

The Effect of CSR Performance on Profitability with CEO's Education and Tenure as Moderators

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ABSTRACT

This study provides empirical evidence on the relationship between corporate social responsibility (CSR) performance and profitability, and examines whether CEO characteristics specifically educational level, business education background, and tenure moderate this relationship. The research focuses on consumer goods manufacturing firms listed on the IDX during the 2021–2023 period. A purposive sampling approach was employed to select the sample, and the analysis was conducted using Moderated Regression Analysis (MRA). The results indicate that CSR performance does not exert a statistically significant direct effect on profitability. However, CEO educational level and tenure positively moderate the relationship between CSR and profitability, while a CEO's business education background weakens this association. These findings offer theoretical support for upper echelons theory, suggesting that executive attributes shape strategic outcomes. Practically, the study provides insight for firms seeking to enhance profitability by highlighting the relevance of CEO education and tenure in leveraging CSR initiatives more effectively.

Keywords: CSR Performance; Profitability; CEO's Education; CEO's Tenure

Pengaruh kinerja CSR terhadap profitabilitas dengan pendidikan dan masa jabatan CEO sebagai moderasi

ABSTRAK

Pembuktian empiris pengaruh kinerja CSR terhadap profitabilitas serta konfirmasi apakah tingkat pendidikan dan pendidikan bisnis CEO serta masa jabatannya memperkuat pengaruh kinerja CSR terhadap profitabilitas adalah tujuan dari riset ini. Perusahaan manufaktur barang konsumsi yang go public di BEI sepanjang 2021–2023 dijadikan populasi dengan sampel ditentukan melalui pendekatan purposive sampling. MRA kemudian dipakai untuk menganalisis data. Temuan penelitian mengindikasikan kinerja CSR tidak memengaruhi profitabilitas secara signifikan, tingkat pendidikan serta masa jabatan CEO memperkuat pengaruh kinerja CSR terhadap profitabilitas, dan pendidikan bisnis CEO memperlemah pengaruh kinerja CSR terhadap profitabilitas. Implikasi teoritis dari penelitian ini yaitu mengonfirmasi teori upper echelon dan implikasi praktis yaitu membantu perusahaan manufaktur meningkatkan profitabilitas dengan memberikan gambaran mengenai pentingnya tingkat pendidikan dan masa jabatan CEO.

Kata kunci: Kinerja CSR; Profitabilitas; Pendidikan CEO; Masa Jabatan CEO



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INTRODUCTION

Profitability reflects a firm's capacity to convert sales, assets, and equity into earnings (Wardhani et al., 2021). High profitability signals effective management of resources, capital, and operations, contributing to financial stability and resilience amid macroeconomic fluctuations, including recessionary periods (Tiffany & Sufiyati, 2023; Talunohi & Bertuah, 2022). Conversely, declining profitability can erode investor confidence, often triggering negative capital market responses such as falling share prices (Brigham & Houston, 2021).

IDX financial data from 2021–2023 indicate persistent negative profitability across multiple sectors. The consumer non-cyclicals sector posted a negative Net Profit Margin (NPM) of -0.173% in 2021, contributing to an 11.29% decline in the Indonesia Composite Index (IDI) for the sector (Aryani & Saputra, 2024). While this sector showed signs of recovery by 2023, the consumer cyclicals sector experienced a more pronounced downturn, with profitability falling from -0.664% in 2021 to -130.738% in 2023, despite year-on-year sales growth of 9.35%.

Firms operate within a network of stakeholders—including investors, employees, customers, communities, and regulatory bodies—whose interests can directly or indirectly affect corporate outcomes (Talan et al., 2024). Strong stakeholder engagement enhances operational stability, reinforces reputational capital, and reduces exposure to non-financial risks (Pfajfar et al., 2022). In this context, profitability erosion may be mitigated by fostering long-term stakeholder relationships grounded in trust and transparency.

The consumer goods industry, given its direct engagement with end-users, is particularly susceptible to reputational risk. Consumer expectations increasingly extend beyond product quality and pricing to encompass firms' environmental and social conduct. A 2022 survey by Harris Poll and Google Cloud found that 82% of consumers prefer brands whose values align with their own. Corporate Social Responsibility (CSR) thus emerges as a strategic mechanism for aligning firm actions with stakeholder expectations and enhancing brand equity (Afifah et al., 2021).

