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The Moderating Role of Financial Performance on GCG and CSR Effects Toward Firm Value

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Abstract
Given the increasing competition and market volatility in Indonesia's food and beverage industry, maintaining firm value remains a major challenge for sustainable growth and investor confidence. This study examines the effects of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on firm value and investigates the moderating role of financial performance. Using a quantitative approach, this study analyzed 57 food and beverage manufacturing companies listed on the Indonesia Stock Exchange during 2021–2024, resulting in 228 observations selected through purposive sampling. GCG was proxied by Institutional Ownership (IO) and the Audit Committee (AC), CSR by the Corporate Social Responsibility Disclosure Index (CSRDI), firm value by Price to Book Value (PBV), and financial performance by Return on Assets (ROA). Panel data regression and Moderated Regression Analysis (MRA) were conducted using EViews 13. The results show that IO and AC have no significant effect on firm value, while CSR becomes significantly negative after moderation. Financial performance strengthens the CSR–firm value relationship, weakens the AC–firm value relationship, and does not moderate the IO–firm value relationship.

Keywords: Audit Committee; Corporate Social Responsibility; Financial Performance; Firm Value; Institutional Ownership.

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INTRODUCTION

The rapid dynamics and increasing uncertainty of the global economy have intensified competition among publicly listed companies, compelling them to continuously strengthen their competitive advantages in order to maximize firm value (Purwanti et al., 2024). Firm value represents investors' assessment of a company's future prospects and serves as a key indicator of shareholder wealth and market confidence (Indriakati & Daga, 2022). In Indonesia, the manufacturing sector, particularly the Food and Beverage (F&B) subsector, plays a strategic role in supporting national economic growth. According to Techinasia, the F&B industry contributed 5.9% to Indonesia's Gross Domestic Product (GDP) and accounted for 21.04% of total non-oil and gas manufacturing output in 2024 (Putri, 2025). Despite this substantial contribution, maintaining firm value has become increasingly challenging as investors demand not only strong financial performance but also sound governance and sustainable business practices (Widjayanti et al., 2024).

Nevertheless, the strong macroeconomic contribution of the F&B industry has not been fully reflected in the market valuation of listed companies. Several major issuers, including PT Mayora Indah Tbk (MYOR), PT Sentra Food Indonesia Tbk (FOOD), and PT Indofood CBP Sukses Makmur Tbk (ICBP), experienced considerable stock price fluctuations during 2024–2025 (Priambodo et al., 2025). According to IDN Financials (2025), declining profit margins, increasing production costs, and high leverage have weakened corporate financial performance, while Bloomberg Technoz, highlighted additional external pressures such as weakening consumer purchasing power, exchange rate volatility, and the proposed excise tax on sugar-sweetened beverages (Fadli, 2025). These conditions have reduced investor confidence and adversely affected firm value, indicating that financial performance alone may not be sufficient to sustain market valuation under uncertain business conditions (Miranti et al., 2023).

Under these circumstances, Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) have become increasingly important strategic mechanisms for enhancing investor confidence and sustaining firm value (Widjayanti et al., 2024). From the perspective of signaling theory, governance quality and CSR disclosure provide credible information that reduces information asymmetry and influences investors' perceptions of corporate prospects (Ditaputri et al., 2023). Meanwhile, agency theory argues that governance mechanisms help minimize conflicts of interest between managers and shareholders, thereby improving corporate decision-making and organizational performance (Ferriswara et al., 2022). Accordingly, companies with stronger governance structures and greater social responsibility are expected to achieve higher market valuation (Riyadh et al., 2022).

Although numerous studies have examined the relationship between GCG, CSR, and firm value, empirical findings remain inconclusive. Several studies (Purwanti et al., 2024; Hidayat et al., 2021) reported that institutional ownership and audit committees positively influence firm value through enhanced monitoring and transparency. Conversely, Nurhasanah & Oktaviani (2025), as well as Asyik et al., (2024) found insignificant relationships, suggesting that governance mechanisms do not always translate into higher market valuation. Similarly, prior studies on CSR have produced conflicting evidence. While Oktafiah & Akramiah (2021) found that CSR disclosure significantly enhances firm value, Gomes & Simatupang, 2024) argued that CSR activities often fail to generate market appreciation because they are perceived as symbolic compliance rather than value-creating initiatives. These inconsistent findings

indicate that the relationship between governance, CSR, and firm value may depend on other organizational factors.

