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The Influence Of Corporate Social Responsibility, Firm Size, Independent Board Of Commissioners, And Liquidity On Financial Performance

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ABSTRACT

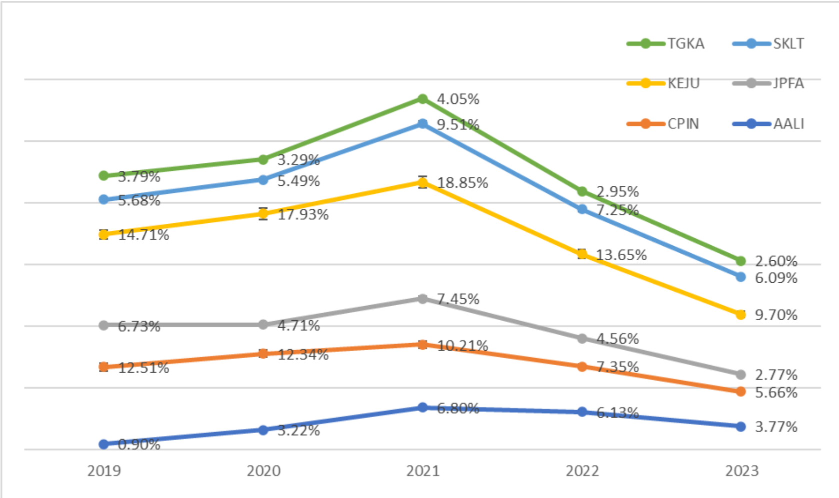
Improving efficiency and effectiveness to maximize profitability is a duty that every organization has to guarantee the sustainability of their operations. This research aims to examine the relationship between corporate social responsibility, firm size, independent board of commissioners, liquidity and financial performance. The main focus of this research is to examine the performance of food and beverage companies that are listed on the Indonesia Stock Exchange during the period from 2019-2023. Using purposive sampling, 140 data points were collected over five years from twenty-eight distinct companies. Using Eviews 12.0, a panel regression analysis was conducted. This investigation incorporates the Chow, Hausman, and Lagrange Multiplier tests. The study indicated that corporate social responsibility and liquidity has a positive influence on financial performance, regardless of firm size or the presence of independent board of commissioners. Overall, there is significant influence of the independent variables on the financial performance of the companies being studied.

INTRODUCTION

Global economic growth is accelerating due to the rapid advancement of technology and increasing competition among companies. Each company must ensure its sustainability by enhancing efficiency and effectiveness to achieve predetermined objectives. The primary goal of a company is to maximize profit. Therefore, management must improve company performance through financial growth, which can attract the attention of investors. Companies evaluate financial performance to determine strengths and weaknesses, which serve as the basis for informed decision-making (Rikasari & Hardiyanti, 2022). Financial performance is utilized to assess whether there has been an improvement by comparing current performance with that of previous periods, with the resulting information serving as a foundation for future decision-making (Diroh & Mochlasin, 2023). This evaluation is based on various indicators, one of which is profitability levels, reflected through increased profits (Muliadi et al., 2023). Financial performance can be measured using ROA, as stated by Ramadhani et al. (2022), Nurazi et al. (2020), and Adielyani & Pangestuti (2023).

Among the significant sectors on the Indonesia Stock Exchange is the food and beverage industry, which continues to expand to meet the needs of the market. Despite this, not all companies are able to sustain consistent financial performance. This is reflected in the decline in financial performance, measured by ROA, in recent periods, as shown in Figure 1.

Figure 1. Financial Performance Development



Source: Processed Data, 2024

Corporate social responsibility (CSR) is among the many factors that contribute to the financial performance. CSR is an organization's attempt to balance economic, environmental, and social factors in its operations while still meeting the profitability expectations of its shareholders (Burhany et al., 2020). The implementation of CSR can enhance financial performance and corporate reputation, functioning as an effective communication tool with the public (Lahjie et al., 2022). Through CSR programs, companies strive to ensure the availability of resources needed to achieve financial performance that is positively received by the public (Afifah et al., 2021). CSR is considered to positively impact financial performance, as noted by Anita & Amalia (2021) and Lahjie et al. (2022). Contrasting findings are presented by Meidawati et al. (2020), Wijaya et al. (2022), and Limanto & Handoko (2022), which demonstrate no significant impact of CSR on financial performance.

