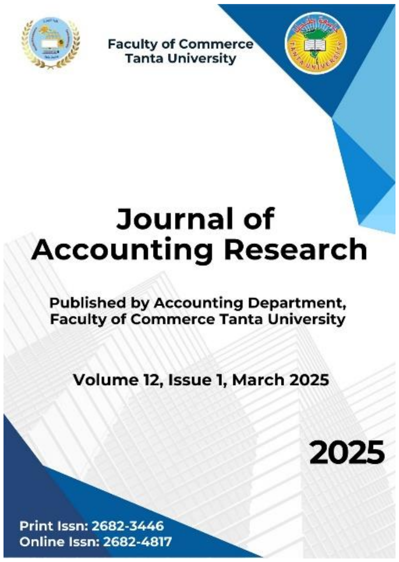

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The CSR Disclosure and Firm Value: Does CEO Expertise Matter?

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The CSR Disclosure and Firm Value: Does CEO Expertise Matter?

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المستخلص

يكشف هذا البحث عن تأثير الإفصاح عن المسؤولية الاجتماعية للشركات على قيمة الشركة. علاوة على ذلك، تبحث الدراسة في التأثير المعتدل للخبرة المالية للرئيس التنفيذي على العلاقة بين الإفصاح عن المسؤولية الاجتماعية للشركات وقيمة الشركة في البورصة المصرية. استخدمت الدراسة قاعدة بيانات مكونة من 472 ملاحظة من شركات غير مالية في السوق المصرية من عام 2016 إلى عام 2023، باستخدام نماذج التأثير الثابت لتقدير نتائج الدراسة. تشير نتائج الدراسة إلى أن الإفصاح عن المسؤولية الاجتماعية للشركات يعزز قيمة الشركة على المدى الطويل. ترتبط الشركات التي لديها إفصاح عن المسؤولية الاجتماعية للشركات بقيمة أعلى للشركة. علاوة على ذلك، تكشف النتائج أن الخبرة المالية للرئيس التنفيذي تعدل العلاقة بين الإفصاح عن المسؤولية الاجتماعية للشركات وقيمة الشركة. تبحث هذه الدراسة في التأثير المعتدل للخبرة المالية للرئيس التنفيذي على العلاقة بين الإفصاح عن المسؤولية الاجتماعية للشركات وقيمة الشركة في السياق المصري. يقدم هذا البحث رؤى عملية للشركات وصناع السياسات وأصحاب المصلحة لتعزيز قيمة الشركة.

الكلمات المفتاحية: الخبرة المالية للرئيس التنفيذي؛ قيمة الشركة؛ المسؤولية الاجتماعية للشركات، الأداء البيئي؛ حوكمة الشركات.

Abstract
This research reveals the effect of corporate social responsibility (CSR) disclosure on firm value. Moreover, the study investigates the moderating influence of CEO financial expertise between CSR disclosure and the firm value on the Egyptian stock Exchange. The study used a database of 472 observations from non-financial companies on the Egyptian market from 2016 to 2023, using fixed effect models to estimate the study results. The study findings indicate that CSR disclosure enhances firm value in the long term. The companies that have CSR disclosure are associated with higher firm value. Furthermore, the results reveal that CEO financial expertise moderates the nexus between CSR disclosure and firm value. This study investigates the moderating influence of CEO financial expertise on the association between CSR disclosure and firm value in the Egyptian context. This research offers practical insights for companies, policymakers, and stakeholders to enhance firm value.
Keywords: CEO Financial Expertise, Firm Value, Corporate Social Responsibility, Environmental Performance, Corporate Governance.

1. Introduction

Firm reflects the market's impression of the firm through its market revaluation (Felmania, 2014; Xu et al., 2020). This concept involves operating effectively while maintaining a balance between economic, environmental, and social objectives. The firm value is a strategic approach that aims to achieve economic success while adhering to environmentally and socially responsible practices (Harun et al., 2020). Recently, a focus on firm value has become an integral part of successful company strategies. Companies that embrace firm value seek to achieve a balance between financial growth, environmental conservation, and providing added value to society (Nguyen et al., 2015). The firm value includes a set of principles that include environmental sustainability, social sustainability, and economic and financial sustainability. Companies that adopt this approach not only achieve financial gains but also gain a positive reputation in the market and enhance their ability to compete (Rajesh, 2020). The firm value provides them with the opportunity to build long-term relationships with customers, employees, and investors, which supports continuity and growth in an ever-changing business environment (Handayati et al., 2022).