CSR is premised on the principle that firms should address their responsibilities to both internal and external stakeholders across operational, social, and environmental dimensions (Gillan et al., 2021; Ganesh & Venugopal, 2024). By integrating CSR into their strategies, firms can cultivate customer loyalty, improve social legitimacy, and ultimately enhance profitability (Naatu et al., 2022). Consumers increasingly reward companies that prioritize sustainable practices, thereby reinforcing the business case for CSR investments.

Empirical investigations into the CSR–profitability nexus, however, reveal mixed findings. Several studies have found a positive and significant relationship (Okafor et al., 2021; Brogi & Lagasio, 2019; Chou & Chan, 2018; Drianita & Hasibuan, 2021), while others report negative (Chen et al., 2018; Sirait et al., 2022; Yoon & Chung, 2018; Abdullah, 2024) or neutral effects (Shania Novia & Meythi, 2022; Kabir & Chowdhury, 2023; Parengkuan et al., 2017; Kusumawati et al., 2022). These inconsistencies suggest the potential presence of moderating factors that condition the CSR–profitability relationship.

As CSR constitutes a strategic initiative, its effectiveness may be contingent on top management characteristics. Senior executives, particularly Chief Executive

Officers (CEOs), play a critical role in shaping strategic direction and ensuring alignment between CSR practices and organizational objectives (Boakye et al., 2021). Upper echelons theory posits that executive attributes such as values, education, and experience—influence decision-making and, by extension, corporate performance (Wang et al., 2016). CEO characteristics such as educational attainment and tenure may therefore moderate the relationship between CSR and profitability.

Despite the theoretical relevance, empirical studies on the moderating role of CEO attributes in the Indonesian context remain limited. Recent studies (Rahmawati & Juliarto, 2024; Arianti & Pebriyani, 2025) have not differentiated between general education and business-specific education. This study addresses this gap by incorporating CEO educational background—including business education, proxied using Ghardallou (2022) classification—as a moderating factor.

In addition to CEO characteristics, prior studies have also examined other determinants of profitability, including firm size, leverage, sales growth, tangible assets, and exogenous shocks such as the COVID-19 pandemic. Larger firms tend to benefit from economies of scale, internal control efficiencies, and stronger governance frameworks, which positively influence profitability (Wahyuni & Sukartha, 2019). Conversely, excessive leverage may increase financial risk through elevated interest burdens (Fakhrudin et al., 2025). Sales growth signals increased revenue potential and is typically associated with improved earnings (Yuliani, 2021). Tangible assets serve as collateral, facilitating external financing for profit-generating activities (Febriana & Triyono, 2024). Finally, the COVID-19 pandemic disrupted consumer demand and supply chains, leading to profitability declines across sectors (Lowardi & Abdi, 2021). Accordingly, these variables are incorporated as controls in the present study.