In addition to CSR, firm size also plays an important role in financial performance. The total assets owned and the revenue generated by a company determine its size (Wibowo et al., 2021). Larger firms possess greater assets, enabling them to address challenges in their business operations (Fauziah & Murharsito, 2021). Firm size can ensure financial stability within a company (Hamdani et al., 2022).This stability can serve as a guarantee for easier access to funding, as large companies' financial conditions attract significant attention from society and the government, which in turn motivates them to improve financial performance (Nusron et al., 2023). Findings by Muliadi et al. (2023), Sinosi et al. (2022), and Helliana & Gunawan (2023) show that the size of the company and its financial success are significantly correlated. This contradicts the findings of Nusron et al. (2023), Hamdani et al. (2022) and Setiyanto et al. (2023), which conclude that firm size does not affect financial performance.

The company's independent board of commissioners serves as a body that represents shareholders by supervising the directors' implementation of policies and strategies, offering guidance or recommendations based on a sense of accountability, and enhancing the company's reputation among shareholders and the general public (Malik, 2022). Independent commissioners play a role in protecting the company from external threats to safeguard its resources, which can subsequently drive profitability and financial performance improvement (Setiawan & Setiadi, 2020). Findings by Rahmatika et al. (2019), Setiawan & Setiadi (2020), and Sofia & Januarti (2022) demonstrate that independent commissioners play a key role in improving financial performance. On the contrary, Chasanah & Fithria (2021) reported a slight and negative effect from independent commissioners on financial performance. In a similar vein, Murhadi (2021) and Muhammad et al. (2021) provided evidence that the role of independent commissioners in financial performance is largely insignificant.

One of the most important measures of a company's ability to satisfy its immediate financial commitments is liquidity. This percentage shows how prepared the business is to provide the funds necessary to pay off debts on time (Wulandari et al., 2020). In liquidity analysis, the cash ratio serves as one of the measurement metrics. A high cash ratio indicates sufficient cash funds to settle short-term debts (Arsita, 2021). This cash availability can also support the company's operational activities, contributing to increased sales and profit generation. When optimal profits are achieved, the company's return on assets (ROA) can improve, reflecting higher efficiency in managing financial performance (Diana & Osesoga, 2020). Liquidity is assessed as having a positive contribution to financial performance, as indicated by Wulandari et al. (2020) and Muliadi et al. (2023). Contradictory findings were concluded by Diroh & Mochlasin (2023), Salim & Ary (2020) and Malau & Rambe (2022), who demonstrated no significant impact of liquidity on financial performance.

The foundation of this study lies in agency theory and stakeholder theory as its primary conceptual underpinnings. The function of agency theory is to analyze and resolve issues arising between agents and principals. The relationship between the manager (as the agent) and the owner (as the principal) is illustrated by this concept (Wibowo et al., 2021). The principal is the one who provides the necessary resources to the agent to complete the task. On the other hand, the principle has given the agent the authority to supervise how the firm's existing resources are distributed in order to help the company reach its goals. Stakeholder theory, on the other hand, shows that a business must benefit all of its stakeholders, including the government, creditors, customers, shareholders, suppliers, the community, and other connected parties, in addition to its own interests (Afifah et al., 2021). This is crucial as a company's success is significantly influenced by how it interacts with and treats its stakeholders (Indriastuti & Najihah, 2020). This contributes to creating a positive corporate image among the public, which, in turn, enhances public trust in the company, thereby positively impacting the overall performance of the company (Limanto & Handoko, 2022).

The varied and inconsistent results of previous studies have motivated the undertaking of this research. The purpose of this research is to investigate and expand on existing knowledge on how CSR, firm size, independent boards of commissioners, and liquidity affect financial performance. The subjects of this research were food and beverage companies that were regularly listed on the Indonesia Stock Exchange between 2019 and 2023.

LITERATURE REVIEW

Agency Theory

Agency theory, as explained by Jensen & Meckling (1976), illustrates the relationship between two parties: the owner (principal) and the manager (agent). The principal delegates tasks and authority to the agent, accompanied by incentives in financial or non-financial forms. These tasks are subsequently evaluated by the owner or shareholders to assess the management's performance in achieving predetermined objectives. This theory posits that conflicts of interest frequently occur in corporate governance between these parties. Such conflicts arise when managers, who oversee the company's operations, often pursue personal interests that do not always align with the owner's goals, such as maximizing their own benefits.