Corporate social responsibility (CSR) is an important aspect of modern accounting and management practices (Bawai & Kusumadewi, 2021). This disclosure reflects how companies are committed to balancing their economic, social, and environmental goals (Handayati et al., 2022). CSR disclosure is the provision of transparent and reliable information about the activities and policies implemented by the company to support social, environmental, and economic issues that affect stakeholders (Sampong et al., 2018). CSR disclosure is a strategic tool for companies to improve their reputation and achieve a competitive advantage (Felmania, 2014; Tandry et al., 2014). With the increasing interest of the international community in sustainability, it becomes necessary for companies to adopt transparent disclosure practices that reflect their commitment to achieving sustainable development and societal well-being (Machmuddah et al., 2020). CSR initiatives can help reduce labor costs, and CSR initiatives have a positive impact on society (Wentzel et al., 2022). CSR activities include environmental sustainability initiatives, charitable activities, and engaging in ethical business practices (Dai et al., 2018).

On the other hand, CEO financial expertise as one of the corporate governance mechanisms plays a main role in improving firm value (Guo et al., 2021; Naheed et al., 2021). The impact of CEO financial expertise on firm value is an important topic in corporate governance. This impact revolves around how board members' financial knowledge and expertise are used to make strategic decisions that lead to achieving long-term sustainability goals (H. Li & Chen, 2018). In general, the CEO financial expertise is considered a contributing factor in enhancing firm value by supporting informed financial decisions directed toward achieving a balance between economic growth and social and environmental responsibility.

The research gap identified through the existing literature, which is not cited in studying and analyzing the firm value, CSR disclosure, and CEO financial expertise (Khan et al., 2024; Sun & Rakhman, 2013), still introduces unexplored rules in the Egyptian context. This study is important and different from previous studies in many aspects. First, it focuses on non-financial Egyptian companies, whereas the previous literature focused on developed countries. Second, this study analyzes the moderating role of CEO financial expertise on the nexus between CSR disclosure and firm value. Third, firm value studies remain significant and have become a source of concern for regulators and policymakers (Fauziah et al., 2020; Worokinasih & Zaini, 2020). As a result, it is necessary to investigate how CSR disclosure affects firm value for investor protection. Therefore, this study provides an extension of previous studies in an attempt to deepen the literature and reduce discrepancies. Finally, this research differs from previous literature in that it depends on the financial statements of non-financial Egyptian companies. It is contended that in developing countries that have different cultural, regulatory, and institutional contexts, it can be expected to differ from that found in developed countries (Bawai & Kusumadewi, 2021; Wentzel et al., 2022).

The study's purpose is to identify the effects of CSR disclosure on firm value and the moderating influence of CEO financial expertise in Egypt. The analysis is based on 472 observations spanning the years 2016 to 2023. The findings reveal that CSR disclosure has a positive influence on firm value. The results also concluded that CEO financial expertise moderates the association between CSR disclosure and firm value. The current study aims to contribute to the following aspects: First of all, the study aims to enrich the research on firm value, CSR disclosure, and CEO financial expertise. Thus, advancing the relevant literature in these fields. Second, the research is significant because the important role of CEO financial expertise in company monitoring deserves in-depth research on the various factors that relate CSR disclosure to firm value. Finally, the study provides companies, shareholders, investors, and other stakeholders with practical contributions.

2. Theoretical background

The study develops hypotheses that contribute to comprehending the association between SP, CSR disclosure, and CEO financial expertise. This study derives its variables and hypotheses from stakeholder theory and legitimacy theory. These theories emphasize the importance of CSR disclosure by the corporation's management to enhance firm value in the long term (Dai et al., 2018; López-Concepción et al., 2022; Silva, 2021). Numerous studies have used these theories to understand the effects of CSR disclosure and explain the factors affecting firm value (Freeman et al., 2018; López-Concepción et al., 2022; Silva, 2021; Solikhah et al., 2020). In addition, many studies have adopted these theories to explain the effects of the CEO financial expertise as one of the corporate governance mechanisms (Boshnak et al., 2023; Githaiga & Kosgei, 2023; Nguyen & Thanh, 2022). Stakeholders theory is considered one of the most important theories for studying firm value due to the impact of performance on the interests of shareholders. According to the stakeholder theory, CSR initiatives help enhance a business’s reputation.

On the other hand, the legitimacy theory in business institutions is related to the principles and rules that govern the actions and orientations of institutions in the commercial and economic fields (Zyznarska-Dworczak, 2018). When the concepts of legitimacy theory and firm value come together, companies can create a system based on achieving economic growth in a way that respects the environment and society (Solikhah et al., 2020), investing in sectors that preserve the environment and contribute to social development (Zyznarska-Dworczak, 2018), and achieving economic and social justice in commercial and financial transactions (Silva, 2021). By focusing on social and economic justice and promoting investment, institutions can achieve long-term sustainability (Dai et al., 2018; Solikhah et al., 2020; Zyznarska-Dworczak, 2018). Legitimacy theory seeks to achieve a balance between economic growth and ethics, leading to the formation of a sustainable business environment.