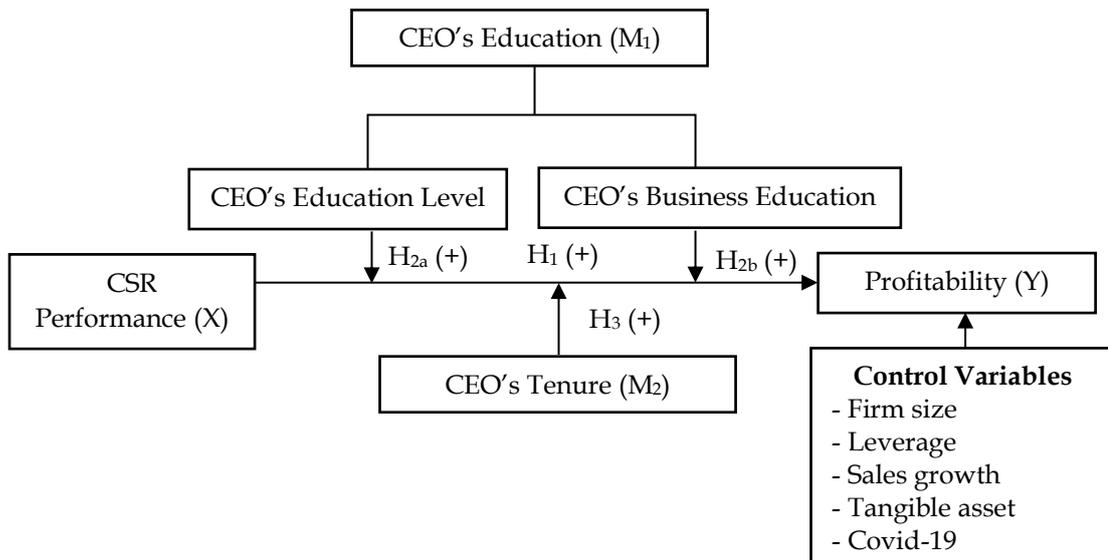


Figure 1. Conceptual Framework

Source: Research Data, 2025

This research is theoretically grounded in stakeholder theory and upper echelons theory. Stakeholder theory emphasizes the firm's obligation to balance diverse stakeholder interests beyond mere profit maximization (Limbong et al.,

2019). Upper echelons theory posits that organizational outcomes reflect the cognitive and behavioral traits of top executives (Wang et al., 2016). The conceptual model derived from these frameworks is illustrated in Figure 1.

Stakeholder theory posits that firms have obligations not only to shareholders but to a broader set of stakeholders who can influence or be influenced by the firm's operations (Limbong et al., 2019). Corporate Social Responsibility (CSR) offers a strategic mechanism for firms to align their operations with stakeholder expectations. Effective CSR performance enhances corporate reputation by signaling organizational commitment to economic, social, and environmental issues valued by society (Ganesh & Venugopal, 2024). This alignment may increase consumer purchase intentions and loyalty, particularly among ethically conscious customers, thereby driving revenue growth and, in turn, profitability.

CSR can also enhance profitability through cost reduction, as the adoption of sustainable practices often leads to improved resource efficiency (Afifah et al., 2021). Socially oriented CSR initiatives—such as community development and compliance with legal standards—reduce the likelihood of social conflict, regulatory penalties, and operational disruptions (Ou et al., 2025). Consequently, CSR initiatives may contribute to long-term profitability through both revenue enhancement and cost containment. A growing body of empirical research supports a positive relationship between CSR performance and profitability (Yoon & Chung, 2018; Maqbool & Zameer, 2018; Cho et al., 2019; Okafor et al., 2021; Brogi & Lagasio, 2019).

H₁. CSR performance positively influences profitability.

Upper echelons theory suggests that corporate outcomes are shaped by the cognitive base and values of top executives, who interpret and respond to strategic challenges through the lens of their personal characteristics (Muñoz & Esteve, 2017). One such characteristic is educational attainment, which serves as a proxy for cognitive capacity, analytical skill, and strategic insight. CEOs with higher levels of formal education typically possess a broader knowledge base and stronger analytical capabilities, enabling more informed decision-making and strategic alignment with complex initiatives such as CSR.

Research by Altuwajri & Kalyanaraman (2020), King et al. (2016), Ghardallou et al. (2020), and Saidu (2019) demonstrates that CEOs with advanced educational backgrounds are more likely to embed CSR principles into core business strategies, thereby enhancing operational efficiency and financial performance. Rahmawati & Juliarto (2024) further found that CSR's impact on profitability is amplified under the leadership of postgraduate-educated CEOs.

H_{2a}. CEO education level strengthens the effect of CSR performance on profitability.

The educational discipline of the CEO may also serve as a key moderating variable. CEOs with a background in business education are more likely to possess the managerial competencies necessary for balancing strategic priorities and operational execution (Sudana & Dwiputri, 2018). Business education equips CEOs with the analytical tools and financial acumen to allocate resources efficiently, evaluate opportunity costs, and implement CSR activities in ways that align with profitability objectives.

Studies by Pascal et al. (2017), Ali et al. (2022), and Morresi (2017) show that business-educated CEOs outperform their peers in both financial and social performance metrics. Similarly, Zaidi et al. (2021) highlight that business-educated executives are more adept at implementing cost-efficient CSR strategies. Ghardallou (2022) provides further evidence, noting that CEOs with MBA degrees are more effective at converting CSR investments into financial gains.

H_{2b}. CEO business education strengthens the effect of CSR performance on profitability.