Stakeholder Theory

In his 1984 book, R. Edward Freeman presented this thesis, highlighting the significance of businesses taking into account not only the interests of shareholders but also those of people engaged in or impacted by the business's activities. According to the idea, a company's main goal is to balance the interests of all of its stakeholders, including its workers, clients, suppliers, distributors, investors, and the community. Stakeholders play a crucial role in sustaining the company. Therefore, companies must provide tangible benefits to all stakeholders, both within and outside the organization.

Financial Performance

The process of evaluating financial performance includes reviewing the company's strengths and weaknesses by utilizing financial statements to measure the extent of achievements related to financial objectives (Rikasari & Hardiyanti, 2022). Ramadhani et al. (2022) describe financial performance as an assessment of a company's ability over a specific period, aiming to determine whether success has been achieved through its operational activities during that period.

Corporate Social Responsibility

CSR is a company's effort to integrate and balance environmental, economic, and social aspects while maintaining shareholder profitability and being accountable to stakeholders through ethical behavior that supports sustainable development (Burhany et al., 2020). Moreover, CSR initiatives can enhance employee welfare and contribute positively to the well-being of communities near the company's operational areas (Afifah et al., 2021).

Firm Size

Sinosi et al. (2022) define firm size as an indicator representing the scale of a business, whether large or small, based on various financial and operational aspects. This is reflected in factors such as equity value, total sales, number of employees, and total assets. A larger firm size indicates a greater volume of total assets owned, demonstrating the company's higher capacity to utilize and manage these assets to support its operations, with the primary goal of enhancing efficiency and generating higher profits (Helliana & Gunawan, 2023).

Independent Board of Commissioners

Independent commissioners are responsible for overseeing and monitoring the performance of directors, particularly in corporate governance and policy implementation, to ensure the protection of the company's interests, as well as those of investors and shareholders (Murhadi, 2021). Independent commissioners ensure that the company consistently adheres to good governance principles (Setiawan & Setiadi, 2020).

Liquidity

The level of corporate liquidity, indicated by current assets such as cash, securities, receivables, and stocks easily convertible to cash, reflects the company's ability to meet maturing debt obligations and leverage surplus funds for net profit (Salim & Ary, 2020).

Corporate Social Responsibility and Financial Performance

The company demonstrates its environmental responsibility and concern by disclosing its CSR initiatives. To gain trust through CSR activities, companies must demonstrate the ability to meet stakeholders' needs and communicate effectively (Anita & Amalia, 2021). According to Limanto & Handoko (2022), the more actively a company participates in environmental activities and reports them in its annual report, the greater its ability to meet stakeholders' needs. Fulfillment of these needs contributes to building a positive corporate image, ultimately

attracting consumer interest. This condition is expected to support the enhancement and improvement of the company's financial performance. This is corroborated by findings from Suaidah (2020), Fajriah & Jumady (2022), Indriastuti & Najihah (2020), and Neliana & Destiana (2021), which reveal that CSR positively impacts financial performance. In light of this explanation, the hypothesis below is put forward:
H1 : CSR positively influences Financial Performance.

Firm Size and Financial Performance

Firm size refers to a scale used to categorize companies based on several indicators, such as market value, total assets, sales, and logarithmic size (Wibowo et al., 2021). Large companies often increase their sales volume and expand their market reach, thereby improving profitability (Sarmo et al., 2022). High profitability, coupled with efficient asset management, can result in optimal financial performance (Helliana & Gunawan, 2023). Based on agency theory, a company's size influences its financial performance. Large companies tend to have broader principal reach, and their decisions often have more significant impacts compared to smaller companies, particularly concerning public interests (Ernawati & Santoso, 2021). Studies by Sinosi et al. (2022), Helliana & Gunawan (2023), and Muliadi et al. (2023) confirm that there is a significant positive connection between a company's size and its financial performance. Therefore, the following hypothesis is proposed:
H2 : Firm Size positively influences Financial Performance.

