

Social Media Influence on Firm Value with Corporate Reputation as Intervening Variable: Katadata ESG Index Companies on IDX 2024

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Abstract

The purpose of the study was to examine the influence of social media on the value of companies, with company reputation as an intervening variable, included in the Katadata ESG Index Companies on IDX 2024. The research method used is associative quantitative, utilizing data from companies that meet the criteria for inclusion in the Katadata ESG Index and are listed on the IDX in 2024. These companies have Instagram social media accounts, complete annual reports for 2024, and ESG values to assess the company's reputation. This data was analyzed using the SEM-Amos application. The results of the study are: (1) social media has a significant positive effect on the value of B2C (Business to Consumer) companies included in the Katadata ESG Index. Meanwhile, in B2B (Business to Business) companies, social media has a positive but insignificant influence on the company's value. (2) Social media shows a positive and significant effect on reputation (REP) in B2B companies, while B2C companies show a positive but not significant effect. (3) REP has a positive and significant effect on the value of B2B companies. Meanwhile, in B2C companies, REP has a positive but not significant effect on the company's value. (4) Reputation (REP) plays a significant mediating role between social media and B2B company values. For B2C companies, Reputation (REP) is not significant as a mediator between social media and company values.

Keywords: Social Media, Corporate Reputation, Company Value, Katada ESG Index

INTRODUCTION

In the modern business era, sustainability practices and social responsibility have become integral parts of a company's strategy (Putri et al., 2025). This is not only due to regulatory demands but also in response to pressure from investors, consumers, and the public, who are increasingly aware of the importance of environmental and social sustainability (Chau, 2025; Zheng, 2025). Amid these dynamics, the application of Environmental, Social, and Governance (ESG) principles has become increasingly significant, both in creating a competitive advantage, building a reputation, and driving company value in the long term (Jin, 2023; Fadhlurrahman, 2025). Therefore, the Katadata Insight Center, in collaboration with the Bumi Global Karbon Foundation and several partners, compiled the Katadata ESG Index (Katadata, 2024). This shows that ESG-based reputation is now an important aspect also considered in the assessment of company reputation, which impacts the assessment of company value (Anis, 2025).

Based on data from the Otoritas Jasa Keuangan (OJK, 2023) more than 80% of global institutional investors consider ESG factors before investing (OECD, 2025). This trend is also reflected in Indonesia, where companies that actively report sustainability and have a good ESG reputation show relatively stable stock performance compared to other companies, especially during times of global uncertainty (Sugiarto et al., 2023; Yunica et al., 2023). This can be seen in the chart of stock price movements for the 2020–2024 period (IFG Progress, 2024).

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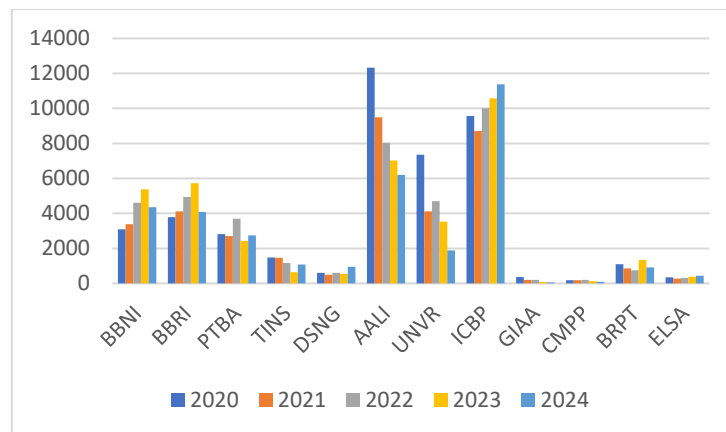


Figure 1. Average Stock Price Value in Katadata ESG Index Company
Source :Yahoo Finance, 2025

The graph above illustrates the stock price movements of the 13 companies that are members of the Katadata ESG Index during the period from 2020 to 2024. Although the value of the stock price varies, most companies such as BBRI, BBNI, PTBA, ICBP, and several others experience reasonable fluctuations, yet they remain within a stable price range from year to year. This stability can be interpreted as a form of market confidence in the company's long-term performance, especially because companies in this index have met Environmental, Social, and Governance (ESG) criteria that reflect sustainability, business ethics, and social responsibility (Park et al., 2017).