According to stakeholder theory and legitimacy theory, when board members have strong financial expertise, they can make financial decisions that balance profits with sustainable investments (Amin et al., 2021; Naciti, 2019). CEO financial expertise helps predict the financial risks associated with sustainability projects and assess their potential impact on the firm value (Githaiga & Kosgei, 2023). CEO financial expertise can enhance transparency in sustainability disclosure, ensuring that financial statements related to sustainable practices are accurate and clear, which increases investor and shareholder confidence (Homroy & Slechten, 2019). CEO financial expertise can identify the most financially viable sustainable investment opportunities, which helps integrate sustainability goals with profitability (Alsayegh et al., 2020; Lee, 2023). CEO financial expertise contributes to better communication with investors regarding the company's sustainable direction, which increases trust and provides greater support for environmental and social initiatives (Githaiga & Kosgei, 2023).

3. Literature review and hypotheses development

3.1 The impact of CSR disclosure on firm value

According to stakeholder theory, improving CSR disclosure has the effect of protecting shareholders' interests and improving the company's long-term sustainability (Dewi et al., 2021). Therefore, actions taken by a company's management offer investors signals about the management's vision of the company's future (Alsayegh et al., 2020). Previous studies argue that efficient CSR disclosure enhances the firm value, and thus, there is a positive nexus between CSR disclosure and firm value (Dhingra, 2023; Meseguer-Sánchez et al., 2021; Wentzel et al., 2022). Furthermore, managers use CSR disclosure to boost profitability and impact future cash flow (Xu et al., 2020). The managers make decisions based on their managerial discretion and private information, which might improve firm value (Harun et al., 2020). Conversely, Khan et al. (2020) determined that CSR practices negatively impact the accuracy of forecasts by financial analysts on the stock exchanges. Therefore, there is a negative nexus between CSR disclosure and firm value because managers only use their discretion to maximize their utility, resulting in the misalignment of incentives between managers and shareholders and firm value deterioration (Handayati et al., 2022; Nguyen et al., 2015).

Several empirical studies on CSR disclosure have been based on developed countries (e.g., Chang et al., 2017; Dai et al., 2018; Naheed et al., 2021). Recently, there has been a growing body of empirical literature on CSR disclosure in developing countries. For example, Wentzel et al. (2022) provide evidence that companies can improve share value growth by adopting CSR practices. Several studies (Handayati et al., 2022; Sampong et al., 2018; Tangngisalu, 2020) have concluded that CSR practices have a positive influence on firm value. The studies (Christensen et al., 2021; Firmansyah et al., 2021) implicitly indicate the adverse effect of CSR practices on firm value. Wentzel et al. (2022) investigated the association between CSR disclosure through environmental responsibility, social responsibility, and economic responsibility and firm value in emerging markets. Their findings indicated that while CSR disclosure positively influences firm value, this effect is not statistically significant. According to the previous discussions, the next hypothesis was formulated:

H1: CSR disclosure has a significant and positive influence on firm value.

H1a: Economic responsibility has a significant and positive influence on firm value.

H1b: Social responsibility has a significant and positive influence on firm value.

H1c: Environmental responsibility has a significant and positive influence on firm value.

3.2 The relationship between CEO financial expertise, CSR disclosure, and firm value

The CEO can be a vital element in supporting companies to adopt objective CSR practices and enhance firm value (Sheikh, 2019). The characteristics of the CEO reflect the Board's ability to supervise, monitor, and provide resources in light of the increasing interest in firm value (Naciti, 2019). When the CEO has knowledge and experience in CSR disclosure, it can provide advice and guidance on the company's strategies and thus enhance firm value (Li et al., 2016; Maswadi & Amran, 2023). The CEO financial expertise is one of the governance mechanisms that limit managers' ability to manipulate financial performance assessments by reducing information asymmetry, thereby enhancing the firm value (Muttakin et al., 2018). The CEO financial expertise can lead to enhancing the firm's value (Guo et al., 2021; Khan et al., 2024). Companies can consider the CEO financial expertise as a necessary factor to improve their performance (Johl et al., 2015). By consulting with managers with financial expertise, the board can obtain the information necessary to make effective decisions in improving firm value (Henao et al., 2019). Therefore, boards must be prepared to support companies in adopting CSR practices and working toward improved firm value (Naheed et al., 2021).

Numerous pieces of literature support the CEO financial expertise (Guo et al., 2021; Y. Li et al., 2018; Naheed et al., 2021; Sun & Rakhman, 2013). According to Elmashtawy et al. (2023), the board's oversight and monitoring functions depend on various aspects, including the CEO financial expertise. Previous studies have also explored how CEO financial expertise can enhance a company's strategy (Muttakin et al., 2018; Sheikh, 2019). The CEO financial expertise can also effectively reduce corporate risks and minimize the impact of crises on companies (Maswadi & Amran, 2023). Similarly, Obeitoh et al. (2023) indicated that CEO financial expertise improves firm performance because directors have more competence than others. According to Kouaib et al. (2020), the CEO financial expertise enhances the board's ability to effectively monitor. Githaiga and Kosgei (2023) highlighted the substantial positive impact of CEO financial expertise on firm value. As a result, some indicators show the positive effects of CEO financial expertise on enhancing firm value, due to its tangible impact in ensuring reasonable assurance about the quality of the financial report, on which different stakeholders rely when making investment decisions associated with the company. Hussain et al. (2018) demonstrated that boards that have members with financial expertise exhibit higher levels of conservatism and improved firm value.

