

The Effect of Financial Performance on Company Value with Corporate Social Responsibility as a Moderating Variable in Food and Beverage Companies Listed on the Indonesia Stock Exchange 2021-2023

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Abstract

This study aims to determine the effect of financial performance on company value using Corporate Social Responsibility as a moderating variable focused on food and beverage companies listed on the Indonesia Stock Exchange for the period 2021-2023. This study uses a quantitative method, the sample in this study was taken from the Indonesia Stock Exchange (IDX) with a total of 15 Food and Beverage Sector Companies. The research data was obtained using secondary data. The results of the study from the data processed using SPSS 26 statistical calculations. Based on the partial output of SPSS 26, the results of the study indicate that financial performance has a positive and significant effect on company value. Corporate social responsibility is able to positively moderate the relationship between financial performance and company value in the food and beverage sector.

Keywords: Financial performance, Company value and Corporate Social Responsibility

INTRODUCTION

High company value can increase shareholder wealth and well-being. Companies that can grow and develop can achieve their goals of increasing profits, increasing company value. Corporate value influences the company's decision to further expand or reduce the scope of its business. A company's value can also be seen in the prosperity of its shareholders. If shareholders show wealth and are in good condition, then they are certainly valued by the company. Annual financial reports provide investors with optimal benefits when investors can gain more (Junardi, 2019).

Corporate value is the investor's perception of our success and is often linked to stock price. High stock price influences corporate value and increases market confidence in the company's current profitability and future prospects. High corporate value gives investors a positive perception of investing in the company.

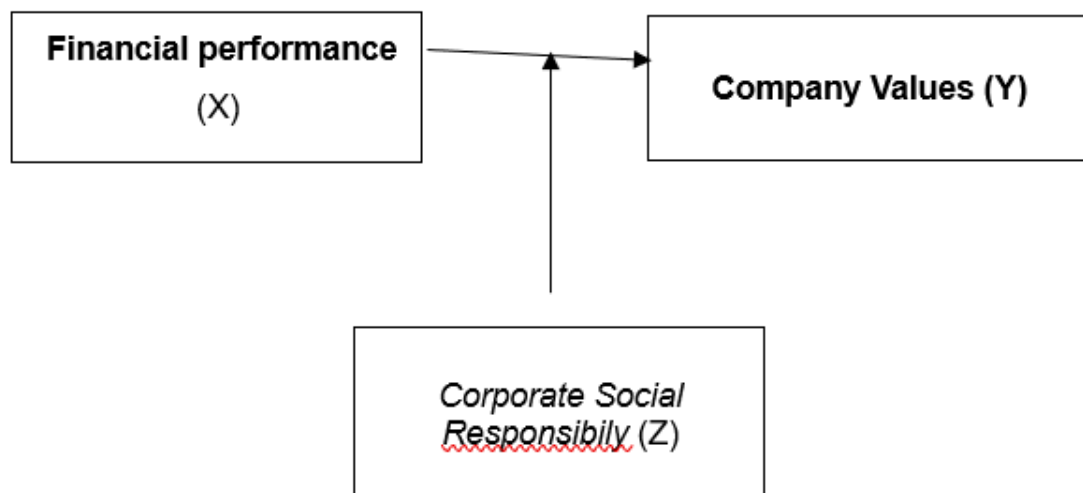
Company value is investors' perception of our success and is often linked to stock price. High stock prices influence company value and increase market confidence in the company's current profitability and future prospects. A high company value gives investors a positive perception of investing in the company. To find out, you can examine the company's annual financial statements for information on return on assets, return on equity, current ratio, price ratio, financial leverage, debt-to-equity ratio, and revenue generation. Maximizing company value also maximizes its primary objective, so maximizing company value is crucial for a company.

Corporate Social Responsibility disclosure is considered important in improving financial performance and company value, because legitimacy theory states that companies continuously strive to act in accordance with the boundaries and norms in society, for these efforts the company strives to ensure its activities are acceptable according to the perception of

external parties. Companies as part of society, in carrying out operational activities have an obligation to comply with and act in accordance with the norms and regulations that exist in society so that the company is said to be a legitimate/legal company (Makatita, 2019). Researchers make Corporate Social Responsibility (CSR) disclosure as a moderating variable, besides the company can be said to be legitimate in society, another reason is because in recent years many companies have realized the importance of CSR as a business strategy. The government has also issued regulations for companies to be able to disclose in annual reports or sustainability reports. These regulations are stated in Law No. 40 of 2007 concerning Limited Liability Companies (UUPT) and Government Regulation No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies (PP 47/2012).