Recent studies suggest that financial performance may explain these inconsistent findings because investors tend to evaluate governance practices and CSR initiatives differently depending on a firm's profitability (Ferriswara et al., 2022). Companies with stronger financial performance are more capable of implementing governance mechanisms and sustainability programs effectively, thereby enhancing their credibility in the capital market (Mau & Kadarusman, 2022). In contrast, firms with weak profitability may fail to convince investors that governance and CSR activities create economic value (Harahap & Dewi, 2023). Therefore, this study introduces financial performance, measured by Return on Assets (ROA), as a moderating variable to provide a more comprehensive explanation of how GCG and CSR influence firm value.

Although previous studies have investigated the influence of GCG and CSR on firm value, several important research gaps remain (Sahbandi et al., 2025). First, prior findings regarding the effects of institutional ownership, audit committees, and CSR on firm value remain inconsistent, making it difficult to establish a general conclusion (Asyik et al., 2024). Second, although financial performance has frequently been examined as an independent variable, relatively few studies have investigated its role as a moderating variable in strengthening or weakening the relationship between governance mechanisms, CSR, and firm value, particularly within Indonesia's F&B manufacturing sector (Ferriswara et al., 2022). Third, most previous studies were conducted before the recent economic challenges associated with post-pandemic recovery, inflationary pressures, and changing investor expectations regarding sustainability and corporate governance (Widjayanti et al., 2024). Consequently, updated empirical evidence is required to determine whether governance and CSR continue to enhance firm value under the current business environment (Miranti et al., 2023).

This study investigates manufacturing companies in the F&B subsector listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Specifically, it examines the effects of institutional ownership, audit committees, and corporate social responsibility on firm value, while also analyzing the moderating role of financial performance, measured by Return on Assets (ROA), in these relationships. By addressing inconsistent findings in previous studies and providing updated evidence from Indonesia's post-pandemic business environment, this research is expected to enrich the literature on corporate governance, sustainability, and firm value while offering practical implications for corporate managers, investors, and policymakers. Based on the theoretical arguments and empirical evidence discussed above, the hypotheses of this study are formulated as follows:

H1 : Institutional Ownership has a positive effect on Firm Value.
H2 : Audit Committee has a positive effect on Firm Value.
H3 : Corporate Social Responsibility has a positive effect on Firm Value.
H4 : Financial Performance moderates the relationship between Institutional Ownership and Firm Value.
H5 : Financial Performance moderates the relationship between the Audit Committee and Firm Value.
H6 : Financial Performance moderates the relationship between Corporate Social Responsibility and Firm Value.

METHODS

Study design and setting

This study employed a quantitative research approach with an explanatory design to examine the influence of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on firm value, as well as the moderating role of financial performance. The study utilized secondary panel data collected from annual reports and sustainability reports of Food and Beverage (F&B) companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 observation period. All reports were obtained from the official IDX website www.idx.co.id. The unit of analysis was firm-year observations, allowing the study to evaluate variations across companies and over time.

Population, samples and sampling

The population consisted of 83 Food and Beverage companies listed on the Indonesia Stock Exchange (IDX). The sample was selected using purposive sampling to ensure that only companies meeting the research objectives were included.

Table 1. Sample Criteria

Criteria	Amount
Food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) during 2021–2024.	83
Food and beverage sector companies that were not publicly listed (IPO) during the 2021–2024 period.	(13)
Food and beverage sector companies that did not publish complete annual reports and sustainability reports as of December 31 during the 2021–2024 period.	(13)
Total Sample	57
Total Observations (Total Sample × Number of Research Periods) (57 × 4)	228

Based on these criteria, 57 companies were selected, resulting in 228 firm-year observations over the four-year period.

The dependent variable was Firm Value, measured using the Price-to-Book Value (PBV) ratio. The independent variables comprised Institutional Ownership (IO), Audit Committee (AC), and Corporate Social Responsibility Disclosure Index (CSRDI). Financial Performance, measured by Return on Assets (ROA), was incorporated as the moderating variable.