The board characteristics affect CSR disclosure through economic responsibility, social responsibility, and environmental responsibility (Emeka-Okoli et al., 2024). Kim et al. (2023) concluded that a board of directors that has financial expertise, knowledge, and commitment to society is likely to work to improve the company's firm value. Furthermore, Johl et al. (2015) indicated that the CEO financial expertise is positively associated with improving the firm's value. Obeitoh et al. (2023) revealed that there is a positive relationship between some board characteristics, such as size, meetings, financial expertise, and firm value, in addition to the interaction between the CEO financial expertise as a moderator and some board characteristics that lead to enhancing the firm's value. Several previous research findings concluded a positive nexus between CEO financial expertise and firm value (Khan et al., 2024; Li et al., 2016; Sun & Rakhman, 2013). Similarly, the studies (Naheed et al., 2021; Sheikh, 2019) have indicated that CEO financial expertise is favorably associated with CSR disclosure. Empirical studies concluded that the nexus between CSR disclosure and the firm value is affected by corporate governance mechanisms (Fauziah et al., 2020; Guo et al., 2021; Li et al., 2018). Accordingly, it is supposed that there is relationship between CSR disclosure and firm value, and this association is affected by CEO financial expertise, as well as the importance of CEO financial expertise because of its tangible impact in ensuring reasonable assurance about the quality of the financial report, on which different stakeholders rely when making investment decisions associated with the company. Based on the above justifications and the purpose of the study, it is suggested that CEO financial expertise moderates the relationship between CSR disclosure and firm value. Drawing from the preceding discussion, the subsequent hypotheses are proposed:

H2: CEO financial expertise moderates the nexus between CSR disclosure and firm value.

H2a: CEO financial expertise moderates the nexus between economic responsibility and firm value.

H2b: CEO financial expertise moderates the nexus between social responsibility and firm value.

H2c: CEO financial expertise moderates the nexus between environmental responsibility and firm value.

4. Methodology

4.1 Data Collection and Sampling

The study population includes all Egyptian companies registered in the stock exchange between 2016 and 2023. The final sample was selected according to the following conditions: First, the banking sector, the financial services sector, and insurance companies were excluded because of their nature specific to financial disclosure. Secondly, companies whose financial statements were prepared in a foreign currency were excluded other than the Egyptian pound. Third, companies' financial reports must be available regularly and contain sufficient data to measure the study variables. Fourth, companies' financial reports must have been issued on December 31 to meet consistency in the fiscal year. Finally, companies must have been listed on the Egyptian stock exchange from 2016 to 2023. After applying the previous conditions, the final sample for the study consists of 59 non-financial companies listed on the Egyptian Stock Exchange and 472 observations, distributed to 11 sectors over the 2016–2023 period. Furthermore, the study utilized secondary data, especially the financial statements, board of directors' reports, and supplementary clarifications. The study also sourced data from the companies' financial reports, which are published on the websites of the Egyptian Exchange and the Mubasher website (http://www.mubasher.info). This study uses data panel regression by ordinary least squares with fixed effects. Table 1 presents a summary of the selection process for the sample.

Table 1: The sample of the study

No.	Sectors	Final sample	Observations	
			No.	%
1	Basic resources	4	32	6.8%
2	Real estate	12	96	20.3%
3	Health care and phamaceuticals	8	64	13.5%
4	Industrial goods, services and automobiles	3	24	5.1%
5	Telecommunication services, media and information technology	4	32	6.8%
6	Trade and distributors	3	24	5.1%
7	Construction and materials	5	40	8.5%
8	Travel and leisure	4	32	6.8%
9	Textile and durables	3	24	5.1%
10	Food, beverages and tobacco	6	48	10.2%
11	Contracting and construction engineering	7	56	11.8%
Total		**59**	**472**	**100%**

The study employs fixed-effects ordinary least squares panel data regression models to investigate the nexus between CSR disclosure, CEO financial expertise, and firm value in the Egyptian non-financial companies. There is a set of assumptions related to the panel data analysis according to its type, and the statistical methods that test these assumptions vary. The choice between the pooled and fixed models is made using the F-test. To identify whether the model is pooled or random, the Breusch and Pagan-Lagrange multiplier tests are used. In addition, the Hausman analysis was used to assess the suitability of the panel data for the random effects model or the fixed effects model (Gujarati & Porter, 2013). This study performed these three tests to determine the appropriate panel data model. Accordingly, the fixed effects model was used. Regression diagnostics were performed before each model was tested in the study to ensure that multiple regression assumptions were met and to avoid erroneous results. Normality, outliers, multicollinearity, heteroscedasticity, linearity, and autocorrelation are the most important regression assumptions in the study.