However, the company's efforts to build a reputation do not depend solely on ESG practices themselves because we can see that several companies still experience a decline in stock value from the chart above, despite implementing ESG practices (Nicolas et al., 2023; Molnár et al., 2022). Therefore, companies also need to strategize how the information is communicated to the public. In today's digital context, social media is the main communication channel for companies to convey their ESG activities in a broad, fast, and interactive manner (Casalegno et al., 2023; Blaszczyk & Le Viet-Blaszczyk, 2024). This is characterized by the increasing development of technology that has brought many changes in social and business fields, leading to increased internet use and the expansion of internet availability throughout the country, especially in Indonesia (Network Attention study, 2024). This change brings a new concept into our daily activities: social media. Social media is an internet-based tool used as a platform where individuals and groups can communicate (Navigating ESG communication study, 2023).

Kim, Jeong, and Lee (2010) argue that social media is an online community whose content is created and shared by users. Therefore, it can be concluded that social media is a means of communication that breaks through conventional boundaries, allowing each individual to connect regardless of their environment. Based on the report on active social media users in Indonesia from GodStats for 2017–2025, the number of active social media users in Indonesia was 139 million at the beginning of 2024. This number is equivalent to 49.9% of the population in the country. This shows significant growth compared to previous years. In 2020, active social media users reached 66.05%, and this figure continued to increase until 2024, reaching 78.32%. In 2024, the growth of social media users in Indonesia rose by 12.3% compared to the previous year, with an addition of around 21 million users. Meanwhile, the average daily use is 3 hours and 11 minutes, especially among active social media users. This makes Indonesia the 4th country with the most active social media users in the world. This, of course, demonstrates how social media has become a new revolutionary trend that companies, especially those listed in the ESG Index data, need to consider. Social media allows

companies to convey sustainability narratives, answer public questions, and directly shape perceptions of the company's identity and image, which can affect the company's value.

The value of a company that goes public can be seen in the company's share price (Salvatore, 2005 in Hermuningsih, 2012). The existence of the capital market in Indonesia is very important for companies because issuing shares on the stock exchange attracts investors to invest capital, generating funds that can be used in the company's operational activities and simultaneously increase the company's value. These conditions create fierce competition between companies included in the Katadata ESG Index. This competition motivates every company to further increase its value. To achieve this goal, companies need to leverage advances in digital technology, especially social media, to transform how they communicate with customers and other stakeholders.

Especially in today's digital era, social media has become the dominant communication tool for companies in building relationships with consumers and other stakeholders. Various social media platforms not only function as promotional media but also serve as strategic channels to shape the company's image and reputation widely and in real time. This has implications for how firm value is formed in the market. Companies listed in the Katadata ESG Index, which rely heavily on public trust and perception, find that social media presence and activity can be a primary determinant in building relationships with consumers and investors. According to Kaplan and Haenlein (2010), social media allows companies to engage directly with the public, build positive perceptions, and increase customer loyalty. Therefore, when social media is used effectively, the company's reputation can be enhanced, positively affecting the company's value.

According to DiStaso et al. (2011), companies active in social media have a greater chance of building positive public perception, especially if communication is transparent and consistent. Meanwhile, Saxton and Waters (2014) found that the use of social media by non-profit organizations to convey social and sustainability messages can increase public engagement and create a strong reputation. This finding aligns with the view of Fombrun (1996) that reputation results from public perception of the company's real actions and the consistently conveyed narrative.

Different results are shown by other studies, such as research by Fernández-Miguélez et al. (2020), which indicates that social media activities that are not managed effectively can pose reputational risks and increase operational costs, negatively impacting financial performance and company value, especially in the restaurant industry. The research shows that social media is two-sided: on one hand, it has the potential to increase the company's exposure and reputation, but on the other hand, it also risks damaging the company's reputation, which can reduce the company's value. This represents an empirical gap that is important to study further, considering the diversity of previous research results.