In addition to education, CEO tenure constitutes a critical upper-echelon characteristic influencing strategic orientation and firm outcomes. Longer-serving CEOs typically accumulate firm-specific knowledge, executive authority, and stakeholder trust, which collectively enable more effective implementation of long-term initiatives such as CSR (Lee et al., 2022). Tenure enhances a CEO's capacity to maintain continuity in strategic initiatives and to build upon prior CSR investments, thereby fostering a cumulative effect on firm performance.

Research by Rahman et al. (2023), Saleh et al. (2020), and Ghardallou et al. (2020) confirms that CEO tenure positively influences profitability by enhancing leadership stability and experience. Furthermore, studies by Lee et al. (2022) and Ghardallou (2022) show that the relationship between CSR and profitability is significantly stronger under CEOs with longer tenures, due to their ability to align CSR strategies with broader organizational goals over time.

H₃. CEO tenure strengthens the effect of CSR performance on profitability.

RESEARCH METHOD

This study examines the profitability of consumer cyclical and non-cyclical manufacturing firms listed on the Indonesia Stock Exchange (IDX) during the period 2021 to 2023, focusing on the effect of Corporate Social Responsibility (CSR) performance and the moderating roles of CEO education and tenure. The analysis integrates both quantitative and qualitative data. Quantitative data include financial performance metrics and CEO tenure, while qualitative data encompass CSR disclosure practices and the educational background of CEOs.

Secondary data were obtained from publicly available sources, including audited financial statements, sustainability reports, and annual reports published on the IDX website and the respective corporate websites. Data collection employed a non-participant observation technique, ensuring objectivity and consistency in capturing relevant disclosures.

The sample was selected using purposive sampling, targeting firms within the consumer cyclicals and consumer non-cyclicals manufacturing sectors that met specific inclusion criteria defined by the researchers. The selection process was guided by considerations of data availability and relevance to the study's objectives. Table 1 presents the sample selection procedure and final sample composition used for analysis.

Table 1. Sample Selection Results

Criteria	Number of observations
Consumer cyclicals and consumer non-cyclicals manufacturing companies listed on the Indonesia Stock Exchange in 2021.	106
Consumer cyclicals and consumer non-cyclicals manufacturing companies listed on the Indonesia Stock Exchange in 2022.	108
Consumer cyclicals and consumer non-cyclicals manufacturing companies listed on the Indonesia Stock Exchange in 2023.	119
Number of initial observations	333
Companies that did not publish and release their 2021-2023 sustainability reports	(54)
A company that experienced a change of CEO in the middle of annual period	(37)
Observations that do not adhere to GRI Standards in the preparation of sustainability reports	(154)
Total	88

Source: Research Data, 2025

In this study, profitability serves as the dependent variable (Y), measured using Return on Sales (RoS), which reflects a firm's ability to generate profit from its sales revenue. The independent variable (X) is Corporate Social Responsibility (CSR) performance, assessed based on the extent of disclosure in accordance with the Global Reporting Initiative (GRI) Standards. CSR disclosure scores for each company were calculated as a proportion of the total possible score, derived from the number of applicable indicators disclosed relative to the maximum attainable score.

Two moderating variables were incorporated: CEO education (M1) and CEO tenure (M2). CEO education was operationalized through two dimensions: (i) educational level and (ii) field of study. Educational level was measured using a dummy variable, where a value of 1 was assigned to CEOs with postgraduate qualifications and 0 otherwise. Field of study was captured through a business education indicator, also coded as a dummy variable, with 1 representing a degree in business and 0 otherwise. CEO tenure was measured by the number of years since the CEO assumed the position.

To account for potential confounding effects, five control variables were included: firm size (K1), leverage (K2), sales growth (K3), tangible assets (K4), and the COVID-19 pandemic (K5). Firm size was proxied by the natural logarithm of total assets. Leverage was measured using the debt-to-asset ratio, while sales growth was calculated as the annual percentage change in sales. Tangible assets were proxied by the fixed asset ratio. COVID-19 was included as a binary variable, where 1 indicates a pandemic-affected year and 0 otherwise.