4.2 Variables of the study

The study dependent variable is the firm value (FV) of the sample companies, gauged through Tobin's Q model, which is measured by the total equity (market value) and the total liabilities (book value) divided by the total assets (book value). If Tobin's Q ratio is greater than one, the investment in the asset is particularly appealing. In contrast, if Tobin's Q ratio is less than one, asset investment is not appealing. Moreover, this study focuses on three independent variables that express CSR disclosure, encompassing economic responsibility (ECOR), social responsibility (SOCR), and environmental responsibility (ENVR). Furthermore, the interaction between CSR disclosure and FV is moderated by the CEO financial expertise (CEOEX). In addition, the study includes four control variables, which include board independence (BIND), firm size (SIZE), leverage (LEV), and return on equity (ROE). Table 2 summarizes the definition and measurement of dependent, moderating, independent, and control variables, along with evidence from prior studies that used the same measures.

Table 2: Variables measurements

Variable	Symbol	Measurement	Source
Dependent Variable			
Firm value	FV	Measured by the total equity (market value) and the total liabilities (book value) divided by the total assets (book value).	(Fauziah et al., 2020; Firmansyah et al., 2021; Harun et al., 2020)
Independent Variables			
Economic responsibility	ECOR	An index of 12 items related to economic responsibility.	(Christensen et al., 2019; Huang et al., 2022; Wentzel et al., 2022)
Social responsibility	SOCR	An index of 24 items related to social responsibility.	(Bhargava & Ligade, 2023; Dhingra, 2023; Yu et al., 2023)
Environmental responsibility	ENVR	An index of 14 items related to environmental responsibility.	(Aggarwal & Singh, 2019; Asad et al., 2023; Kim et al., 2023)
CSR disclosure	CSR	Integrating the index of economic, social, and environmental aspects.	(Cowan & Guzman, 2020; Dai et al., 2018; Garcia-Torea et al., 2020; Haji et al., 2022; Wu & Jin, 2022)
Moderating variable			
CEO financial expertise	CEOEX	Measured by a dummy variable that takes a number if 1 if the CEO has financial experience and 0 otherwise.	(Elmashtawy, Che Haat, et al., 2024; Naheed et al., 2021; Sheikh, 2019)
Control Variables			
Board independence	BIND	The proportion of independent directors to total board members.	(Dewi et al., 2021; Elmashtawy et al., 2023; Tangngisalu, 2020)
Firm size	SIZE	The logarithm of the total assets.	(Aggarwal & Singh, 2019; Bhargava & Ligade, 2023; Dhingra, 2023)
Leverage	LEV	The total liabilities divided by the total assets' ratio.	(Elmashtawy, Ateeq, et al., 2024; Homroy & Slechten, 2019; Wu & Jin, 2022)
Return on equity	ROE	The net income to total equity ratio.	(Elmashtawy, Che Haat, et al., 2024; Naheed et al., 2021; Sopian et al., 2018)

4.3 Econometric tools

The study developed four models to measure the impact of CSR disclosure on FV and the moderating influence of CEOEX on the association between CSR disclosure and FV. The study's models can be formulated as regression models, as follows:

The direct effect models are outlined below:

The direct effect models assess the effect of CSR disclosure on FV in the Egyptian non-financial companies. The study formulated two models, and these models answer hypothesis 1.

$$FV_{it} = \alpha + \ _{1} ECOR_{it} + \beta_2 SOCR_{it} + \beta_3 ENVR_{it} + \beta_4 CEOEX_{it} + \beta_5 BIND_{it} + \beta_6 SIZE_{it} + \beta_7 LEV_{it} + \beta_8 ROE_{it} + \varepsilon_{it} \qquad (1)$$

$$FV_{it} = \alpha + \ _{1} CSR_{it} + \beta_2 CEOEX_{it} + \beta_3 BIND_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 ROE_{it} + \varepsilon_{it} \qquad (2)$$

The moderating effect models are as follows:

The moderator effect models are to investigate the moderating effect of the CEOEX on the association between CSR disclosure and FV in the Egyptian non-financial companies. The study formulated two models, and these models answer hypothesis 2.

$$FV_{it} = \alpha + \ _{1} CEOEX_{it} + \beta_2 ECOR_{it} + \beta_3 ECOR * CEOEX_{it} + \beta_4 SOCR_{it} + \beta_5 SOCR * CEOEX_{it} + \beta_6 ENVR_{it} + \beta_7 ENVR * CEOEX_{it} + \beta_8 BIND_{it} + \beta_9 SIZE_{it} + \beta_{10} LEV_{it} + \beta_{11} ROE_{it} + \varepsilon_{it} \qquad (3)$$

$$FV_{it} = \alpha + \ _{1} CSR_{it} + \beta_2 CEOEX_{it} + \beta_3 CSR * CEOEX_{it} + \beta_4 BIND_{it} + \beta_5 SIZE_{it} + \beta_6 LEV_{it} + \beta_7 ROE_{it} + \varepsilon_{it} \qquad (4)$$

