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Does Reputation Matter? Investigating the Mediating Link between Corporate Responsibilities, Governance and Financial Performance

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ABSTRAK

Transformasi digital dan tuntutan keberlanjutan global, mendorong perusahaan telekomunikasi untuk gencar berinvestasi pada aspek sosial dan tata kelola untuk menjaga posisi pasar. Namun, efektivitas investasi ini sering dipertanyakan karena praktik tata kelola kerap dianggap sebatas formalitas administratif tanpa dampak riil. Penelitian ini bertujuan untuk menguji pengaruh *Corporate Social Responsibility* dan *Corporate Governance* terhadap kinerja keuangan dengan reputasi perusahaan sebagai variabel mediasi. Menggunakan metode *purposive sampling*, data sekunder dari perusahaan telekomunikasi yang terdaftar di bursa efek selama periode 2021–2024 dianalisis menggunakan *mediation regression analysis.* Hasil penelitian menunjukkan bahwa CSR secara konsisten meningkatkan kinerja keuangan dan reputasi perusahaan telekomunikasi, membuktikan adanya keuntungan ekonomi nyata. Sebaliknya, *Corporate Governance* tidak berpengaruh signifikan terhadap keduanya, mengindikasikan bahwa implementasi tata kelola masih sebatas pemenuhan regulasi. Reputasi perusahaan ditemukan tidak mampu memediasi hubungan antara CSR dan tata kelola terhadap kinerja keuangan; dampak positif CSR bersifat langsung melalui efisiensi operasional dan kepatuhan hukum, karena investor lebih menghargai hasil bisnis yang konkret daripada sekadar persepsi citra yang abstrak.

Keywords :

Corporate Social Responsibility; Corporate Governance; Financial Performance; Corporate Reputation;

ABSTRACT

The digital transformation and rising global sustainability demands, pushed telecommunication companies invest heavily in social and governance aspects to maintain their market positioning; however, the effectiveness of these investments is often questioned as governance practices are frequently dismissed as mere administrative formalities. This study aims to examine the impact of Corporate Social Responsibility (CSR) and Corporate Governance on financial performance, with corporate reputation as a mediating variable. Utilizing purposive sampling, *secondary data from telecommunication companies listed on the stock exchange for the 2021–2024 period were analyzed using mediation regression analysis. The results indicate that CSR consistently enhances both financial performance and corporate reputation within the telecommunications sector, proving tangible economic returns. Conversely, Corporate Governance has no significant impact on either, indicating that governance implementation remains strictly compliance-driven. Furthermore, strong financial performance is proven to be the foundational pillar for building market reputation. Finally, corporate reputation fails to mediate the relationship between CSR, governance and financial performance; the financial benefits of CSR are direct driven by operational efficiency and legal compliance, confirming that investors prioritize concrete business outcomes over abstract image-building.*

INTRODUCTION

The Telecommunications sector is the backbone of Indonesia's digital economy. In a competitive market environment, achieving optimal financial performance such as profitability serves as a vital indicator of managerial efficiency and a key determinant of a company's survival (Arif & Handayani, 2024; Latifah & Luhur, 2017). However, in the post-pandemic era and with the adoption of 5G, financial performance no longer depends solely on technological innovation but also on how companies manage non-financial aspects (Sukma & Ismail, 2023). The telecommunications industry currently faces serious challenges, ranging from intense price wars to sensitive issues such as the digital divide and massive data breaches (Sambodo & Novandra, 2019). Cases of corporate governance failures and customer complaints regarding service quality reflect a gap between regulatory commitments (POJK No. 51/2017) and on the ground practices. This phenomenon demonstrates that the disclosure of Corporate Social Responsibility (CSR) and the implementation of Corporate Governance (CG) are not merely a matter of fulfilling obligations, but rather crucial instruments for rebuilding public trust that has been eroded.

There is an academic debate regarding the direct impact of CSR on financial performance. On one hand, CSR practices are believed to enhance loyalty (Mishra & Suar, 2010), on the other hand, the high implementation costs often render their financial impact not immediately significant (Wahyuni, 2018). Several studies suggest a positive synergy between CSR To financial performance which are, Silalahi & Ardini (2017) and Dahlia & Siregar (2008) found that CSR disclosure significantly bolsters profitability (ROA and ROE). Similarly, Kapita & Suardana (2018) as well as Jao et al. (2024) demonstrate that CSR and GCG practices are instrumental in strengthening Corporate Reputation and overall firm performance.