The purpose of this study is to analyze the influence of social media activities on firm value, with corporate reputation serving as a mediating variable—focusing on companies listed in the Katadata ESG Index and the Indonesia Stock Exchange (IDX). This research seeks to address the empirical gap arising from contradictory findings in previous studies: while some demonstrate that social media engagement enhances firm reputation and market valuation, others reveal that mismanaged social media can increase reputational risks and operational inefficiencies. By examining firms publicly recognized for their Environmental, Social, and Governance (ESG) performance, this study aims to provide a more comprehensive understanding of how digital communication strategies align with corporate reputation and value creation in the Indonesian context.

The practical significance of this research lies in its potential to guide companies in optimizing their social media strategies to strengthen brand reputation and enhance investor confidence. For practitioners and corporate communication managers, the findings will offer

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evidence-based recommendations for leveraging social media as a reputational asset rather than a liability. Theoretically, this study contributes to enriching the literature on strategic communication, corporate reputation, and ESG-driven firm value, providing an integrative model that connects digital engagement with financial and reputational outcomes.

RESEARCH METHOD

This study uses an associative quantitative approach. This approach was chosen because it aims to test the causal relationship between variables, namely the influence of social media (X) on the company's value (Y), either directly or indirectly through the company's reputation (Z) as an intervening variable. The population in this study is all companies included in the Katadata ESG Index listed on the Indonesia Stock Exchange (IDX) during 2024 as many as 260 issuers. The selection of this company is based on the characteristics of an industry that relies heavily on public image and interaction with customers. So that the company can be divided into two, namely B2B and B2C. Therefore, the sample used in this study was 151 issuers consisting of 107 B2B (Business to Business) and 44 B2C (Business to Consumer) companies with sampling techniques using the purposive sampling method.

Data analysis was carried out using the SEM application – AMOS can analyze simultaneously in testing the clausal relationship between latent variables and manifest variables, and can test in a complex way direct and indirect effects such as the influence of reputation as an intervening variable in this study. This technique is also able to thoroughly analyze both measurement model testing and structural model testing. In testing using SEM – AMOS is very suitable for analyzing research data consisting of: Descriptive Statistical Test, Normality Test, Path Coeficient, Sobel Test.

RESULT AND DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics of B2B Companies

Variable	Min	Max	Skew	Q.C.	Kurtosis	Q.C.
X (MS)	1,000	4,000	,645	2,711	-1,050	2,206
Z (REP)	1,000	4,000	-,547	-2,299	-,474	-,996
Y (PBV)	-1,330	6,200	1,410	5,927	1,291	2,713

Source : data processed by researchers (2025)

1) Social Media Variables (X/MS)

A minimum value of 1,000 and a maximum of 4,000 indicate that the level of social media utilization by B2B companies varies, but is still within a fairly narrow range. A skewness value of 0.645 and a critical ratio (c.r.) of 2.711 indicate that the distribution of data is positively skewed, meaning that most companies have an above-average social media value. The kurtosis value is -1.050 with c.r. 2.206 shows that the distribution of the data is platykurtic (flatter), so the variation between data is quite high and not too concentrated in the mean value.

2) Company Reputation Variable (Z/REP)

A minimum value of 1,000 and a maximum of 4,000 show that there is a wide variation in reputation between B2B companies. Skewness value -0.547 and c.r. -2.299 indicates a negatively skewed distribution, which means that most companies have a good or high reputation. The value of kurtosis was -0.474 with a c.r. -0.996 indicates a distribution close to normal (leptokurtic).

3) Company Value Variable (Y/PBV)

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A minimum value of –1,330 and a maximum of 6,200 indicate a considerable difference between companies. Skewness value 1,410 and c.r. 5.927 indicates a positively skewed distribution, i.e. most companies have an above-average company value. While kurtosis is 1,291 and c.r. 2.713 indicates a leptokurtic form, meaning that the data tends to be centered around the mean value.