5. Results and Discussions

5.1 Descriptive statistics

Table 3 shows a summary of the descriptive analysis for the independent, dependent, moderating, and control variables used in the study. The research examines the adherence of variables to the normal distribution through the application of the Kolmogorov-Smirnov and Shapiro-Wilk tests. Findings suggest that the variables conform to the normal distribution, as evidenced by significance values exceeding 0.05 (Pallant, 2020). Table 3 reveals that the mean of FV is 1.05 with a standard deviation of 1.53. The mean of ECOR is 7.36, and the minimum and maximum levels are 0.00 and 91.51, respectively. The mean SOCR was around 11%, with a standard deviation of 18.84. The mean of ENVR is 5.41, and the minimum and maximum levels are 0.00 and 88.23, respectively. Moreover, the mean CSR disclosure was around 12%, with a standard deviation of 26.23. The average CEOEX is 0.47, and the standard deviation is 1.52, indicating that more of the sampled CEO have financial expertise. Concerning the control variables, the mean BIND is 17.02, and the standard deviation is 32.31. The average SIZE is 20.97 with a standard deviation of 1.44. The average LEV is 0.71, and the standard deviation is 1.35. The mean ROE is 0.84, and the minimum and maximum levels are -1.55 and 2.10, respectively.

Table 3: Descriptive Statistics

Variables	Observations	Mean	Minimum	Maximum	Standard Deviation
FV	472	1.05	0.04	17.23	1.53
ECOR	472	7.36	0.00	91.51	8.77
SOCR	472	10.84	0.00	94.20	18.84
ENVR	472	5.41	0.00	88.23	7.14
CSR	472	11.57	0.00	90.41	26.23
CEOEX	472	0.47	0.00	1	1.52
BIND	472	17.02	0.00	84.95	32.31
SIZE	472	20.97	17.30	21.49	1.44
LEV	472	0.71	0.00	14.16	1.35
ROE	472	0.84	-1.55	2.10	1.01

5.2 Correlation analysis

It is clear from the results of the correlation analysis in Table 4 that all values of the correlation coefficients within the matrix amounted to less than 0.80. This result indicates that the results of the correlation analysis between the study variables are free from multicollinearity (Gujarati & Porter, 2013). Table 4 also concludes that there are significant correlations among independent, dependent, moderating, and control variables. The highest correlation between FV and CSR is 0.52, suggesting that a higher level of CSR disclosure is associated with a higher FV. The correlation between SIZE and FV is also significant (with a correlation coefficient of 0.50), suggesting that larger companies have a higher FV. Furthermore, the variance inflation factor (VIF) test findings reveal a very low VIF for each variable (less than 1.30) and a large tolerance (at least 0.77), which indicates that there are no multicollinearity problems in the research variables in the correlation analysis (O'brien, 2007).

Table 4: Correlation Analysis

Variables	FV	CEOEX	ECOR	SOCR	ENVR	CSR	BIND	SIZE	LEV	ROE
FV	1									
CEOEX	0.45**	1								
ECOR	0.42***	0.01	1							
SOCR	0.10**	0.22*	0.08	1						
ENVR	0.21**	0.03	0.26***	-0.07	1					
CSR	0.52***	0.01	-0.06	-0.09**	-0.04	1				
BIND	-0.04	0.15**	-0.12	0.47**	0.21***	0.25***	1			
SIZE	-0.50**	0.20**	-0.04	0.02	0.03	-0.12	0.33**	1		
LEV	0.14*	-0.01	-0.34*	0.28*	-0.01	-0.17**	-0.35	-0.21	1	
ROE	0.32**	-0.01	0.22**	0.25	0.24*	0.32	0.24**	0.17*	-0.34*	1
VIF	1.11	1.21	1.18	1.21	1.14	1.01	1.22	1.12	1.24	
Tolerance	0.91	0.82	0.78	0.87	0.84	0.90	0.79	0.88	0.83	

Note: **, and * are the significance levels at 0.05 and 0.01, respectively.**

5.3 Direct effect analysis

Table 5 displays the regression findings of the direct influence analysis. The results in models 1 and 2 are allocated to the direct effect regression models of the effect of CSR disclosure on FV. The findings in Model 1 concluded a significant positive and negative effect of ECOR, SOCR, and ENVR on FV at a significant level of 1%, 5%, and 1%, respectively. Furthermore, the findings in Model 2 concluded a significant positive effect of CSR on FV at a significant level of 1% (9.39). This finding indicates that companies exhibiting elevated CSR disclosure demonstrate a greater degree of FV, and these companies can increase their performance through a high level of CSR practices. This finding is supported by the stakeholder theory and legitimacy theory and is consistent with the findings of the studies (Firmansyah et al., 2021; Handayati et al., 2022; Sampong et al., 2018). Therefore, H1 is supported.