Instruments and criteria

The study relied exclusively on secondary data extracted from publicly available corporate annual reports and sustainability reports. Variable measurement was based on established indicators adopted from previous studies to ensure consistency and comparability.

Table 2. Operational Variables

Variable	Variable Definition	Indicator	Scale

Firm Value (Y) – PBV	A ratio that reflects the market's assessment of a company's book value through its stock price (Sari & Fitriyah, 2023).	$\text{PBV} = \frac{\text{Stock Price per Share}}{\text{Book Value per Share}}$	Ratio
Institutional Ownership (X1)	The percentage of shares owned by institutions such as banks, insurance companies, and mutual funds is referred to as institutional ownership (Asyik et al., 2024).	$\text{IO} = \frac{\text{Institutional Shares}}{\text{Total Outstanding Shares}} \times 100\%$	Ratio
Audit Committee (X2)	A committee under the board of commissioners responsible for overseeing financial reporting, legal compliance, and internal control systems (Sari & Fitriyah, 2023).	AC = Number of Audit Committee Members	Nominal
Corporate Social Responsibility (X3)	Corporate activities aimed at fulfilling social and environmental responsibilities, measured by the level of CSR disclosure based on GRI/POJK guidelines (Sari & Fitriyah, 2023).	$\text{CSRDI} = \frac{\sum X\,ij}{Nj}$ Notes: CSRDI = Corporate Social Responsibility Disclosure Index. $\sum Xij$ = Total company disclosures, n=117 Nj = Total disclosure checklist items, n=117	Ratio
Financial Performance (Z) - ROA (Moderation)	Return On Assets (ROA) is a tool used to measure how well an organization can generate net profit from its assets (Sari & Fitriyah, 2023).	$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$	Ratio

Because this study employed objective secondary data obtained from audited corporate reports, conventional questionnaire validity and reliability testing were not applicable. To ensure measurement validity, all operational definitions and formulas were adopted from widely accepted literature and previous empirical studies.

Procedure and data collection

Data collection was conducted through documentary analysis. Annual reports and sustainability reports were first identified and downloaded from the official Indonesia Stock Exchange website. Relevant financial and non-financial information was subsequently extracted and coded according to the operational definitions of each research variable. After data verification, the variables were tabulated into a panel dataset for statistical analysis. The completed dataset was then examined for completeness and consistency before regression analysis was performed.

Statistical analysis

Descriptive statistical analysis was initially conducted to summarize the characteristics of the research variables through minimum, maximum, mean, and standard deviation values.

Panel data regression analysis was subsequently employed by estimating three alternative models: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The most appropriate estimation model was determined through the Chow test, Hausman test, and Lagrange Multiplier (LM) test.

Before hypothesis testing, classical assumption tests were conducted, including the Jarque–Bera normality test, multicollinearity testing using the correlation matrix (correlation coefficient<0.80), and heteroscedasticity testing using the Glejser method. An autocorrelation test was not performed because the study utilized panel data with a substantially larger number of cross-sectional units than time-series observations, reducing the likelihood of serial correlation.

Hypothesis testing was carried out using Multiple Linear Regression and Moderated Regression Analysis (MRA). The moderating effect of financial performance was examined by incorporating interaction terms between ROA and each independent variable. Model adequacy was evaluated using the F-test, partial t-test at the 5% significance level, and the adjusted coefficient of determination (Adjusted R^2). All statistical analyses were independently conducted by the researchers using EViews version 13.

*Ethical concideration*s

Ethical approval was not required because this study used publicly available secondary data without human participants.