To test the hypothesized relationships, Moderated Regression Analysis (MRA) was employed using STATA software. This method allows for the examination of whether CEO characteristics strengthen or weaken the relationship between CSR performance and profitability. The formal regression equation is presented in Equation 1.

$$ROSit = \alpha + \beta_1 CSRit + \beta_2 TPit + \beta_3 PBit + \beta_4 Tenureit + \beta_5 (TPit \times CSRit) + \beta_6 (PBit \times CSRit) + \beta_7 (Tenureit \times CSRit) + \beta_8 Sizeit + \beta_9 Leverageit + \beta_{10} Sgrowthit + \beta_{11} Tangibleit + \beta_{12} Covidit + \epsilon it \dots \dots \dots (1)$$

Where:

- α : constanta
- $\beta_1, \beta_2, \beta_3, \dots, \beta_{12}$: regression coefision
- ROSit : profitability
- CSRit : CSR performance
- TPit : CEO's education level
- PBit : CEO's business education
- Tenureit : CEO's tenure
- Sizeit : firm size
- Leverageit : leverage
- Sgrowthit : sales growth
- Tangibleit : tangible assets
- Covidit : Covid-19
- ϵit : error term.

RESULTS AND DISCUSSIONS

Descriptive statistics were employed to summarize the distributional characteristics of each variable, including the minimum, maximum, mean, and standard deviation. The results are presented in Table 2. The total number of valid observations is 85, derived from 38 listed companies over a three-year period (2021–2023). Three company-year observations were excluded due to incomplete data, resulting in a final sample size of 85.

Table 2. Descriptive Statistical Analysis Results

Variable	Obs	Mean	Std. Dev.	Min	Max
Profitability	85	0.124	0.154	-0.665	0.45
CSR	85	0.419	0.141	0.13	0.798
TP	85	0.376	0.487	0	1
PB	85	0.647	0.481	0	1
MJ	85	12.575	13.769	1	53
CS RTP	85	0.149	0.211	0	0.655
CSR PB	85	0.272	0.235	0	0.798
CSR MJ	85	4.47	4.342	0.485	18.667
Firm Size	85	29.355	1.589	26.463	32.86
Leverage	85	0.449	0.285	0.086	2.022
Sales Growth	85	0.135	0.236	-0.565	1.16
Tangible	85	0.341	0.179	0.021	0.96
Covid-19	85	0.671	0.473	0	1

Source: Research Data, 2025

The profitability variable, measured by Return on Sales (RoS), has a mean value of 0.124, indicating that, on average, the firms in the sample generated operating profits equivalent to 12.4% of total sales. The CSR performance variable exhibits a mean of 0.419, suggesting that, on average, firms disclosed 41.9% of the CSR indicators outlined in the GRI Standards.

With respect to moderating variables, the CEO education level variable (TP) recorded a mean of 0.376, implying that 37.6% of the CEOs in the sample hold

a postgraduate qualification. The CEO business education variable (PB) showed a higher mean of 0.647, indicating that 64.7% of CEOs possess a degree in business or a related discipline. Lastly, the mean CEO tenure (MJ) was 12.575 years, reflecting the average length of service across the sample

Interaction terms—CSRTP, CSRPB, and CSRMJ—were constructed to capture the moderating effects of CEO education level, business education, and tenure on the relationship between CSR performance and profitability. Control variables include firm size, leverage, sales growth, tangible assets, and COVID-19 exposure.

The average firm size was 29.355, equivalent to approximately IDR 6.27 trillion in total assets ($e^{29.355} = 6.27 \times 10^{12}$). The leverage ratio averaged 0.449, indicating that 44.9% of company assets were financed through debt. Tangible assets constituted, on average, 34.1% of total assets. Notably, the standard deviation values for firm size, leverage, and tangible assets were relatively low compared to their means, suggesting limited variation in asset base, composition, and capital structure across the sample.

In contrast, sales growth averaged 13.5%, but with considerable variation despite a standard deviation below the mean. This suggests heterogeneous growth performance across firms during the observation period. The COVID-19 dummy variable had a mean value of 0.671, implying that 67.1% of the firm-year observations fell within the pandemic-affected period.

Model specification testing using the Chow and Hausman tests yielded probability values of 0.0000, indicating statistical significance at the 5% level. These results support the selection of the Fixed Effects Model (FEM) as the most appropriate estimation technique. Prior to regression analysis, diagnostic testing was conducted to ensure model validity.

The Skewness–Kurtosis test for normality reported a Prob > chi² of 0.612, exceeding the 0.05 threshold and confirming that residuals follow a normal distribution. However, initial multicollinearity diagnostics revealed variance inflation factor (VIF) values exceeding 10 and tolerance levels below 0.10 for several variables, including firm size, CSR, CSRPB, PB, MJ, CSRMJ, TP, and CSRTP—indicating multicollinearity within the model.