However, a contrasting body of research presents conflicting results. Wahyuni (2018) discovered that CSR disclosure fails to exert a significant impact on firm value or profitability. Even more critical is the finding by Wicaksono (2021), which indicates that CSR does not necessarily improve ROA and, crucially, that Corporate Reputation fails to act as a mediator in certain contexts. Furthermore, Anggriani (2020) noted that while institutional ownership and capital structure might influence value, other core aspects of Corporate Governance often remain statistically insignificant. While Putri & Hayat (2025) argue that financial performance can moderate the effect of CSR on reputation, there is a need to further investigate whether Corporate Reputation serves as a vital mediating bridge as hypothesized by Jao et al. (2024) and Wicaksono (2021).

In the post-pandemic era, Indonesia's telecommunications sector faces a paradoxical reality, on the one hand, it has become the main backbone of national digital economic growth, but on the other hand, empirical data show significant pressure on profitability. The moment of implementation on 5G does indeed promise a leap in connectivity, latency efficiency, and the creation of new economic value for society (International Data Corporation, 2018). However, from a microeconomic and management accounting perspective, investment in 5G infrastructure requires an extraordinarily massive financial commitment, which risks eroding the net profit margin and return on assets in the short term (Kristanti & Pancawitri, 2024). The implementation of transparent corporate governance and CSR is no longer merely a tool for regulatory compliance but rather a strategy for mitigating agency risks, and protecting stakeholder rights in the post-crisis era to enhance reputations (Setyawan et al., 2022). The strong reputation functions as an intangible asset can enhances customer loyalty (OJK, 2024). Thus, improved financial performance is an implication of a robust reputation built upon a solid foundation of CSR and CG. This study aims to empirically test the mediating role of Corporate Reputation on the influence of CSR and CG to Financial Performance. The findings of this study are expected to provide strategic contributions to companies in integrating social values and governance to achieve long-term financial sustainability.

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LITERATURE VIEW

A. Agency Theory

Agency theory explains that there is a relationship between the owner (principal) and management (agent). An agency relationship arises when that separation of the roles of management and ownership are more likely to experience agency conflicts because each party, whether the agent or the principal has its own interests (Anggrain, 2021). Agency theory established to ensure the company's objectives are achieved to the fullest extent. The main principle of this theory states that there is a working relationship between the party granting authority, the investor, and the party receiving authority.

B. Legitimacy Theory

Legitimacy theory is grounded in the social contract between a company and the community in which it operates and utilizes economic resources. The existence of legitimacy theory provides a foundation that the company must adhere to the norms prevailing in the society where it operates so that the company's operations can run smoothly without conflict from the surrounding community. (Ummah & Retnani, 2019).

C. Corporate Social Responsibility (CSR) and Corporate Governance (CG) on Financial Performance (FP)

Anggraini (2006) defines CSR as a mechanism through which organizations voluntarily integrate social and environmental concerns into their operations and stakeholder interactions, going beyond mere legal requirements. As argued by Dahlia & Siregar (2008), ethical corporate behaviors in the form of social responsibility yields a positive impact that, in the long run, is reflected in increased corporate profits and enhanced financial performance. Trinanda & Mukodim (2010) state that the effective implementation of good Corporate Governance principles directly results in superior financial performance. Effective governance ensures that resources are managed efficiently and that management remains focused on long-term value creation (Mennita, *et.al.*, 2024).

D. Corporate Social Responsibility and Corporate Governance on Corporate Reputation (CR)

Corporate strategy must serve as a statement of ethical principles regarding how people interact to pursue worthy ambitions (Astuti & Nugrahany, 2018). Meanwhile, good Corporate Governance reflects transparency, accountability, and ethical behavior.

Strongly applied governance principles signal to the market that the company is managed honestly and professionally, thereby enhancing trust and reputation in the eyes of stakeholders.

E. Corporate Reputation on Financial Performance

Reputation enables companies to charge premium prices, attract investors, and maintain customer loyalty, which in turn enhances profitability and financial performance (Jao, et al., 2021). Recent research has increasingly positioned reputation not just as an outcome, but as a mediating variable in the relationship between corporate social responsibility and firm value, which then creates the tangible financial returns (Al Masud et al., 2025; Soedargo & Mulya, 2023). However, the strength of this relationship can be moderated by the firm's existing financial health, for example, strong financial performance (ROA) has been found to amplify the positive reputational effects of sustainability initiatives (Ningtyas et al., 2026).