RESULTS

Table 3. Descriptive Statistics

	PBV	IO	AC	CSRDI	ROA
Mean	2.207537	0.767304	3.039474	0.519793	0.058355
Median	1.520336	0.837149	3.000000	0.521368	0.056940
Maximum	17.57019	1.041400	5.000000	0.991453	0.943569
Minimum	-0.053725	0.001906	3.000000	0.102564	-0.488784
Std. Dev	2.336708	0.240439	0.247684	0.217551	0.125071

Based on the descriptive statistics obtained from 228 observations, firm value (PBV) has a mean value of 2.207537, with a maximum value of 17.57019 and a minimum value of -0.053725, indicating variation in firm value among the sample companies. Institutional ownership (IO) records a mean value of 0.767304, with a maximum value of 1.041400 and a minimum value of 0.001906, suggesting that most

companies have a relatively high proportion of institutional ownership. Audit committee (AC) size has a mean value of 3.039474, with the number of audit committee members ranging from 3 to 5. Corporate social responsibility disclosure index (CSRDI) shows a mean value of 0.519793, with a maximum value of 0.991453 and a minimum value of 0.102564, reflecting differences in transparency intensity among companies during the study period. Meanwhile, financial performance (ROA) has a mean value of 0.058355, with a maximum value of 0.943569 and a minimum value of -0.488784.

Table 4. Recapitulation of Model Test Results

Test Name	Model Testing	Probability Value	Selected Models
Chow Test	CEM or FEM	0,0000	FEM
Hausman Test	REM or FEM	0,0007	FEM

Based on the panel data regression model selection results, the Chow test yields a probability value of 0.0000, which is smaller than 0.05, indicating that the Fixed Effect Model (FEM) is the selected model, rejecting the Common Effect Model (CEM). Furthermore, the Hausman test results also yield a probability value of 0.0007, which is smaller than 0.05, indicating that the Fixed Effect Model (FEM) is more appropriate than the Random Effect Model (REM). Accordingly, based on the results of the Chow test and the Hausman test, the most appropriate panel data regression model for use in this study is the Fixed Effect Model (FEM).

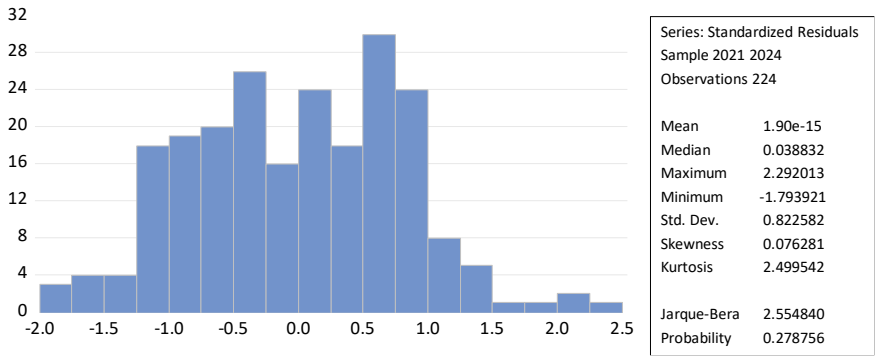

Figure 1. Normality Test (FEM) Result

The normality test results show a Jarque-Bera value of 2.554840 with a probability of 0.278756 (>0.05). This indicates that the residuals are normally distributed, confirming that the normality assumption of the regression model has been satisfied, and the model can therefore be used for further analysis.

Table 5. Multicollinearitas (FEM) Test Result

	IO	AC	CSRDI
IO	1.000000	-0.012437	0.025445
AC	-0.012437	1.000000	0.112272
CSRDI	0.025445	0.112272	1.000000

The multicollinearity test results indicate that all correlation values among the independent variables are below 0.80, with the highest correlation value of 0.112272 found between audit committee and CSRDI. This indicates that the research model does not exhibit multicollinearity and can therefore be used for further analysis.

Table 6. Heteroscedasticity (FEM) Analysis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.712276	9.127912	0.406695	0.6847
IO	0.017853	0.129691	0.137660	0.8907
AC	0.084338	2.977794	0.028322	0.9774
CSRDI	-3.699126	2.163256	-1.709981	0.0891

The heteroscedasticity test results using the Glejser method indicate that all independent variables have probability values greater than 0.05, namely institutional ownership (0.8907), audit committee (0.9774), and CSRDI (0.0891). This indicates that the regression model is free from heteroscedasticity and is therefore suitable for hypothesis testing.