Framework of Thinking

A conceptual framework is a conceptual model that illustrates how a theory relates to various factors identified as important topics. The framework used in this study aims to explain the relationship between variables and the influence of test quality on the quality of annual financial reports. Therefore, the research framework is as follows:



RESEARCH METHODS

This research is a quantitative research with a causal associative approach. Quantitative research is a research method based on the philosophy of positivism. This research is a quantitative research with a causal associative approach. Quantitative research is a research method based on the philosophy of positivism. The research location is the location where the research is conducted. This research was conducted at a food and beverage company listed on the Indonesia Stock Exchange (IDX) during the 2020-2022 period. The research period was three months, from May to July. The type of data used in this research is quantitative data. According to Sulliyanto (2018), qualitative data is data expressed in numbers and reflects the results of calculations and analysis. The qualitative data used in this research include repeat reports and continuation reports published by companies in the Food and Beverage sector registered with the

Indonesian Food and Beverage Association. The source data used in this research is self-service data. Melnurlult Sullyanto (2018) states that self-service data is data published or used by the organization that processes it. The self-service data used in this research is the company's re-service report and the continuation report.

A population is a collection of objects or subjects located in a specific area and meeting the requirements related to the research problem (Martono, 2016:76). The population in this study is the Food and Beverage sector companies listed on the Indonesia Stock Exchange that published their annual reports on the official website of the Indonesia Stock Exchange (IDX) in 2020-2022, namely 24 food and beverage sector companies. This study uses Food and Beverage sector companies as research objects because these companies have an obligation to provide information to external parties, especially stakeholders, regarding financial reports and annual reports. Also, mining companies include Corporate Social Responsibility (CSR) reports in their annual reports.

A sample is a subset of a population that exhibits specific characteristics or conditions to be studied (Martono, 2016:76). The sampling technique used in this study is nonprobability sampling, in which items or members of the population are not given an equal opportunity to be selected (Martono 2016:80). Purposive sampling is a nonprobability sampling technique in which the sampling or determination of the sample is based on specific considerations (Martono 2018:81).

- a. Food and beverage manufacturing companies listed on the IDX for the 2020-2022 period.
- b. Food and beverage manufacturing companies that published their annual reports for the 2020-2022 period.

RESULTS AND DISCUSSION

Historically, the capital market existed long before Indonesia's independence. The capital market, commonly known as the stock exchange, has existed since the Dutch colonial era, specifically in 1912 in Batavia. The capital market was established by the Dutch East Indies government for the purposes of colonial economic trade, or the VOC. Although the capital market had existed since 1912, its development and growth did not proceed as expected, and in some periods, its activities experienced decline. This was due to the outbreak of World Wars I and II, the transfer of power from the Dutch colonial government to the Republic of Indonesia, and various other conditions that hampered stock market operations. Over time, the Indonesian government began reactivating the capital market in 1977, and several years later, the capital market experienced significant development with various incentives and regulations issued by the government.

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market experienced significant development with various incentives and regulations issued by the government.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		45
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.35680020
Most Extreme Differences	Absolute	.455
	Positive	.455
	Negative	.207
Test Statistic		.455
Asymp. Sig. (2-tailed)		.200 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on Table 4.3 above, the Asymp.Sig (2-tailed) significance value of 0.200 is greater than 0.05. Therefore, based on the decision-making basis, it can be concluded that the data is normally distributed. Thus, the assumption or requirement for data normality has been met.

The partial test is used to examine the influence of independent variables (sustainable reports) individually on company value. This test can be performed by comparing the calculated T with the T table or by looking at the significance column in each calculated 1. The t-test assumes that the significant value of the calculated t can be seen from the regression analysis which shows a value smaller than $\alpha = 5\%$, meaning that the independent variable has an influence on the dependent variable, limited dependence on the hypothesis test has a 95% level or (α) 0.05 (5%). The following table:

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.608	.489		5.335	.000
	Kinerja Keuangan	1.059	.023	.325	4.588	.001
	CSR	4.8269	.872	.243	4.132	.003
	Kinerja Keuangan*CSR	6.1861	.372	.067	5.036	.000

a. Dependent Variable: Nilai Perusahaan

The Influence of Financial Performance on Company Value.

The financial performance variable has a significant value of $0.01 < 0.05$, and the t-table value is $4.588 > 2.014$, indicating that H1 is accepted. Based on the test results, it is known that the financial performance variable has a significant influence on the financial value of food and beverage companies listed on the Indonesia Stock Exchange (IDX). This is evident from the significance value being lower than the established threshold, and the calculated t-value exceeding the t-table value, indicating a positive and meaningful relationship between the two variables.

The Moderating Effect of Corporate Social Responsibility on Financial Performance on Firm Value.