F. Corporate Reputation mediates the relationship between Corporate Social Responsibility and Corporate Governance and Financial Performance

The public becomes aware of a company's involvement in social activities through the company's disclosures regarding its social initiatives. Without such disclosures, no matter how many social activities a company undertakes, the public's assessment of them will be disregarded. (Wicaksono, 2021). Wibowo & Ghozali (2019) provide empirical evidence that corporate reputation mediates the influence of governance structure on a company's business performance. Khattak (2021) states that sustainable performance can improve financial performance by enhancing the company's reputation.

RESEARCH METHODOLOGY

1. Data and Data Sources

This study employs secondary data sourced from audited annual reports and sustainability reports of companies listed on the Indonesia Stock Exchange (IDX). The observation period spans from 2021 to 2024, capturing the corporate recovery phase post-global pandemic. The sample is selected using a purposive sampling method based on the following criteria; (a) Companies listed consistently throughout the 2021–2024 period; (b) Companies that publish complete annual reports and standalone sustainability reports (or detailed CSR disclosures within the annual report); and (c) Companies that have not been delisted or undergone major restructuring during the observation period.

2. Operational Definition and Measurement of Variables

To ensure the empirical model can be tested, the variables are extracted from the secondary data of telecommunication companies' financial and sustainability reports. The first independent variable, CSR, is measured using the Corporate Social Responsibility Disclosure (CSRD) index, which evaluates 85 indicators of the GRI Standards. The second independent variable, Corporate Governance, is proxied by the proportion of Independent Commissioners, calculated as the number of independent board members divided by the total number of commissioners on the board. Corporate Reputation, serving as the mediating variable, is operationalized via a dummy variable derived from the Indonesia's Most Admired Companies (IMAC) index, where a value of 1 is assigned if the firm is listed in the Corporate Image Award and 0 if otherwise. Finally, the dependent variable, Financial Performance, is assessed through Return on Equity (ROE), which is determined by dividing Earnings After Tax (EAT) by the company's total shareholder equity.

3. Analysis Method

a. Regression Equation Models

Based on the conceptual framework of the study, the causal relationship model and mediation test were formulated into the following four structural equations:

Equation I:	H_1	$Y_1 = a+\beta_1 x_1 + \beta_2 x_2 + e$
Equation II:	H_2	$Y_2 = a+ \beta_3 x_1 + \beta_4 x_2 = e$
Equation III:	H_3	$Y_2 = a+\beta_5 Y_1+ e$
Equation IV:	H_4	$Y_2 = a + \beta_6 X_1 + \beta_7 X_2 + \beta_6 Y_1 + e$

Descriptions:

Y_1 = *Corporate Reputation*
Y_2 = Financial Performance
X_1 = *Corporate Social Responsibility*
X_2 = *Corporate Governance*
a = Constanta
e = Error
b = Regressions' Coefficient

b. Normality Test

To ensure the structural validity of the mediation regression model, a residual normality test was conducted utilizing the Normal Probability Plot (P-Plot) method. The criteria for the normal probability plot are as follows: (a) If the points or data are near or follow the diagonal line, it can be concluded that the residual values are normally distributed. (b) If the points are scattered and do not follow the diagonal line, this indicates that the residual values are not normally distributed.

c. Hypothesis Test

To test the mediating role of Corporate Reputation, this study applied the Causal Steps Approach developed by Baron and Kenny (1986), adapted to OLS-based testing criteria in SPSS. Conclusions were drawn based on the following evaluation criteria:

1) Coefficient of Determination

The coefficient of determination (R_2) measures the capacity of a regression model to explain variances within the dependent variable, with its value strictly bounded between 0 and 1 (Natoen et al., 2018). A low R Square metric implies that the independent variables possess minimal explanatory power over the changes in the target variable. Conversely, an R_2 value approaching 1 indicates that the chosen predictors provide nearly all the necessary information to accurately estimate and forecast the dependent variable.

2) F Test (Simultaneous Test)

The F-statistical test is employed to evaluate the simultaneous impact of all independent variables on the dependent variable, thereby determining the overall goodness-of-fit and statistical significance of the regression model (Andi et al., 2017). A regression model is considered valid and feasible if its F-significance value does not exceed the 0.05 threshold. Conversely, an F-significance value greater than 0.05 indicates that the model lacks structural viability and fails to adequately explain the relationships within the data.