Table 7. Multiple Regression (FEM) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.712276	9.127912	0.406695	0.6847
IO	0.017853	0.129691	0.137660	0.8907
AC	0.084338	2.977794	0.028322	0.9774
CSRDI	-3.699126	2.163256	-1.709981	0.0891

$$Y = 3{,}712276 + 0{,}017853\ X_1 + 0{,}084338\ X_2 - 3{,}699126\ X_3$$

Based on the regression estimation results, a constant value of 3.712276 was obtained, indicating that firm value is 3.712276 when institutional ownership, audit committee, and CSRDI are held constant. The regression coefficients for institutional ownership (0.017853) and audit committee (0.084338) indicate that an increase in each of these variables tends to increase firm value, assuming the other variables remain constant. Meanwhile, CSRDI has a negative coefficient of -3.699126, indicating that an increase in CSRDI tends to reduce firm value. Accordingly, institutional ownership and audit committee exhibit a positive direction of relationship with firm value, whereas CSRDI exhibits a negative direction of relationship with firm value.

Table 8. Multiple Regression (FEM) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.712276	9.127912	0.406695	0.6847
IO	0.017853	0.129691	0.137660	0.8907
AC	0.084338	2.977794	0.028322	0.9774
CSRDI	-3.699126	2.163256	-1.709981	0.0891

Based on the partial test results obtained from the Fixed Effect Model (FEM), each independent variable shows a different effect on the dependent variable.

Institutional ownership (IO) produces a t-statistic value of 0.137660 with a significance level of 0.8907 ($p > 0.05$), indicating that institutional ownership has no significant effect on the dependent variable. Although the regression coefficient is positive (0.017853), the relationship is not statistically significant. This finding suggests that changes in institutional ownership are not sufficient to explain variations in the dependent variable during the observation period.

Audit committee (AC) yields a t-statistic value of 0.028322 with a significance level of 0.9774 ($p > 0.05$), indicating no significant effect on the dependent variable. The positive regression coefficient (0.084338) suggests a positive relationship;

however, this effect lacks statistical significance. Therefore, the presence or size of the audit committee does not significantly influence the dependent variable in the sample companies.

Corporate Social Responsibility Disclosure Index (CSRDI) generates a t-statistic value of -1.709981 with a significance level of 0.0891. At the 5% significance level, CSRDI has no significant effect on the dependent variable because the p-value exceeds 0.05. However, at the 10% significance level, CSRDI has a negative and statistically significant effect, as the p-value is below 0.10. The negative regression coefficient (-3.699126) indicates that an increase in CSR disclosure is associated with a decrease in the dependent variable during the observation period.

Table 9. Determination Coefficient (FEM) Test Results

Weighted Statistics			
R-squared	0.575104	Mean dependent var	2.062664
Adjusted R-squared	0.425884	S.D. dependent var	3.403433
S.E. of regression	2.578796	Akaike info criterion	4.953456
Sum squared resid	1117.232	Schwarz criterion	5.855916
Log likehood	-504.6940	Hannan-Quinn criter	5.317571
F-statistic	3.854078	Durbin-Watson stat	1.824521
Prob(F-statistic)	0.000000		

Based on the results of the coefficient of determination test before moderation, an Adjusted R-squared value of 0.425884 was obtained. This indicates that the independent variables, namely institutional ownership (IO), audit committee (AC), and Corporate Social Responsibility Disclosure Index (CSRDI), are able to explain 42.59% of the variation in the dependent variable. Meanwhile, the remaining 57.41% is explained by other variables outside the research model that were not included in this study.

Table 10. Results of Moderation Regression (FEM) Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.709903	8.417885	0.440717	0.6600
IO	0.752203	0.554013	1.357733	0.1764
AC	0.296739	2.750052	0.107903	0.9142
CSRDI	-6.675366	2.082943	-3.204776	0.0016
IO_ROA	-9.998485	7.254387	-1.378268	0.1700
AC_ROA	-6.163658	2.180081	-2.827261	0.0053
CSRDI_ROA	62.20969	1.142688	5.444155	0.0000

$$Y = 3{,}709903 + 0{,}752203\ X_1 + 0{,}296739\ X_2 - 6{,}675366\ X_3 - 9{,}998485\ (X_1*Z) - 6{,}163658\ (X_2*Z) + 62{,}20969\ (X_3*Z)$$

In this model, the dependent variable is firm value, while institutional ownership (IO), audit committee (AC), and Corporate Social Responsibility Disclosure Index (CSRDI) serve as the main independent variables. Return on Assets (ROA) acts as the moderating variable, whereas the interaction variables (IO_ROA, AC_ROA, and CSRDI_ROA) are included to examine the moderating effect of profitability on the relationship between each independent variable and firm value. The constant value of

3.709903 indicates that when all independent variables and interaction variables are equal to zero, firm value is at a baseline level of 3.709903.