Independent Board of Commissioners and Financial Performance

The company's financial performance can be supervised by independent commissioners more effectively as they are free from relationships with other commissioners, directors, or controlling shareholders (Rahmatika et al., 2019). The divergence of interests that leads to conflicts between principals and agents can be mitigated by implementing effective oversight mechanisms. Such oversight aims to align the interests of principals and agents, fostering a more harmonious and transparent relationship. The presence of independent commissioners reduces the risk of agents prioritizing personal interests, such as using company debt for non-operational purposes, which negatively affects financial performance. Studies by Malik (2022), Setiawan & Setiadi (2020), and Sofia & Januarti (2022) reveal that independent boards of commissioners play a significant and positive role in influencing financial performance. Thus, the hypothesis that follows is proposed for examination:
H3 : Independent Board of Commissioners positively influences Financial Performance.

Liquidity and Financial Performance

Liquidity is a measure of how well a company can fulfill its short-term financial obligations, making it a crucial factor in ensuring smooth fund availability and cash needs. Therefore, the level of liquidity serves as a benchmark for evaluating the success of the company's operations (Diroh & Mochlasin, 2023). Adequate liquidity levels are indicative that the company's financial condition is in a good state, which can positively shape stakeholders' perceptions (Salim & Ary, 2020). From an agency theory perspective, conflicts of interest arise due to information asymmetry between agents and principals. Adequate liquidity minimizes such conflicts by demonstrating the company's sufficient resources for operations and debt settlement, thereby reinforcing principals' trust in agents. This is supported by findings from Wulandari et al. (2020), Muliadi et al. (2023), and Diana & Osesoga (2020), which reveal that liquidity positively impacts financial performance. Consequently, the following hypothesis is proposed:
H4 : Liquidity positively influences Financial Performance.

METHODS

This research uses a quantitative methodology. Companies in the food and beverage industry that have been listed on the Indonesia Stock Exchange (IDX) in the recent five years, namely from 2019 to 2023, are included in the research's scope. 28 businesses were chosen as the study's sample based on a number of preset criteria. Thus, the number of firms (28) multiplied by the number of financial reporting years observed (5 years) yielded 140 data points. The secondary data utilized in this study is sourced from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official websites of the related companies, comprising financial statements and sustainability reports for the 2019–2023 period. Panel data regression is employed as the method for data analysis, with the assistance of Eviews software version 12. The following are the operational definitions of the variables used in this study:

Financial Performance

The financial performance of the company is assessed in this study through the use of ROA (return on assets), calculated using the following formula (Adielyani & Pangestuti, 2023):
ROA = (Net Income / Total Assets) × 100%

Corporate Social Responsibility

Based on the 2021 GRI (Global Reporting Initiative) Standards, 117 indicators are used to disclose CSR, calculated using the following formula (Anabella & Siregar, 2022):
CSRn = (Total CSR Disclosures / Maximum Score) × 100%

Firm Size

The total assets of a company, when calculated using the natural logarithm, represent the size of the company, which is calculated as follows (Wibowo et al., 2021):
SIZE = Ln (Total Assets)

Independent Board of Commissioners

By dividing the ratio of independent board members to the total number of board members in the firm, this research determines the independent board of commissioners variable (Malik, 2022):
IBC = (ΣBoard of Commissioners / ΣIndependent Commissioners) × 100%

Liquidity

For liquidity analysis, the cash ratio is used as one of the measurement metrics, formulated as follows (Arsita, 2021):
CaR = ((Cash + Cash Equivalents)) / Short-Term Liabilities) × 100%

RESULTS

The processed data have produced statistical descriptions for each variable studied, as presented in Table 1.