3) The t Test (Partial Test)

The t-statistical test is a parametric method employed to determine the individual capability of a single independent variable in explaining the variance of the dependent variable (Ghozali, 2012). Executed at a standard significance level of 5% (alpha = 0.05), the decision-making rule dictates that the research hypothesis is accepted if the resulting p-value is below 0.05. Conversely, a significance value exceeding 0.05 indicates insufficient empirical evidence, thereby leading to the rejection of the hypothesis.

RESULTS AND DISCUSSION

Initially, there were 20 telecommunication sub-sector companies listed on the Indonesia Stock Exchange (IDX). From this initial population, 4 companies namely MTEL, BTEL, OASA, and FREN were excluded because they did not consistently publish audited annual financial reports and annual reports for the four consecutive years from 2021 to 2024. Consequently, 16 companies met all the established criteria: LINK, KBLV, EXCL, ISAT, TLKM, BALI, MORA, TBIG, TOWR, JAST, CENT, GHON, GOLD, LCKM, SUPR, and IBST. Since the observation spans a 4-year period (2021–2024), multiplying the 16 qualifying firms by the 4 years of observation yields a final balanced panel dataset of 64 total observations.

Research Results

1. Normality Test

Under the normality test is the normal probability plot (P-P Plot), the assumption of normality is satisfied if the plotted empirical residuals align closely with the 45-degree diagonal reference line. This uniform alignment across all tested models confirms that the residuals are normally distributed. Consequently, the dataset satisfies the classical linear regression assumption of normality, ensuring that the subsequent parameter estimates, t-tests, and F-tests are statistically robust and reliable for hypothesis testing.

2. Auto-correlation Test

The autocorrelation test aims to determine whether, in a linear regression model, there is a correlation between the error term in period t and the error term in period t–1 (the previous period) (Ghozali, 2012). The autocorrelation test in this study used the Durbin-Watson test. The results of the autocorrelation are shown in the following table:

Table 1. Regressions model's Autocorrelation Test

Model:	**Std. Error of the Estimated**	**Durbin-Watson**
I	.06303	2.058
II	.11714	2.220
III	.18796	1.750

IV	.11612	2.119

Source: Output Autocorrelation Test

The results of the autocorrelation test for Equation I show a Durbin-Watson statistic of 2.058. This value falls within the acceptable range (generally between 1.5 and 2.5), indicating that there are no significant autocorrelation issues in this regression model. Based on the results of the autocorrelation test for Equation II, the Durbin-Watson statistic is 2.220. This value is used to detect the presence of autocorrelation (serial correlation) in the model residuals. For most tests, a value close to 2.0 indicates the absence of significant autocorrelation issues in the above equation. The autocorrelation test for Equation III, the Durbin-Watson statistic of 1.750 falls within the acceptable range (generally between 1.5 and 2.5), indicating the absence of significant autocorrelation issues in the equation above. The last autocorrelation test results for Equation IV show a Durbin-Watson value of 2.119, therefore, it can be concluded that there are no autocorrelation issues in the regression model above, as the value falls within the acceptable range.

3. Hypothesis Test

a. Determination Coefficient Test

The coefficient of determination (R^2) measures the model's ability to explain a very limited amount of variation in the dependent variable. A value close to one indicates that the independent variables provide nearly all the information needed to predict the dependent variable. The results of the coefficient of determination test are shown in the following table:

Table. 2 Determination Coefficient Result

Model	R-Square	Adj. R Square
I	0.453	0.435
II	0.765	0.757
III	0.384	0.375
IV	0.773	0.761

Source: Output Determination Coefficient Test

The result evaluates how well the independent variables, Corporate Social Responsibility (X_1) and Corporate Governance (X_2), explain the variance in Corporate Reputation (Y_1). The model yields an R^2 value of 0.453 and an Adjusted R^2 of 0.435. This indicates that 43.5% of the variance in the corporate reputation of telecommunication companies is collectively explained by their CSR disclosures and governance structures. The remaining 56.5% is attributed to external factors outside the scope of this model, such as brand equity, service quality, or media coverage. The direct impact of CSR (X_1) and Corporate Governance (X_2) on Financial Performance (Y_2). The model demonstrates an exceptionally high explanatory power, with an R^2 of 0.765 and Adjusted R^2 of 0.757. This implies that 75.7% of the variability in the financial performance of telecom firms is directly accounted for by their social responsibilities and internal governance mechanisms, highlighting the massive direct strategic weight these variables hold in driving bottom-line profitability.