Table 2. Descriptive Statistics of B2C Companies

Variable	Min	Max	Skew	Q.C.	Kurtosis	Q.C.
X (MS)	1,000	4,000	,939	2,544	,728	,986
Z (REP)	1,000	4,000	-,598	-1,618	,215	,291
Y (PBV)	,040	7,050	1,336	3,619	1,091	1,477

Source : data processed by researchers (2025)

1) Social Media Variables (X/MS)

A minimum value of 1,000 and a maximum of 4,000 indicate a fairly wide degree of variation. The skewness value was 0.939 and c.r. 2,544 indicate that distribution is positively skewed, meaning that most B2C companies have a high level of social media utilization. The kurtosis value was 0.728 and c.r. 0.986 indicates a leptokurtic tendency, but it is still within normal limits.

2) Company Reputation Variable (Z/REP)

A minimum value of 1,000 and a maximum of 4,000, with a skewness of –0.598 and a c.r. –1.618, indicates a negatively skewed distribution, meaning that most companies are in good standing. The kurtosis value was 0.215 and the c.r. 0.291 is close to zero, indicating a normal distribution.

3) Company Value Variable (Y/PBV)

A minimum value of 0.040 and a maximum of 7.050 indicate a large difference in the value of a B2C company. Skewness value 1.336 and c.r. 3,619 indicates a positively skewed distribution, meaning that most companies have an above-average company value. The kurtosis value was 1.091 and the c.r. 1.477 indicates a leptokurtic form, indicating that the data tends to be centered on the mean.

Normality Test

Table 3. B2C Company Normality Test

Variable	Min	Max	Skew	Q.C.	Kurtosis	Q.C.
MS	1,000	4,000	1,702	4,609	2,396	3,245
REP	1,000	4,000	-,598	-1,618	,215	,291
PBV	,040	7,050	1,336	3,619	1,091	1,477
Multivariate					4,052	2,454

Source : Processed by researcher (2025)

1) B2C Company Normality Test

Based on the test results, the values of skewness and kurtosis were obtained as follows:

- a. The Social Media (MS) variable had a skewness value of 1.702 with a c.r. of 4.609, and a kurtosis value of 2.396 with a c.r. of 3.245. This value exceeds the ± 2.58 limit, which indicates that the data is not normally distributed.
- b. The ESG (Corporate Reputation) variable has a skewness value of –0.598 with a c.r. of –1.618 and a kurtosis of 0.215 with a c.r. of 0.291. This value is still in the range of ± 2.58 , so the data is distributed normally.

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- c. The PBV (Company Value) variable has a skewness of 1.336 with a c.r. of 3.619 and a kurtosis of 1.091 with a c.r. of 1.477. The skewness value exceeds the normal limit, so this data is not completely normal.
- d. The multivariate c.r. value is 2.454, which is still within the ± 2.58 limit, so overall multivariate data can still be said to be close to normal. Univariately, several variables (MS and PBV) showed abnormalities. However, in a multivariate manner, B2C data can still be considered normal overall because the multivariate c.r. value is within tolerance limits.

Table 4. B2B Company Normality Test

Variable	Min	Max	Skew	Q.C.	Kurtosis	Q.C.
MS	1,000	3,000	,645	2,711	-1,050	-2,206
REP	1,000	4,000	-,547	-2,299	,474	,996
PBV	-,830	5,800	1,389	5,840	1,292	2,716
Multivariate					-,339	-,319

Source : Processed by researcher (2025)

2) B2B Company Normality Test

For a B2B group of companies, the results are as follows:

- a. The Social Media (MS) variable had a skewness of 0.645 with a c.r. of 2.711 and a kurtosis of -1.050 with a c.r. of -2.206. The skewness value that is still within the limit of ± 2.58 indicates that the data is distributed normally.
- b. The Reputation Variable (REP) had a skewness of -0.547 with a c.r. of -2.299 and a kurtosis of -0.474 with a c.r. of -0.996, which is still within the ± 2.58 limit so that the data is normally distributed.
- c. The PBV (Company Value) variable has a skewness of 1.389 with a c.r. of 5.840 and a kurtosis of 1.292 with a c.r. of 2.716, so this data is normally distributed.
- d. The multivariate c.r. value of -0.319 is still at the ± 2.58 limit, which means that the multivariate data is normally distributed.