The individual regression coefficients indicate different directions of relationships. Institutional ownership has a positive coefficient of 0.752203, suggesting that an increase in institutional ownership tends to increase firm value. However, this effect is not statistically significant (p = 0.1764). Similarly, the audit committee has a positive coefficient of 0.296739, indicating a positive relationship with firm value, but the effect is also not statistically significant (p = 0.9142). In contrast, the Corporate Social Responsibility Disclosure Index (CSRDI) has a negative and statistically significant relationship with firm value, as indicated by its coefficient of −6.675366 and a significance level of 0.0016. This result suggests that higher CSR disclosure is associated with a decrease in firm value within the observed sample.

From a moderation perspective, the interaction between institutional ownership and profitability (IO_ROA) has a negative coefficient of −9.998485. However, the effect is not statistically significant (p = 0.1700), indicating that ROA is not able to moderate the relationship between institutional ownership and firm value. Likewise, the interaction between the audit committee and profitability (AC_ROA) has a negative and statistically significant coefficient of −6.163658 (p = 0.0053). This finding indicates that profitability weakens the relationship between the audit committee and firm value.

Meanwhile, the interaction between CSRDI and profitability (CSRDI_ROA) shows a positive and statistically significant coefficient of 62.20969 (p = 0.0000). This result indicates that profitability strengthens the relationship between CSR disclosure and firm value. In other words, companies with higher profitability are more likely to experience a stronger positive moderating effect of ROA on the relationship between CSR disclosure and firm value.

Table 11. Statistical Test Results (FEM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.709903	8.417885	0.440717	0.6600
IO	0.752203	0.554013	1.357733	0.1764
AC	0.296739	2.750052	0.107903	0.9142
CSRDI	-6.675366	2.082943	-3.204776	0.0016
IO_ROA	-9.998485	7.254387	-1.378268	0.1700
AC_ROA	-6.163658	2.180081	-2.827261	0.0053
CSRDI_ROA	62.20969	1.142688	5.444155	0.0000

Based on the estimation results of the Moderated Regression Analysis (MRA), the empirical evidence indicates that the independent variables and their interaction terms have different effects on firm value. Institutional ownership (IO) has a positive but insignificant effect on firm value (β = 0.752203; p = 0.1764). This indicates that although a higher level of institutional ownership tends to increase firm value, the effect is not statistically significant. Likewise, the audit committee (AC) also has a positive but insignificant effect on firm value (β = 0.296739; p = 0.9142), suggesting that the audit committee does not significantly influence firm value in this research model.

In contrast, the Corporate Social Responsibility Disclosure Index (CSRDI) has a negative and significant effect on firm value (β = −6.675366; p = 0.0016). This finding indicates that an increase in CSR disclosure is associated with a decrease in firm value during the observation period. In terms of the moderating effect, the

interaction between institutional ownership and Return on Assets (IO_ROA) has a negative but insignificant coefficient (β = −9.998485; p = 0.1700), indicating that Return on Assets (ROA) is not able to moderate the relationship between institutional ownership and firm value.Conversely, the interaction between the audit committee and Return on Assets (AC_ROA) has a negative and significant coefficient (β = −6.163658; p = 0.0053). This finding suggests that ROA weakens the relationship between the audit committee and firm value.

Meanwhile, the interaction between CSRDI and Return on Assets (CSRDI_ROA) has a positive and highly significant coefficient (β = 62.20969; p = 0.0000), indicating that ROA strengthens the relationship between CSR disclosure and firm value. This result implies that companies with higher profitability are able to enhance the influence of CSR disclosure on firm value.