Next, assesses the path where Financial Performance (Y_2) acts as the predictor for Corporate Reputation (Y_1). The model generates an R^2 of 0.384 and an Adjusted R^2 of 0.375. This confirms that 37.5% of a telecommunication company's market reputation is directly anchored in its financial performance. This statistically validates the narrative that fundamental profitability serves as a vital signal of credibility to the market. Last result, represents the comprehensive structural model, evaluating the simultaneous effects of CSR (X_1), Corporate Governance (X_2), and the mediator Corporate Reputation (Y_1) on Financial Performance (Y_2). This full model achieves the highest explanatory power, with an R2 of 0.773 and an Adjusted R2 of 0.761. This indicates that 76.1% of the variance in the financial performance of telecommunication companies can be explained by the combined configuration of CSR, governance, and reputation.

b. F test

The F-test, or simultaneous test, aims to determine whether all independent variables collectively (simultaneously) have a significant effect on the dependent variable in a regression model, as well as to measure how well the regression model explains the variation in the dependent variable. This test helps determine whether the regression model is suitable for use.

Table 3. Regression model's F-Test

Model Regression	F	Sig.
I	25.229	.000[a]
II	99.159	.000[a]
III	38.723	.000[a]
IV	67.969	.000[a]

Source: Output of F-Test (ANNOVA)

Based on the results of the F-test shown in the ANOVA table, it can be concluded that the regression model involving the variables Corporate Governance and Corporate Social Responsibility is statistically significant in predicting the dependent variable. This is evident from the F-statistic value of 25.229 with a significance level (Sig.) of

0.000, which is below the general significance threshold (e.g., 0.05). The results of the F-test indicate that the independent variables Corporate Governance and Corporate Social Responsibility together have a significant effect on the dependent variable Corporate Reputation. This is evident from the F-statistic value of 99.159 with a significance level (Sig.) of 0.000. Since the significance level is far smaller than 0.05, it can be concluded that this regression model is statistically significant.

The results of the F-test indicate that the regression model examining the effect of Financial Performance on Corporate Reputation is statistically significant. This is evident from the F-value of 38.723 with a significance level (Sig.) of 0.000, which is far smaller than the general significance level of 0.05. Overall, these data indicate that the Financial Performance variable significantly influences Corporate Reputation in the tested model. Based on the results of the F-test or simultaneous test for Equation IV, it can be concluded that the three predictor variables collectively have a significant effect on the dependent variable. This is evident from the significance value (Sig) obtained, which is 0.000, far smaller than the general significance level of 0.05. The high calculated F-value of 67.969 indicates a strong simultaneous influence of the variables Financial Performance (FP), Corporate Governance (CG), and Corporate Social Responsibility (CSR) on Corporate Reputation (CR).

c. T test

The t-test or partial test aims to determine the individual effect of each independent variable on the dependent variable by assessing whether that effect is significant or not based on a significance level (Sig.) of < 0.05 or > 0.05. If Sig. < 0.05, the independent variable has a significant effect; if Sig. > 0.05, there is no significant effect. The results of the t-test or partial test are shown in the following table:

Table 4. Regression model's t-Test

Model	Unstandardized Coefficients		Standardized Beta	t	Sig.
	B	Std. Error	Beta		
I: Constant	0.64	.035		1.823	.073
CSR → Y_1	.581	.090	.624	6.483	.000
CG → Y_1	.066	.066	.167	1.737	.087
II:Constant	0.68	.065		-5.661	.000
CSR → Y_2	2.340	.067	.885	14.038	.000
CG → Y_2	-.034	.071	-.084	-1.332	.188
III:Constan	-.105	.089		-.1.177	.244

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FP → CR	1.758	.282	.620	6.223	.000
IV:Constan	-.390	.066		-5.889	.000
CSR →CR	2.142	.215	.810	9.976	.000
CG→CR	-.117	.072	-.104	-1.625	.109
FB→ CR	.340	.236	.120	1.442	.154

Source: Output t-Test

Based on the results of the t-test, it can be concluded that the Corporate Social Responsibility variable has a significant effect on Financial Performance, as the significance value (Sig.) of 0.000 is less than 0.05. On the other hand, the Corporate Governance variable does not have a significant effect on Financial Performance, as the significance value (Sig.) of 0.087 is greater than 0.05. Overall, this model indicates that only Corporate Social Responsibility partially influences the dependent variable of Financial Performance. The results of the t-test or partial analysis of Equation II, the Corporate Social Responsibility variable significantly influences Corporate Reputation. The CSR variable has a positive and significant effect on Corporate Reputation, as indicated by a t-value of 14.038 with a significance level of 0.000. Conversely, the Corporate Governance variable has a negative effect on Corporate Reputation, with a t-value of -1.332 and a significance level of 0.0188.