To address multicollinearity, mean-centering transformation was applied to relevant variables: firm size (Firm size_c), CSR (CSR_c), and CEO tenure (MJ_c). Interaction terms were recomputed using the centered variables, resulting in CSRTP_c, CSRPB_c, and CSRMJ_c. Post-transformation diagnostics confirmed the absence of multicollinearity, with all variables presenting VIF < 10 and tolerance > 0.10.

The Modified Wald test for heteroscedasticity indicated a Prob > chi² of 0.0000, suggesting the presence of heteroscedasticity ($p < 0.05$). To correct for this issue, the regression analysis employed robust standard errors, ensuring that coefficient estimates remain consistent and efficient. The moderated regression results are reported in Table 3.

Table 3. Moderated Regression Analysis Results

Profitability	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
CSRc	0.022	0.187	0.12	0.907	-0.357	0.401	
TP	0.057	0.04	1.45	0.156	-0.023	0.138	
PB	-0.038	0.031	-1.21	0.233	-0.101	0.025	
MJc	-0.009	0.009	-1.07	0.293	-0.027	0.008	
CSRTPc	0.373	0.131	2.85	0.007	0.108	0.638	***
CSRPBc	-0.313	0.153	-2.05	0.047	-0.623	-0.004	**
CSRMJc	0.016	0.007	2.23	0.032	0.002	0.031	**
Firm sizec	0.075	0.086	0.87	0.389	-0.099	0.249	
Leverage	-0.011	0.081	-0.14	0.889	-0.175	0.152	
SG	0.114	0.069	1.66	0.106	-0.025	0.254	
Tangible	-0.325	0.192	-1.69	0.099	-0.715	0.065	*
Covid19	0.018	0.029	0.64	0.524	-0.04	0.076	
Constant	0.231	0.04	5.80	0	0.15	0.312	***
Mean dependent var			0.124	SD dependent var			0.154
R-squared			0.508	Number of obs			85
F-test			.	Prob > F			.
Akaike crit. (AIC)			-307.662	Bayesian crit. (BIC)			-283.235

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: Research Data, 2025

Hypothesis 1 posits a positive relationship between CSR performance and profitability. As shown in Table 3, the coefficient for CSRc is 0.022 with a p-value of 0.907, which exceeds the significance threshold ($\alpha = 0.05$). This indicates that CSR performance does not have a statistically significant effect on profitability, and therefore, H1 is rejected. This finding is consistent with the studies by Novia & Meythi (2022), Kabir & Chowdhury (2023), Parengkuan et al. (2017), and Kusumawati et al. (2022), which similarly reported a non-significant relationship. However, the results do not provide support for stakeholder theory, which posits that CSR engagement should enhance firm performance through strengthened stakeholder relations.

The insignificant effect may be attributed to several factors. First, CSR efforts may not independently influence profitability if public trust in the company is weak or underdeveloped (Parengkuan et al., 2017). Without a strong reputation, CSR initiatives may fail to generate meaningful stakeholder support or consumer loyalty. Second, the costs associated with CSR implementation may outweigh its short-term financial benefits (Angela et al., 2021; Ruggiero & Cupertino, 2018). CSR activities often require significant upfront investment, with financial returns materializing only over the long term (Kabir & Chowdhury, 2023). Therefore, a firm's ability to sustain long-term CSR commitments becomes critical to realizing profitability gains.

Hypothesis 2a proposes that the relationship between CSR performance and profitability is strengthened by the CEO's level of education. The coefficient for CSRTPc is 0.373 with a p-value of 0.007, indicating statistical significance. Hence, H2a is accepted, supporting prior findings by Rahmawati & Juliarto (2024) and reinforcing upper echelon theory.

Higher education enhances a CEO's cognitive and strategic capabilities, equipping them with the ability to effectively integrate CSR into broader corporate strategy (Dovanov & Lubis, 2024). Rather than viewing CSR as a compliance or marketing tool, CEOs with postgraduate or doctoral qualifications are more likely to embed CSR within the company's core strategic agenda. This aligns with research by Ghardallou (2022), which emphasizes the strategic value-added by educated executives in shaping long-term organizational outcomes.