Although some variables (MS and PBV) were not uniformly normally distributed, the multivariate results showed c.r. values within normal limits. Thus, B2B data as a whole still meets the assumption of multivariate normality and can be continued to the SEM analysis stage.

Path Coefficient

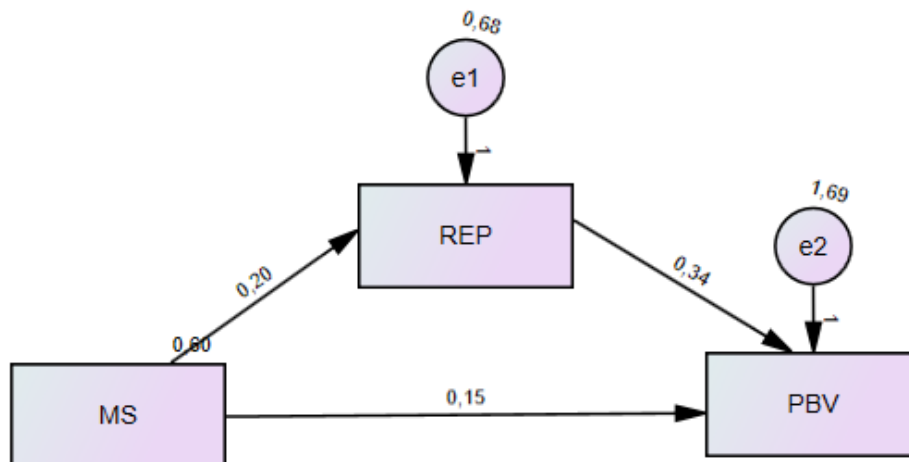


Figure 2. Path Coefficient B2B

Source : Processed by researcher (2025)

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The following is a presentation of the path coefficient in the form of a table:

Table 5. Path Coefficient B2B

	Estimate	S.E.	C.R.	P
REP < - - - MS	,204	,084	1,972	,049
PBV < - - - MS	,147	,075	,878	,380
PBV < - - - REP	,343	,094	2,222	,026

Source : Processed by researcher (2025)

From the above data, the following equations can be made:

$$\text{REP} = 0.204(\text{MS}) + e1$$

$$\text{PBV} = 0.147(\text{MS}) + 0.343(\text{REP}) + e2$$

1) The Influence of Social Media on REP

The estimated value is 0.204, with a C.R. (Critical Ratio) value of 1.972 and a p-value of 0.049, which means < 0.05 . This shows that Social Media has a positive and significant effect on reputation. This means that the higher the company's social media activity and involvement, the better the reputation (REP) it has. The path equation can be written as:

$$\text{REP} = 0.204(\text{MS}) + e1$$

2) The Influence of Social Media on PBV

The estimated value was 0.147, with C.R. = 0.878 and p-value = 0.380 (> 0.05). These results show that Social Media does not have a significant effect on PBV. This means that social media activities have not been able to increase company value (PBV) in the B2B model. The equation is written as:

$$\text{PBV} = 0.147(\text{MS}) + e2$$

3) Effect of REP on PBV

The estimated value is 0.343, with C.R. = 2.222 and p-value = 0.026, which means < 0.05 . This shows that reputation (REP) has a positive and significant effect on PBV. This means that the better the reputation (REP) that the company runs, the higher the company's value which is reflected in the PBV ratio. The Equation:

$$\text{PBV} = 0.343(\text{REP}) + e2$$

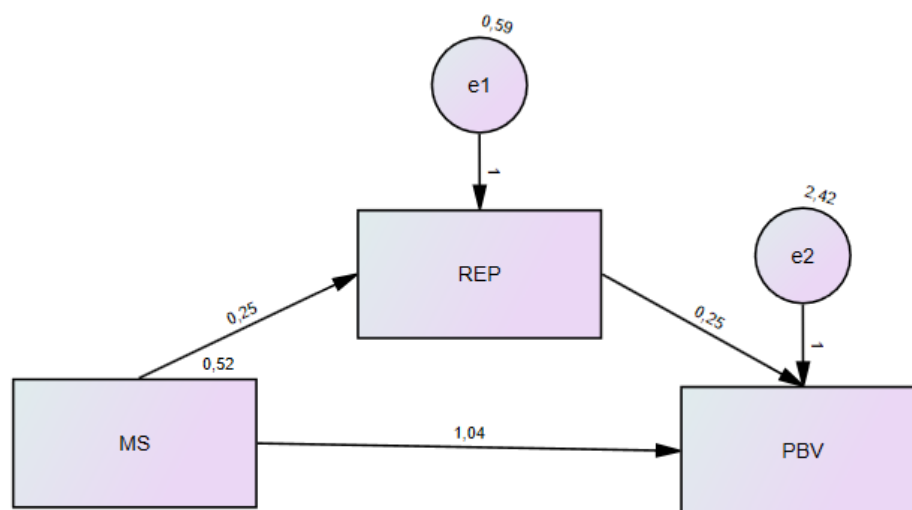


Figure 3. Path Coefficient B2C

Source : Processed by researcher (2025)

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The following is a presentation of the path coefficient in the form of a table:

Table 6. Path Coefficient B2C				
	Estimate	S.E.	C.R.	P
REP < - - - MS	,245	,162	1,511	,131
PBV < - - - MS	1,040	,150	3,078	,002
PBV < - - - REP	,254	,310	,821	,412

Source : Processed by researcher (2025)

From the above data, the following equations can be made:

$$\begin{aligned} \text{REP} &= 0.245(\text{MS}) + e_1 \\ \text{PBV} &= 1.040(\text{MS}) + 0.254(\text{REP}) + e_2 \end{aligned}$$

1) The Influence of Social Media on REP

The estimated value is 0.245, with a C.R. (Critical Ratio) of 1.511 and a p-value of 0.131, which means it is greater than 0.05. Thus, Social Media has a positive but not significant effect on REP. This means that the increase in corporate social media activity is not strong enough to significantly increase reputation (REP) in the B2C model. The similarity of the path can be written as:

$$\text{REP} = 0.245(\text{MS}) + e_1$$

2) The Influence of Social Media on PBV

The estimated value is 1.040, with a C.R. of 3.078 and a p-value of 0.002, which means < 0.05. This shows that Social Media has a positive and significant effect on PBV. This means that the more active and effective the use of social media by the company, the more the company's value is reflected through PBV. The equation can be written as:

$$\text{PBV} = 1.040(\text{MS}) + e_2$$

3) Effect of REP on PBV

The estimated value is 0.254, with a C.R. of 0.821 and a p-value of 0.412, which means it is greater than 0.05. Therefore, it can be concluded that REP has a positive but insignificant effect on PBV. This means that reputation enhancement (REP) has not been able to have a significant direct impact on company value (PBV) in the B2C model. The equation is:

$$\text{PBV} = 0.254(\text{REP}) + e_2$$

Sobel Test

Input:		Test statistic:		Std. Error:	p-value:
<i>a</i>	0.245	Sobel test:	0.72041869	0.08638032	0.47126725
<i>b</i>	0.254	Aroian test:	0.62281064	0.09991801	0.53340897
<i>s_a</i>	0.162	Goodman test:	0.88543723	0.07028166	0.37592086
<i>s_b</i>	0.310	Reset all	Calculate		

Figure 4. Sobel Test B2C Companies

Source : Processed by researcher (2025)

Based on the results of the mediation test using the Sobel test, a statistical test value of 0.720 with a p-value of 0.471 was obtained. The value is greater than the significance level of 0.05, so it can be concluded that the indirect influence of social media variables on company

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value through company reputation is not statistically significant. The results of the Aroian and Goodman tests also showed p-values of 0.533 and 0.376, respectively, all of which were above the significance threshold of 0.05. Thus, it can be concluded that company reputation does not play a significant mediating variable in the relationship between social media and company value in the context of B2C companies. Although the pathways of social media influence on company reputation ($a = 0.245$) and company reputation on company value ($b = 0.254$) were both positive, the strength of the relationship between these variables was not large enough to produce a significant mediating effect.