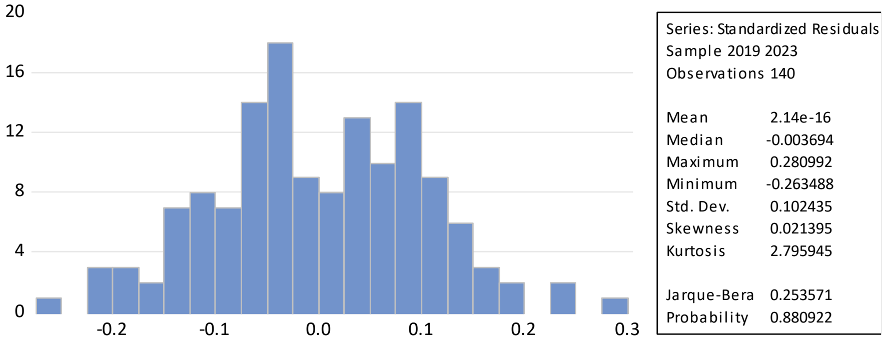
Table 1. Statistical Data Description

Variable	Mean	Median	Maximum	Minimum	Std. Dev.
ROA	0.275	0.270	0.559	0.008	0.108
CSR	0.765	0.751	0.956	0.613	0.064
SIZE	4.648	4.468	5.550	3.690	0.629
IBC	0.789	0.707	1.000	0.447	0.126
CaR	0.832	0.732	2.328	0.146	0.499

Source: Processed Data, 2024

The mean and median for financial performance, as measured by ROA, are 0,275 and 0,270, respectively. There is a standard deviation of 0,108 and a range of 0,008 to 0,559 for the least and highest values. The median for CSR is 0,751, while the mean is 0,765. The standard deviation is 0,064, and the range of values is 0,613 to 0,956. The mean and median for firm size (SIZE) are 4,648 and 4,468, respectively. The standard deviation is 0,629, and the range of values is 3,690 to 5,550. The IBC indicates a median of 0,707 and a mean of 0,789. The minimum and maximum values range from 0,447 to 1,000, with a standard deviation of 0,126. Meanwhile, liquidity (CaR) has a mean of 0,832 and a median of 0,732. The range of minimum to maximum values is 0,146 to 2,328, with a standard deviation of 0,499.

Figure 2. Normality Test Results



Source: Processed Data, 2024

One statistical method for figuring out whether the data are regularly distributed is the normality test. With the majority of the data centered around the mean, the normal distribution also referred to as the Gaussian distribution is characterized by symmetry around the central value. This test determines whether the model's residuals fit the definition of a normal distribution pattern. The normalcy test results are shown in Figure 2. The Jarque-Bera probability value, as determined by the test results, is 0,881. It is possible to infer that the data have features of a normal distribution since the test result shows a probability value greater than 0,05.

Table 2. Multicollinearity Test Results

Variable	Coefficient Variance	Centered VIF
C	0.021	NA
CSR	0.018	1.004
SIZE	0.000	1.069
IBC	0.005	1.085
CaR	0.000	1.018

Source: Processed Data, 2024

The results in Table 2 present the coefficient variance and Variance Inflation Factor (VIF) values for each variable. According to the principle of VIF, where VIF values not exceeding 10 can be considered free from multicollinearity issues, the calculations indicate that all VIF values are below 10. Thus, all variables are free from excessive correlation with other variables.

Table 3. Heteroscedasticity Test Results

	Prob. Chi-Square
Obs*R-squared	0.070
Scaled explained SS	0.077

Source: Processed Data, 2024

Heteroscedasticity is defined as a condition where the residual variance between observations is not constant. The Glejser test is used in this research to determine if heteroscedasticity is present. Heteroscedasticity problems are not present in the regression model if the dependent variable's regression produces an alpha value greater than 5%. The probability value of Obs*R-squared is 0,070, which is higher than 0,05, according to the data in Table 3. This supports the finding that heteroscedasticity has no effect on the model worldwide.

The Chow, Hausman, and Lagrange Multiplier (LM) tests are used in the panel data regression model's conformance testing procedure. The Chow test is utilized to check the alignment of the panel data regression model. Table 4 displays the findings of the Chow test.

Table 4. Results of the Chow Test

	Statistic	d.f.	Probability
Cross-section F	13.685	(27.108)	0.000
Cross-section Chi-Square	208.097	27	0.000

Source: Processed Data, 2024

The research has a probability value in the Cross-section F of 0,000 < 0,05, as can be shown from the Chow test findings. As a result, it can be affirmed that the panel data model follows the fixed model approach. In order to compare FEM with REM and identify the best model, a conformance test for the panel data regression model is then carried out using the Hausman test. Table 5 displays the findings of the Hausman test.

