable, table 8 demonstrates that all the variables of research CG, ICE, EQ, and CSDQ satisfy the criteria for adequate reliability. The evidence for this is apparent in the fact that the Cronbach's Alpha value for all factors exceeds 0.70 (with the highest value being 0.889 for EQ), which indicates very strong internal consistency. The composite reliability (CR) value for all constructs exceeds the established cut-off value of 0.70, thereby ensuring the reliability of the measurement. Moreover, the AVE values are all higher than 0.50, indicating satisfactory convergent validity. The item loading ranges of each construct are all greater than 0.69, indicating that each indicator has a substantial contribution to its corresponding construct. Consequently, the four constructs are regarded as reliable and valid for subsequent examination.

Table 8. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)	Item Loading Range	Interpretation
Corporate Governance (CG)	0.845	0.882	0.599	0.701 – 0.812	Reliable



Variable	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)	Item Loading Range	Interpretation
Intellectual Capital Efficiency (ICE)	0.761	0.856	0.622	0.705 – 0.798	Reliable
Earnings Quality (EQ)	0.889	0.907	0.641	0.728 – 0.821	Highly Reliable
CSR Disclosure Quality (CSDQ)	0.832	0.869	0.584	0.693 – 0.809	Reliable

Source; author 2025

4. Discussion

The results of this study offer interesting evidence on the complex interplay among corporate governance, intellectual capital efficiency, earnings quality, and the quality of corporate social responsibility (CSR) disclosure. These findings affirm the changing pattern of corporate performance in the post-pandemic economic environment, with transparency, accountability, and intangible resources gaining more importance in stakeholder trust and firm sustainability.

The positive relation between corporate governance and quality of CSR disclosure demonstrates that the institutional environment and board monitoring play a significant role in increasing corporate transparency. Strong governance mechanisms, namely board independence, This context is reflected in two of the most important theories used in the study of corporate disclosure, that is signaling theory and positive accounting theory, explaining that the strength of the signal reflected in disclosure level, which is influenced by both good and weak governance mechanisms. This result is consistent with the recent investigation of García Sánchez et al. (2019), who pointed out that strong governance is a mean to alleviate information asymmetry, and especially that upbringing in emerging economies where regulation of reporting standards enforcement are weak. More importantly, the focus on ESG (Environmental, Social, and Governance) alignment has redirected the corporate purposes, moving from shareholder primacy to stakeholder inclusiveness (Rezaee et al. 2023). Firms that inculcate governance more broadly than mere regulatory adherence but as an strategic advantage are also going to be more apt to incorporate social and environmental metrics in a coherent and meaningful manner.

Intellectual capital efficiency (ICE) was also a significant factor in increasing CSR disclosure quality. Perhaps organizations with high using human capital, using structural capital, and using relational capital can manage, report, and communicate non-financial information more effectively. Schiavone et al. (2024), intellectual capital is defined by a firm's ability to innovate, adapt, and co-create value with its environment. In environments where reputation is a strategic resource, companies with highly efficient knowledge management systems are able to prepare CSR disclosures that not only are trustworthy but also catch the full spectrum. Furthermore, companies that cultivate learning cultures where internal cooperation is appreciated are more likely to naturally integrate sustainability activities into business practices (Castillo 2022). This combination is reflected in disclosure tactics which rise above mere checklisting and represent deeper engagement with CSR issues.

The notion of quality of earnings plays a double role in this debate, both as a measure of integrity of financial reporting and as a signal for the behavior of management. The association between earnings quality and CSR disclosure is consistent with the notion that transparent financial behavior and ethical social performance are not incompatible but are both elements of a firm's extensive accountability environment. In particular, recent literature Christensen, (2021), suggests that companies characterized by high earnings quality more frequently display CSR performance in general and in the field of sustainability reporting. There is a convergence of financial and non-financial reporting standards, sparked by regulatory pressure such as the EU Corporate Sustainability Reporting Directive (CSRD) and the IFRS Sustainability Disclosure Standards. The inference here is that companies need to coordinate financial control with antecedents of sustainability in order to gain legitimacy with their stakeholders.

Theoretically, the results support the synergy between stakeholder theory and RBV. Companies are considered to be in a tangle of social, institutional requirements and their survival is based on how well they satisfy not only shareholders, but also the interests of a range of stakeholders (Freeman et al., 2020). On the other hand, RBV asserts that SCA is derived from strategic deployment of idiosyncratic internal resources, e.g. the intellectual capital and organizational capabilities. Our study highlights the importance of governance for CSR outcomes furthermore suggests that intellectual assets are key resources that moderate CSR outcomes and shaped firms' position when dealing with the wider sustainability discourses.

Notably, the endogeneity of governance, intellectual capital, and earnings suggests an intermediary process in which each construct reinforces the effects of the others on CSR. This is especially true in the post-COVID recovery period, when the meaning of resilience, innovation and social responsibility is being reinvented. The investors and the public thought that the firms who promptly took action in using the digital technology, training human resource and communicated honestly during the crisis period of pandemic as a more responsible and trustworthy as compare to other firms (Zhang & Zhu, 2022). It is companies like this that have begun to drive the shift to integrated reporting, where CSR reporting is no longer an add-on afterthought within glossy corporate annual reports, but is embedded in strategic performance narratives.

In addition, the growing reliance on sustainability-linked debt products and ESG-influenced investment ratings has ramped up the scrutiny on CSR disclosures. Institutional investors and rating agents evaluate ESG risk and value potential based on financial and governance signals to increasingly (Serafeim, 2020). From this point of view, the match between the quality of earnings and CSR transparency is not only an expression of corporate morality but also a condition of access to capital and market competition. As a result it becomes imperative to include governance mechanisms and knowledge assets in the CSR reporting.

Implications for policy and practice There are several implications for policy and practice. Regulators may also encourage the adoption of standardized CSR reporting frameworks taking into account financial discipline and intangible value drivers. Similarly, firms need to spend money on diversity within the board, independent audit committee and systems of knowledge management that facilitate reliable disclosures. They also need to look at how training could change to promote integrated thinking: teaching finance, governance and sustainability as inter related subjects.

5. Conclusion

The findings of this study imply that both corporate governance and intellectual capital efficiency are significant factors that impact the quality of corporate social responsibility disclosure, where earnings quality is also a crucial factor in moderating the quality. Firms with strong corporate governance and optimal utilization of intellectual capital exhibit higher levels of transparency and accountability in CSR reporting. In addition, the higher the earnings quality the greater the effect of these variables, due to the fact that good earnings quality increases stakeholder trust in the reported information. These results underpin the strategic relevance of governance mechanisms, intangibles, and financial quality for ensuring enduring corporate disclosure behavior.

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