Input:		Test statistic:	Std. Error:	p-value:
a	0.204	Sobel test:	2.02172933	0.03460997
b	0.343	Aroian test:	1.97108359	0.03549926
s _a	0.084	Goodman test:	2.07649098	0.03369723
s _b	0.094			0.03784856
Reset all		Calculate		

Figure 5. Sobel Test B2B Company

Source : Processed by researcher (2025)

Based on the calculation of the mediation test, the path coefficient was obtained of $a = 0.204$ (the influence of social media $\rightarrow$ reputation) and $b = 0.343$ (the influence of reputation $\rightarrow$ company value). The results of the Sobel test showed that the test statistic $z = 2.022$ with $p\text{-value} = 0.043$, so that the indirect effect of social media on the company's value through reputation was significant at $\alpha = 0.05$. Additional test results also support these findings: Aroian test $z = 1.971$ ($p = 0.049$) and Goodman test $z = 2.076$ ($p = 0.038$), both below the significance threshold of 0.05. Thus, the three mediation test techniques provide consistent evidence that a company's reputation plays a significant mediator between social media activity and company value in the B2B context.

Substantively, the positive coefficient sign on lines a and b indicates that an increase in the intensity or quality of social media activity is related to an increase in reputation, and a better reputation is subsequently related to an increase in company value. Since the indirect effects have proven to be significant, it can be concluded that there is an influence mechanism by which social media increases the value of a company through reputation building—a pattern consistent with B2B business relationship theory that emphasizes the role of trust, credibility, and reputation in decision-making by clients/business partners.

These findings are strongly supported by previous studies and established theories that highlight the critical role of reputation as a mediating variable between social media engagement and company value, particularly in B2B contexts. According to Fombrun and Shanley (1990), corporate reputation represents a collective assessment of a firm's ability to deliver valuable outcomes to its stakeholders, making it a vital intangible asset that influences investor confidence and firm valuation. The significant mediation effect found in this study aligns with the Resource-Based View (RBV) theory, which posits that intangible assets such as reputation and trust are key sources of competitive advantage and long-term value creation (Barney, 1991). Furthermore, Rindova et al. (2005) emphasized that social media can act as a dynamic reputation-building mechanism, amplifying stakeholder perceptions through transparent and interactive communication.

In the digital era, Kietzmann et al. (2011) note that social media platforms serve as essential tools for reputation management, allowing firms to shape public discourse, enhance stakeholder engagement, and signal credibility—especially important in B2B environments where trust and reliability drive transactional decisions. This study's findings also resonate

with Lee et al. (2022), who found that sustainability communication through digital platforms enhances corporate legitimacy and perceived integrity among institutional investors. The positive indirect effect of social media on firm value through reputation thus reflects a growing acknowledgment that reputation functions as an intermediary mechanism linking relational capital (through digital engagement) to market-based outcomes. Collectively, these theoretical and empirical insights reinforce the conclusion that strategic social media management can significantly enhance firm reputation, which in turn drives higher firm valuation—especially when aligned with transparent ESG communication and long-term stakeholder relationship strategies.

CONCLUSION

The findings of this study conclude that social media exerts varying impacts on firm value and corporate reputation between B2C and B2B companies listed in the Katadata ESG Index 2024. For B2C firms, social media has a direct and significant positive effect on company value, demonstrating that digital engagement strengthens investor trust, enhances consumer reach, and improves brand image. However, reputation does not significantly mediate this relationship, indicating that Indonesian investors still prioritize financial over reputational indicators. Conversely, in B2B firms, social media has an indirect but significant effect on firm value through corporate reputation, underscoring that transparency, sustainability communication, and CSR disclosure on social platforms are vital in building trust among institutional stakeholders and business partners. These results address the research objectives by confirming that social media functions as a direct value driver for B2C firms and as a reputation-based indirect value driver for B2B firms. This finding enriches the literature on strategic communication and ESG integration, revealing that the reputational pathway of social media impact depends on the firm's business model and stakeholder structure. For future research, longitudinal and comparative studies are recommended to analyze temporal shifts in social media influence, explore additional mediating variables such as customer engagement or ESG disclosure quality, and employ sentiment analysis to capture public perception dynamics toward corporate sustainability communication in Indonesia's capital market context.

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