Table 5. Results of the Hausman Test

	Chi-Square Statistic	Chi-Square d.f.	Prob.
Cross-section random	4.754	4	0.313

Source: Processed Data, 2024

According to the findings of the Hausman test, the cross-section random probability value is 0,313, which is higher than 0,05. Therefore, it may be said that the random effect model is the panel data regression model that should be used. The REM and CEM were then compared using the LM test to see which model was best. Table 6 presents the outcomes of the LM test.

Table 6. Results of the LM Test

	Cross-section	Time	Both
Breusch-Pagan	132.740	0.075	132.815
	(0.000)	(0.784)	(0.000)
Honda	11.521	-0.273	7.953
	(0.000)	(0.608)	(0.000)
King-Wu	11.521	-0.273	3.883
	(0.000)	(0.608)	(0.000)
Standardized Honda	12.452	0.175	5.086
	(0.000)	(0.430)	(0.000)
Standardized King-Wu	12.452	0.175	1.690
	(0.000)	(0.430)	(0.045)
Gourieroux, et al.	-	-	132.740
	-	-	(0.000)

Source: Processed Data, 2024

The probability value for Breusch-Pagan is 0,000 < 0,05, according to the findings of the LM test. Based on the results, the random effect model appears to be the appropriate choice for panel data regression. The random effect model is the regression modeling that was used and judged best suitable for this investigation, according to the overall testing findings.

Table 7. Selection of the Best Estimation Model

Test	Prob.	Conclusion
Chow Test	0,000	FEM
Hausman Test	0,313	REM
Lagrange Multiplier Test	0,000	REM

Source: Processed Data, 2024

As shown in Table 4, the random effect model was selected to estimate the factors affecting financial performance. Further information regarding the test results can be observed in Table 5.

Table 8. Results of Panel Data Regression Test

Variable	Coefficient	Std. Error	t-Statistik	Prob.
INTERCEP	-0.083	0.154	-0.542	0.589
CSR	0.320	0.088	3.642	0.000
SIZE	0.010	0.028	0.353	0.724
IBC	0.032	0.051	0.627	0.532
CaR	0.050	0.017	2.871	0.005
N	140			
R-squared	0.150			
Adjusted R-squared	0.125			
F-statistic	5.957			
Prob (F-statistic)	0.000			

Source: Processed Data, 2024

Based on the test results presented in Table 5, the analysis of the hypothesis is presented in summary in Table 6.

Table 9. Results of Hypothesis Testing

Variable	Hypothesis	Finding	Conclusion
CSR	+	+ / significant	Proven
SIZE	+	+ / not significant	Not proven
IBC	+	+ / not significant	Not proven
CaR	+	+ / significant	Proven

Source: Processed Data, 2024

DISCUSSION

A coefficient of 0,320 and a probability of 0,000 were obtained, the test findings shown in Table 8 indicate that CSR demonstrates a considerable positive effect on financial performance, which is significant at the 5% alpha level. This indicates that well-executed CSR initiatives can enhance financial performance while simultaneously strengthening public trust in the company. Companies implementing CSR are perceived as having a higher level of responsibility and ethics, which translates into lower risk. This situation is financially advantageous, particularly in terms of capital costs, as investors and creditors are more willing to offer better terms to companies with lower risk. Additionally, CSR can help companies reduce operational costs through energy savings or effective waste management. By engaging in CSR activities, companies demonstrate concern for the needs of society, the environment, employees, and consumers. This fosters loyalty and trust among stakeholders, ultimately contributing to the company's long-term benefits. These results are consistent with the Lahjie et al. (2022), they also came to the conclusion that there is a strong and positive correlation between CSR and financial performance. Furthermore, research by Anita & Amalia (2021) and Neliana & Destiana (2021) similarly revealed that the contribution of CSR to financial performance is positive and significant.

There is a slight but favorable correlation between firm size and financial performance. According to Table 8, the probability of 0,724 and the coefficient value of 0,010 for company size are not significant at the 5% alpha level. This implies that asset value, which is often used as a gauge to assess a business, does not always directly impact financial performance. Large companies do not necessarily exhibit better financial performance due to the principal's difficulty in monitoring the agent. Larger companies often incur higher agency costs to address agency problems between managers and owners. Expenses such as audits, supervision, and incentives to align managerial and owner interests reduce the company's net profit. Therefore, firm size does not always serve as a direct indicator of improved financial performance. These results support findings by Nusron et al. (2023), Hamdani et al. (2022), and Setiyanto et al. (2023), which demonstrated that the impact of firm size on financial performance is insignificant.