Table 12. Determination Coefficient (FEM) Test Results

Weighted Statistics			
R-squared	0.645173	Mean dependent var	2.062664
Adjusted R-squared	0.511843	S.D. dependent var	3.403433
S.E. of regression	2.377917	Akaike info criterion	4.799559
Sum squared resid	932.9911	Schwarz criterion	5.747141
Log likehood	-484.1497	Hannan-Quinn criter	5.181879
F-statistic	4.838947	Durbin-Watson stat	1.767820
Prob(F-statistic)	0.000000		

Based on the results of the coefficient of determination test after the moderation effect was included, an Adjusted R-squared value of 0.511843 was obtained. This indicates that the independent variables together with the moderating variable are able to explain 51.18% of the variation in the dependent variable. Meanwhile, the remaining 48.82% is explained by other variables outside the research model that were not examined in this study.

DISCUSSION

The Effect of Institutional Ownership on Firm Value

The findings indicate that institutional ownership does not significantly affect firm value in Food and Beverage companies listed on the Indonesia Stock Exchange during 2021–2024. According to Agency Theory, institutional investors are expected to reduce agency conflicts through effective monitoring of management. However, the results suggest that institutional ownership alone is insufficient to enhance firm value because institutional investors may act primarily as capital providers rather than active monitors. This finding may reflect the characteristics of Indonesia's Food and Beverage industry during the observation period, which experienced rising production costs, exchange rate volatility, and changing consumer demand. Under these conditions, investors appeared to prioritize profitability, operational efficiency, and business resilience over ownership structure. This result is inconsistent with Zulhilmi et al. (2022), Nurfianti & Simatupang (2024), and Purwanti et al. (2024), but supports the findings of Asyik et al. (2024), Diandra (2023), and Suhartini et al. (2024). In the authors' opinion, institutional ownership does not automatically create firm value because ownership concentration cannot guarantee effective monitoring or strategic involvement in managerial decision-making. The effectiveness of institutional investors depends more on their monitoring quality and shareholder engagement than on the proportion of shares they own.

The Effect of Audit Committee on Firm Value

The empirical findings reveal that the audit committee does not significantly affect firm value. Agency Theory suggests that the audit committee strengthens internal oversight and improves the credibility of financial reporting. Nevertheless, the existence of an audit committee alone does not appear to influence investors' valuation decisions. This outcome may be explained by the Indonesian capital market, where investors generally emphasize profitability, growth opportunities, and financial performance rather than governance structures. Consequently, the audit committee may be perceived primarily as a regulatory compliance mechanism instead of a value-enhancing governance practice. This finding contradicts Wahidahwati & Ardini (2021), Purwanti et al. (2024), and Sari & Fitriyah (2023), but is consistent with Asyik et al. (2024), Suhartini et al. (2024), Mirnayanti & Rahmawati (2022), and Zulhilmi et al. (2022). The authors argue that the effectiveness of an audit committee should not be assessed solely by the number of committee members because qualitative aspects, including independence, financial expertise, and meeting effectiveness, are more likely to influence investor confidence.

The Effect of Corporate Social Responsibility on Firm Value

The results demonstrate that Corporate Social Responsibility has a significant negative effect on firm value. According to Signaling Theory, CSR disclosure should provide positive signals regarding corporate sustainability and strengthen investor confidence. However, the findings suggest that investors perceived extensive CSR activities as additional expenditures that reduced short-term profitability rather than long-term strategic investments. The Indonesian Food and Beverage industry during 2021–2024 experienced increasing production costs, weakening purchasing power, and intense competition, encouraging investors to focus primarily on profitability and operational efficiency. Consequently, extensive CSR disclosure may have been interpreted as increasing corporate costs. This finding differs from Mau & Kadarusman (2022), Putra et al. (2025), Sari & Fitriyah (2023), Diandra (2023), and Khair et al. (2023), but extends the findings of (Harahap & Dewi (2023), Nurfianti & Simatupang (2024), and Suhartini et al. (2024). In the authors' opinion, CSR initiatives are unlikely to increase firm value unless they are strategically integrated with business objectives and supported by strong financial performance. Investors are more likely to appreciate CSR when its long-term economic benefits are clearly communicated.