Table 5: Direct effect models

Variables	Model 1	Model 2
C	0.03*** (0.00)	-0.02** (0.03)
ECOR	-4.47*** (0.01)	
SOCR	4.54** (0.00)	
ENVR	-0.47*** (0.00)	
CSR		9.39*** (0.00)
CEOEX	0.04** (0.01)	1.37*** (0.00)
BIND	0.38** (0.01)	0.19** (0.02)
SIZE	0.18** (0.01)	0.29*** (0.00)
LEV	-0.02*** (0.00)	-0.01** (0.02)
ROE	-0.08** (0.02)	-0.12* (0.03)
R^2	0.44	0.45
Adjusted R^2	0.41	0.43
F-statistic	8.47	12.72
Prob (F-test)	0.00	0.00
Durbin-Watson test	1.08	2.05

Note: *, **, and * are the significance levels at 0.1, 0.05, and 0.01, respectively.**

The results also indicate that the CEOEX affects the FV across the conducted models at a significant level of 5% and 1%, respectively. This finding is consistent with the findings of the studies (Khan et al., 2024; Sheikh, 2019). Moreover, CEOEX serves as a safeguarding mechanism, mitigating a company's risk exposure while enhancing its overall FV. Furthermore, the results concluded that the SIZE has a positive effect on FV across the conducted models. These results mean that as the size of the company increases, its level of FV enhances. The findings also concluded that the BIND positively affects the FV according to models 1 and 2 at a 5% significant level. This result means that the presence of independent members on the board is important to enhance the FV. In addition, there is an inverse effect of LEV on the FV, as the values of FV are -0.02 and -0.01, respectively. This result reflects the negative impact of the increase in debt and financial insolvency on the FV. Finally, there is an inverse effect of ROE on the FV across the conducted models at significant levels of 5% and 10%, respectively. Adjusted R^2 values range between 41% and 43%, indicating that the research variables account for approximately 43% of the FV. The models evaluated additionally demonstrated that the D-W result values showed that variables do not have autocorrelation issues.

5.4 Moderating analysis

Models 3 and 4 in Table 6 present the moderating role of CEOEX on the relationship between CSR disclosure and FV. The results of the moderating effect indicate that CEOEX, as a moderating variable, strengthens the association between CSR disclosure and FV. These results indicate that companies can enhance their FV by paying attention to the disclosure of CSR disclosure to meet the needs of various stakeholders, in addition to paying attention to the financial expertise of the CEO, as it has a positive impact on enhancing FV. These results are consistent with the results of studies (Muttakin et al., 2018; Naheed et al., 2021; Sun & Rakhman, 2013). Hence, H2 is supported. Noteworthy is that the CEOEX has strengthened the nexus between CSR disclosure (ECOR, SOCR, and ENVR) and FV across the conducted models (Model 3 and Model 4), which was obtained when the CEOEX was added to the models. This indicates the critical role of the CEOEX, as the CEOEX has stronger incentives to influence operational decisions through management monitoring, resulting in a higher FV.

Table 6: Moderating effect models

Variables	Model 3	Model 4
C	2.02** (0.02)	2.03*** (0.00)
CEOEX	1.66** (0.03)	2.69** (0.02)
ECOR	-0.64** (0.02)	
ECOR*CEOEX	-5.86*** (0.00)	
SOCR	7.55* (0.05)	
SOCR*CEOEX	1.68*** (0.00)	
ENVR	-0.66** (0.03)	
ENVR*CEOEX	0.63*** (0.00)	
CSR		7.75*** (0.00)
CSR*CEOEX		2.02*** (0.00)
BIND	1.53*	2.37**

	(0.06)	(0.03)
SIZE	2.05*** (0.00)	2.24*** (0.00)
LEV	-0.01*** (0.00)	-0.02*** (0.00)
ROE	-0.35* (0.07)	-0.45* (0.05)
R^2	0.42	0.43
Adjusted R^2	0.39	0.40
F-statistic	23.22	16.43
Prob (F-test)	0.00	0.00
Durbin-Watson test	1.72	1.80

Note: *, **, and * are the significance levels at 0.1, 0.05, and 0.01, respectively.**

It is clear from the results of the regression analysis of the direct effect and the moderating effect that the values of adjusted R^2 reached 0.41 and 0.43 for the direct effect regression models and 0.39 and 0.40 for the moderating effect regression models. This indicates the positive effect of inserting the interaction between CSR disclosure (ECOR, SOCR, and ENVR) and CEOEX variables in the moderating model. Additionally, it signifies the precision of the models and the autonomy of the factors influencing FV. Moreover, the outcomes demonstrated that the significance levels were 0.00 across the regression analysis models. The results of the moderating effect analysis can be supported by stakeholder theory and legitimacy theory. According to stakeholder theory, having board members with financial expertise leads to working to meet the needs of different stakeholders, which has a long-term impact on enhancing the firm's value. Furthermore, legitimacy theory suggests that CSR disclosure increases transparency between the company and internal and external users, which enhances its FV in the long term, in light of the financial expertise of CEO.