Based on the t-test results table, it can be concluded that the Financial Performance variable has a significant effect on Corporate Reputation. This is evident from the significance value (Sig.) of 0.000, which is far smaller than the general significance level of 0.05. The high t-statistic value (6.223) also supports the conclusion of a statistically significant effect. The results of the t-test indicate that the Corporate Social Responsibility variable has a positive and significant effect on corporate reputation, as evidenced by a t-value of 0.976 with a significance level of 0.000, which is below the general threshold of 0.05. Conversely, the Corporate Governance and financial performance variables do not show a significant influence on corporate reputation, with significance values of 0.109 and 0.0154, respectively, which are greater than 0.05.

Disscusion

The primary objective of this study was to investigate the structural relationships between Corporate Social Responsibility, Corporate Governance, and financial performance, with a specific focus on the potential mediating role of Corporate

Reputation within the telecommunications sector based on the regression result, which are:

1. The implementation of CSR has proven to be a crucial factor that consistently yields positive impacts, both in terms of improving financial performance and strengthening corporate reputation. This indicates that investing in social and environmental aspects yields tangible economic benefits while fostering a positive public perception.
2. The implementation of Corporate Governance does not show a significant impact on financial performance or corporate reputation. These findings suggest that the implementation of corporate governance in the sample companies is likely still administrative in nature or merely compliance-driven, and thus has not yet been able to translate into economic value or strong reputational appeal.
3. There is a significant positive relationship where strong financial performance serves as the primary foundation for building a company's reputation. Profitable companies signal credibility to the market, which in turn enhances the company's status and bargaining position within the industry.
4. Corporate Reputation has proven unable to serve as a mediator between CSR and corporate governance and financial performance. This indicates that the positive impact of CSR on performance is direct, without the need to rely on a prior image building process. Investors appear to value the tangible results of responsible business practices more highly.

CONCLUSIONS AND SUGGESTIONS

Conclusions

The results of research conducted to CSR acts as a vital strategic asset that consistently drives both financial performance and public perception, demonstrating that sustainability investments generate tangible economic returns in the telecommunications sector. Second, Corporate Governance lacks a significant relationship with either performance or reputation, revealing that governance frameworks among the sampled firms function primarily as compliance mechanisms or administrative formalities rather than value creating drivers. Third, a firm's internal financial health serves as the foundational pillar for building external reputational capital, as robust market profitability sends a strong signal of credibility to stakeholders.

Finally, Corporate Reputation fails to act as a mediator between CSR and governance and financial performance. This underscores that the financial benefits of CSR are achieved directly through operational efficiencies and regulatory compliance rather than being contingent.

Suggestions

Based on the empirical insights and the direct, non-mediated pathways revealed in this study, several strategic recommendations can be formulated for: (1) Corporate executives in the telecommunications sector should prioritize and expand structural investments in CSR initiatives. Since the financial returns of these programs are direct, they should be treated as core operational investments rather than discretionary public relations expenditures. Furthermore, management needs to re-evaluate internal governance structures, moving beyond a checklist-based compliance mindset to ensure that board independence and transparency actively foster corporate value; (2) Investors should focus on the concrete operational outcomes of a firm's sustainability practices rather than abstract corporate awards, as the market increasingly values measurable contributions over superficial branding. Regulators, such as financial authorities, should look into reforming governance metrics to encourage ethical practices rather than mere administrative activities; and (3) Given that this study concentrated exclusively on the telecommunications sector over a specific four-year period (2021–2024), future research could extend this framework to other highly regulated or asset-heavy industries to test the generalizability of these findings. Additionally, since the dummy variable for the IMAC index yielded a non-mediating effect, future scholars might consider employing alternative continuous proxies for corporate reputation such as brand equity valuations or sentiment analysis derived from media coverage to capture a more nuanced view of external stakeholder perceptions.

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