The coefficient value is 0,032 with a recorded probability of 0,532, the impact of independent board commissioners on financial performance is also favorable but not statistically significant at the 5% alpha level, as seen in Table 8. This suggests that there is no discernible impact on financial performance, either favorably or unfavorably, from the independent commissioners' role in overseeing business management. independent commissioners who don't work directly for the corporation, are tasked with supervising and advising the board of directors to prevent conflicts of interest and ensure transparency and accountability. A reduction in their number weakens oversight of management, increasing the risk of unwise decision-making. This can lead to inefficiencies, losses, and a decline in company value, negatively impacting profitability, cash flow, and overall performance. In the long term, weak oversight may erode investor confidence, raise capital costs, and disrupt the company's financial stability. These results are consistent with study from Chasanah & Fithria (2021), They came to the conclusion that there is a small but favorable correlation between independent commissioners and financial success. Similar findings were reported by Muhammad et al. (2021) and Murhadi (2021), which demonstrated no significant impact of independent commissioners on financial performance.

The obtained coefficient is 0,050, while the probability stands at 0,005, the liquidity test findings in Table 8 demonstrate that liquidity significantly and favorably affects financial performance at the 5% alpha level. A company's capacity to provide sufficient financial resources to satisfy operational demands and financial commitments on schedule is reflected in its high liquidity. Companies with adequate liquidity tend to have greater flexibility in making strategic decisions, such as business expansion, product development, or investment in high-value projects. Moreover, high liquidity enables companies to avoid additional costs arising from sudden reliance on external financing, such as high debt interest or late payment penalties. This directly improves operational efficiency and positively affects financial performance. This condition fosters trust among stakeholders, including creditors and investors, ultimately enhancing the company's reputation and credibility. Overall, this evidence supports the conclusions drawn by Wulandari et al. (2020), which concluded that a significant and positive relationship exists between liquidity and financial performance. Additionally, research by Muliadi et al. (2023) and Diana & Osesoga (2020) also demonstrated that the contribution of liquidity to financial performance is positive and significant.

The overall impact of independent factors (CSR, firm size, independent board commissioners, and liquidity) on financial performance is considerable, according to Table 8's F-test findings. The result is evident, as the probability value of 0,000, which is below the 5% alpha threshold. With an adjusted R^2 value of 0,125, the independent variables account for 12,5% of the variance in financial performance, the remaining percentage is explained by factors not considered in this study's model.

CONCLUSION

The following conclusions are reached in light of the test results: Stakeholder theory, which holds that the use of CSR significantly improves financial performance, is reinforced and supported by this study. The company's reputation, customer loyalty, employee engagement, and community support are all improved by optimal CSR implementation, and these factors add up to improve financial success. The results also support agency theory, showing that liquidity has a favorable and substantial effect on financial performance. A company's strong financial success is indicated by a high amount of liquidity. These results, however, show that there is little correlation between firm size and financial success. Since large agency expenses may lower a company's profitability, the total assets used as a gauge of a company's size do not always indicate great financial success. However, independent commissioners' impact on financial success is also minimal. This is due to the fact that independent commissioners' main emphasis is on guaranteeing the integrity of financial reporting and preventing managers from manipulating results, rather than on business practices or strategies that have a direct impact on financial performance. All things considered, CSR, firm size, independent commissioners, and liquidity all significantly affect financial success.

LIMITATION

The factors considered and the data availability are two areas where this research is limited. Because just certain variables were included, the findings may not accurately represent all of the factors affecting businesses' total financial success. Additionally, a large number of food and beverage firms listed on the Indonesia Stock Exchange have inadequate data, which restricts the amount of samples that may be examined. In light of these constraints, the following recommendations are made for further study: future studies may focus more on in-depth sectoral analysis, such as distinguishing between processed food companies and soft drink companies. Additionally, incorporating other variables, such as marketing strategies, management quality, and product innovation, may help identify various factors affecting a company’s financial performance.

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