5.5 Endogeneity analysis

Additional analyses are carried out to evaluate the robustness of the study's findings, and it is revealed that earlier results are robust with alternative measurements of the variables. Table 7 findings provide the endogeneity test. The findings indicate consistency in the effect of independent variables and their interactions with CEOEX on FV. Overall, the endogeneity test results are consistent, persistent, and robust. The findings reveal that the significance level test yielded a value of 0.0001 for the variable representing the interaction between CEOEX and CSR disclosure (ECOR, SOCR, and ENVR), which is below 0.05. This indicates a substantial influence of the CEOEX introduction on the association between CSR disclosure and FV. Furthermore, the significance levels of the control variables, namely BIND, SIZE, LEV, and ROE, are below 0.05, suggesting a significant relationship with FV. The models' explanatory power varies from 32% to 34%, demonstrating that including the CEOEX as a moderating variable improves the nexus between CSR disclosure and FV. Moreover, the coefficient of the regression models exhibits positive significance, as the significance levels fall below the significance threshold of 0.05.

Table 7: Endogeneity analysis

Variables	Model 1	Model 2
C	8.42*** (22.47)	8.21*** (20.13)
ECOR	-0.00 (-0.64)	
ECOR*CEOEX	-0.00*** (-7.61)	
SOCR	0.00 (2.41)	
SOCR*CEOEX	0.01*** (8.31)	
ENVR	-0.00 (-0.71)	
ENVR*CEOEX	0.00 (0.47)	
CSR		0.00*** (8.52)
CSR*CEOEX		0.01*** (4.25)
CEOEX	0.03*** (4.19)	0.01*** (6.67)
BIND	0.01*** (4.41)	0.00*** (5.71)
SIZE	0.01*** (28.64)	0.01*** (28.89)
LEV	-0.00*** (-8.26)	-0.00*** (-8.22)
ROE	0.00 (0.31)	-0.00** (-0.34)
R^2	0.36	0.37
R^2_adjusted	0.34	0.32
F-test	41.63	32.71
Prob.	0.000	0.000

Note: *, **, and * are the significance levels at 0.1, 0.05, and 0.01, respectively.**

6. Conclusion

The study examined the effect of CSR disclosure on FV and the moderating role of CEOEX on the association between CSR disclosure and FV. This research is attributed to a balanced database of 472 firm-year observations of the Egyptian non-financials spanning from 2016 to 2023. The findings indicated that CSR disclosure had a significant and positive effect on FV. It implies that the Egyptian companies have to concentrate on adopting more CSR practices to improve FV. Moreover, the study found that CEOEX moderates the relationship between CSR disclosure and FV. The results also concluded that CEOEX has a vital role in improving FV. Furthermore, the results confirm the influence of introducing the CEOEX as a moderator variable in the relationship models. Additional analyses were performed to assess the robustness and endogeneity of the study inferences, and it was discovered that previous inferences are robust with different measurements.

This study makes the following distinct contributions to the existing literature: First, for theoretical contribution, it adds to the current literature on FV, CSR disclosure, and CEOEX, especially in Egypt. The study is the first to investigate the moderating role of CEOEX in the association between CSR disclosure and FV. Second, the study offers various implications for regulators, companies, and stakeholders. The study indicates that CEOEX, as one of the corporate governance mechanisms, can bolster FV within non-financial companies listed on the Egyptian Stock Exchange. Consequently, regulators have the opportunity to advocate for CEOEX as a means to enhance FV and incentivize its adoption among companies. Additionally, regulatory bodies can formulate guidelines and regulations that promote CEOEX integration to bolster FV. Finally, stakeholders can focus on the CEOEX for more CSR practices to enhance FV.

The study is subject to several limitations. Firstly, the analysis spanned eight years and focused solely on non-financial firms within a single country, thereby restricting the generalizability of the conclusions and limiting control over all variables influencing the outcomes. Second, the measures used to measure FV and CSR disclosure in the study might not encompass all dimensions of FV, given its multifaceted nature. There remains potential for future investigations to explore the impact of CEOEX on the association between CSR disclosure and FV using alternative FV metrics. Subsequent research endeavors could also delve into comparing various corporate governance mechanisms and their respective effects on FV. In conclusion, forthcoming research could endeavor to replicate the models developed in this study across diverse countries and extend the comparison over an extended timeframe to enable a more comprehensive analysis.

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