Hypothesis 2b postulates that CEOs with a business education background will strengthen the effect of CSR on profitability. However, Table 3 reports a CSR_{PBc} coefficient of -0.313 with a p-value of 0.047, suggesting a significant negative moderating effect. As a result, H2b is rejected. This outcome contradicts Ghardallou (2022), who found that MBA-qualified CEOs positively moderated the CSR-profitability relationship. Nonetheless, the result still aligns with upper echelon theory, which asserts that CEO characteristics shape firm strategy and performance—whether positively or negatively.

One explanation for the negative effect lies in the managerial orientation fostered by business education. While business degrees provide CEOs with valuable technical and managerial skills, they may also promote a short-term performance orientation. As suggested by Miller & Xu (2020), business-trained CEOs may prioritize immediate financial metrics—such as earnings per share or quarterly returns—over long-term investments like CSR. Consequently, cost-cutting initiatives and risk-averse strategies may reduce CSR investment, undermining stakeholder trust and reputational capital (Nicholas et al., 2024).

Hypothesis 3 predicts that CEO tenure strengthens the relationship between CSR performance and profitability. Table 3 indicates that the coefficient for CSR_{MJc} is 0.016 with a p-value of 0.032, satisfying the significance criterion. Therefore, H3 is accepted. This finding is consistent with prior studies by Ghardallou (2022) and Lee et al. (2022), further affirming the propositions of upper echelon theory.

Long-tenured CEOs often develop strong relationships with stakeholders and accrue greater institutional knowledge, which facilitates the strategic implementation of CSR (Tran & Adomako, 2021). These executives are better positioned to align current CSR activities with long-term organizational goals, contributing to reputation-building and profitability over time. Furthermore, prolonged tenure allows CEOs to accumulate social capital and influence, enabling them to navigate stakeholder expectations and external pressures more effectively (Lee et al., 2022). As a result, CSR becomes a credible and sustainable initiative rather than a symbolic gesture, increasing the likelihood of favorable financial outcomes.

This study addresses limitations in prior research (Rahmawati & Juliarto, 2024; Arianti & Pebriyani, 2025) by incorporating CEO characteristics—specifically education level, field of study, and tenure—as moderating variables in the CSR-profitability nexus. Theoretically, the findings offer empirical validation of upper echelon theory, demonstrating that executive attributes significantly shape the financial consequences of strategic CSR engagement.

From a practical perspective, the study provides actionable insights for boards and shareholders in evaluating executive appointments. Firms should give

careful consideration to the educational background and tenure of CEO candidates, as these factors influence how CSR strategies are developed and monetized. Moreover, the study recommends that incumbent and prospective CEOs pursue advanced education, particularly in disciplines that balance financial acumen with long-term strategic thinking, to strengthen their capability in managing CSR as a value-generating initiative.

CONCLUSION

Overall, the findings indicate that CSR performance does not have a direct significant impact on profitability. However, this relationship is positively moderated by CEO education level, suggesting that firms led by postgraduate-educated CEOs are better positioned to translate CSR activities into profitability gains. In contrast, the presence of a business-educated CEO is associated with a negative moderating effect, implying that heightened CSR engagement in such firms may be linked to diminished profitability. Additionally, CEO tenure is found to positively moderate the CSR–profitability relationship, indicating that longer-serving CEOs are more effective in leveraging CSR initiatives to enhance financial performance.

This study is subject to several limitations. First, the analysis is restricted to manufacturing firms in the consumer cyclicals and non-cyclicals sectors, limiting the generalizability of the results. Future research is encouraged to broaden the scope by including firms from diverse industries and organizational forms. Second, the study focuses exclusively on business education as the proxy for CEO field of study. Future investigations may consider a wider range of academic disciplines to capture more nuanced insights into how different educational backgrounds influence strategic decision-making. Third, this study does not incorporate CEO experience in prior firms, a potentially important factor influencing strategic leadership effectiveness. Including this variable in future models could enhance understanding of how cumulative experience shapes CSR outcomes. Finally, CSR performance was measured solely based on disclosure compliance with GRI Standards, which necessitated excluding companies without GRI-aligned sustainability reports, thus narrowing the sample. Future studies could employ alternative CSR performance metrics—such as third-party ratings, stakeholder assessments, or CSR investment levels—to provide a more comprehensive evaluation.

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