The Moderating Effect of Financial Performance on the Relationship between Institutional Ownership and Firm Value

The findings indicate that financial performance does not moderate the relationship between institutional ownership and firm value. Although Agency Theory suggests that profitability should reinforce governance effectiveness, the results indicate that profitable firms are not necessarily associated with more effective institutional monitoring. Investors may continue to evaluate broader corporate characteristics, including innovation capability, competitive advantage, and long-term sustainability, rather than relying solely on profitability. This finding is consistent with Harahap & Dewi (2023). The authors believe that financial performance alone cannot strengthen the influence of institutional ownership unless institutional investors actively participate in monitoring management and strategic decision-making.

The Moderating Effect of Financial Performance on the Relationship between Audit Committee and Firm Value

The results indicate that financial performance significantly moderates the relationship between the audit committee and firm value by weakening its influence. Although Agency Theory suggests that governance mechanisms and financial performance complement one another, investors appear to rely more heavily on profitability than governance structures when evaluating highly profitable firms. Consequently, the governance signal generated by the audit committee becomes less relevant as profitability increases because strong financial performance itself provides confidence regarding corporate quality. This finding supports Suhartini et al. (2024). In the authors' opinion, governance mechanisms become more valuable when companies experience weaker financial performance because investors require additional assurance regarding managerial accountability. Conversely, when profitability is already strong, governance structures provide relatively limited incremental information.

The Moderating Effect of Financial Performance on the Relationship between Corporate Social Responsibility and Firm Value

The empirical findings indicate that financial performance significantly strengthens the relationship between Corporate Social Responsibility and firm value. Signaling Theory explains that profitable firms provide more credible signals that CSR activities are sustainable and aligned with long-term corporate objectives. Within Indonesia's Food and Beverage industry, companies with stronger profitability possess greater financial capacity to implement CSR initiatives without compromising operational performance. Consequently, investors are more likely to perceive CSR as a strategic investment capable of improving corporate reputation and long-term competitiveness. This finding is consistent with Harahap & Dewi (2023), Mau & Kadarusman (2022), and Putra et al. (2025). The authors argue that financial performance acts as an enabling factor that determines whether CSR activities are perceived as value-creating investments or merely additional operating costs. Profitable companies are therefore better positioned to transform CSR initiatives into sustainable competitive advantages that enhance firm value.

CONCLUSIONS

This study examined the effects of Good Corporate Governance (proxied by institutional ownership and the audit committee) and Corporate Social Responsibility (CSR) on firm value, as well as the moderating role of financial performance in Food and Beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The findings show that H1 and H2 are rejected, indicating that institutional ownership and the audit committee do not significantly affect firm value. H3 is also rejected because CSR has a significant negative effect on firm value, contrary to the proposed positive relationship. Regarding the moderating hypotheses, H4 is rejected, as financial performance does not moderate the relationship between institutional ownership and firm value. Meanwhile, H5 is accepted, indicating that financial performance weakens the relationship between the audit committee and firm value, whereas H6 is accepted, demonstrating that financial performance strengthens the relationship between CSR and firm value. Overall, these findings suggest that the

influence of corporate governance and CSR on firm value depends on the firm's financial condition rather than representing universally positive relationships.

From a practical perspective, companies should not rely solely on governance structures or CSR disclosure to enhance firm value but should also maintain strong financial performance to strengthen investor confidence. Investors are encouraged to evaluate governance quality, CSR practices, and profitability simultaneously when making investment decisions. Future research is recommended to extend the observation period, include companies from different industrial sectors, and incorporate additional governance proxies and alternative measures of firm value and financial performance to provide more comprehensive evidence regarding the determinants of firm value.

CONFLICT OF INTEREST

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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DECLARATION OF ARTIFICIAL INTELLIGENCE USE

This study used artificial intelligence (AI) tools and methodologies in the following capacities:

Manuscript writing support: AI-based language models, such as ChatGPT, was employed to:

1. Language refinement to improving the grammar, sentence structure, and readability of the manuscript.
2. Content summarization to assisting in summarizing the findings and conclusions concisely.
3. Technical writing assistance to providing suggestions for structuring complex technical descriptions more effectively.
4. Generate scientific content, interpret data, and draw conclusions.

PLUS

We confirm that all AI-assisted processes were critically reviewed by the authors to ensure the integrity and reliability of the results. The final decisions and interpretations presented in this article were solely made by the authors.

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