The Corporate Social Responsibility Moderating Financial Performance variable has a significant value of $0.00 < 0.05$, and the t-table value is $5.036 > 2.014$, indicating that H2 is accepted. Based on the test results, the Corporate Social Responsibility (CSR) variable is proven to act as a significant moderating variable in the relationship between financial performance and the financial value of food and beverage companies listed on the Indonesia Stock Exchange (IDX). This indicates that the existence and implementation of CSR can strengthen the positive influence of financial performance on firm value.

In line with theory and empirical results, a company's success in implementing CSR activities not only provides social and environmental benefits but can also increase trust and positive perceptions from investors and other stakeholders. Consequently, when a company's financial performance is strong and supported by an effective CSR strategy, its influence on increasing firm value becomes stronger and more significant.

Discussion:

Based on the results of the hypothesis testing conducted, the research findings align with the research objectives, which will be discussed and interpreted as follows:

The Influence of Financial Performance on Company Value

In food and beverage companies listed on the Indonesia Stock Exchange, financial performance has been shown to have a positive and significant impact on company value. This reflects that the better a company's financial performance—as evidenced by indicators such as profitability, operational efficiency, liquidity, and other financial ratios—the higher the company's value in the eyes of investors and the capital market. Solid financial performance builds confidence among shareholders and potential investors, as it demonstrates the company's ability to generate profits, manage costs efficiently, and maintain long-term financial stability. In the context of the food and beverage industry, which tends to be competitive and volume-driven, strong financial performance is an important indicator of a company's success in maintaining operational sustainability amidst dynamic consumer demand and fluctuating raw material prices.

The significant positive relationship between financial performance and company value in the context of food and beverage companies listed on the Indonesia Stock Exchange also demonstrates that investors are increasingly prioritizing company fundamentals in making investment decisions. When financial reports demonstrate revenue growth, cost efficiency, and increasing net income, this is interpreted by the market as a signal of the company's internal strength capable of creating long-term value. Company value, often reflected through indicators such as stock price and market ratios, tends to increase as confidence grows in strong financial performance. In the food and beverage industry, financial performance also reflects operational excellence, effective distribution, and the ability to innovate to meet dynamic market tastes. This

is in line with research conducted by Wardani & Wahdiyansyah (2023), Reza Arie Pradita & Bambang Suryono (Suryono, 2019), Dinda Salsabila Amin, Mohammad Iqbal (2023), and Lestari (2022).

2. The Effect of Corporate Social Responsibility on Moderating Financial Performance on Company Value.

Using Corporate Social Responsibility (CSR) as a moderating variable, CSR has been found to strengthen the positive influence of financial performance on company value. This means that companies that excel not only financially but also actively and consistently implement CSR programs tend to have higher company value. CSR, in this case, serves as a lever for corporate reputation, increasing consumer loyalty, and expanding public and investor trust. When a company's social, environmental, and ethical responsibilities are effectively implemented, the company will achieve a sustainable positive image. This image becomes an intangible asset that strengthens competitiveness and attracts market attention.

The role of CSR as a moderating variable that strengthens the relationship between financial performance and company value further emphasizes the importance of sustainability strategies in building competitive advantage. Amid growing consumer awareness of ethical and sustainable business practices, companies that manage social and environmental aspects in a structured and transparent manner will reap invaluable reputational benefits. In practice, CSR activities such as environmentally friendly waste management, empowering local communities, involvement in healthy food issues, and concern for employee welfare will strengthen brand value and customer loyalty. All of this ultimately impacts the perceptions of investors and stakeholders, who view a company not only in terms of profitability but also its contribution to society at large.

Overall, these findings indicate that the combination of strong financial performance and a commitment to CSR creates a synergy that significantly impacts company value. In the food and beverage industry, which is heavily influenced by public perception and consumer preferences, the moderating role of CSR is becoming increasingly strategic, as consumers now judge products not only by quality but also by how companies carry out their social responsibilities. Therefore, food and beverage companies that successfully balance financial and social aspects simultaneously have greater potential to create and maintain high company value in the capital market. This is in line with research conducted by Sri Harningsih (2019), Lestari (2022), and Wardani & Wahdiyansyah (2023)

CONCLUSION

Based on data analysis conducted on food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023, it can be concluded that:

1. Financial performance has a positive and significant impact on company value. This finding indicates that companies that demonstrate good financial performance—through indicators such as profitability, efficiency, and financial stability—are able to increase investor confidence and strengthen their market position, ultimately increasing the company's overall value.
2. Corporate Social Responsibility (CSR) significantly moderates the effect of financial performance on company value. This means that the contribution of financial performance

to increasing company value will be stronger if the company also consistently and sustainably carries out CSR activities. CSR serves to strengthen the company's image, strengthen relationships with stakeholders, and serve as an indicator of social responsibility considered by the market.

3. Thus, the integration of financial success and social responsibility not only increases company value in the short term but also builds a stronger foundation for sustainability in the eyes of the public and investors.

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