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The role of CSR and independent commissioner in improving financial performance: does company size matter?

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Abstract

Companies are required not only to pursue profits, but also to pay attention to social responsibility and good governance. In this context, Corporate Social Responsibility (CSR) and the role of independent commissioners are important factors in creating long-term value for companies. This study aims to analyze the influence of CSR and the presence of independent commissioners on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023. The specific objectives of this study are: (1) to analyze the effect of CSR on company financial performance, (2) to analyze the effect of independent commissioners on company financial performance, and (3) to analyze the simultaneous effect of CSR and independent commissioners on financial performance. This study uses a quantitative approach with multiple linear regression analysis techniques. The sample used consisted of 24 food and beverage manufacturing companies that met the inclusion criteria during the research period. The results showed that CSR had a positive and significant effect on corporate financial performance, indicating that companies active in social responsibility activities tended to have better financial performance. However, different results were found for the independent commissioner variable, which did not show a significant effect on financial performance. These findings indicate that the presence of independent commissioners does not significantly affect corporate financial performance.

Keywords : CSR, Independent Commissioner, Financial Performance, Company Size

INTRODUCTION

Rapid global economic developments require companies to increase effectiveness and efficiency to compete, survive, and achieve their primary goal of maximizing profits. Profit can only be achieved through strong financial performance, which serves as the primary benchmark for investors in assessing a company's condition and prospects (Allan et al., 2020). This performance is generally measured through financial ratios, particularly the profitability ratio, which indicates a company's ability to generate net profit from sales or investments and serves as an important indicator for investors in assessing future business potential (Hery, 2016)(Sherman, 2020).

This study focuses on the fluctuations in corporate financial performance, as measured by *Return on Assets* (ROA), in food and beverage manufacturing companies. Financial performance in this sector fluctuates from year to year. For example, PT. Indofood Sukses Makmur Tbk, a company in this sector, exhibited fluctuations in ROA from 2017 to 2023. In 2017, the company's ROA was 6.4%, dropping to 4.2% in 2018, then rising to 6.1% in 2019, then dropping to 6% in 2020 and 5.4% in 2021, rising again to 6.1% in 2022, and reaching 6.7% in 2023 (Annual Report 2023 of PT Indofood Sukses Makmur Tbk, 2023).

One factor influencing a company's financial performance is *Corporate Social Responsibility* (CSR) disclosure. Financial performance can be measured by how a company carries out its social responsibilities towards the community and the surrounding environment. Transparent CSR disclosure can enhance a company's reputation in the eyes of the public and investors. Furthermore, a commitment to CSR can build long-term trust with various stakeholders. Thus, a company not only achieves financial benefits but also creates sustainable social value.

Currently, more and more companies are realizing the importance of social responsibility not only towards employees, but also the surrounding environment, where the implementation of Corporate Social Responsibility (CSR) is no longer seen as a cost burden, but rather a long-term strategic investment that can build trust and good relationships with stakeholders for business sustainability (Tajeri, 2023) (Sulvinajayanti, 2023). In Indonesia, CSR has become an important issue because in addition to its ethical and strategic value, it also has a legal basis through Law Number 25 of 2007 concerning Investment and Law Number 40 of 2007 concerning Limited Liability Companies, which emphasize that the implementation of CSR is a constitutional obligation and a reflection of the values of Pancasila and the 1945 Constitution, especially in realizing social justice and shared prosperity (Fardian, 2025). In the context of increasingly competitive globalization, CSR is an important step for companies to adapt, demonstrate concern for the social environment around their operations, and integrate profit orientation with social and environmental responsibility to maintain business sustainability.

Fardian (2025) emphasized that CSR is not merely a normative obligation stipulated by regulations, but rather a moral and ethical responsibility that must be embedded in all company business processes. CSR reflects a company's awareness to actively address social issues based on the principles of propriety, social justice, and respect for local values in its operating environment. Companies are required not only to comply with formal laws but also to build harmonious social relationships through inclusive, transparent, and responsible business practices, because true business success is measured not only by economic profits but also by its contribution to community welfare. Similarly, *the World Council for Sustainable Development* explains that CSR is a long-term commitment to supporting economic development while improving the quality of life of employees and the community in a sustainable manner, ultimately strengthening a positive image and public trust (Zarlia & Salim, 2014). However, despite its importance, many companies still do not implement CSR openly and transparently, giving the impression of a lack of concern for the social environment; in fact, companies with high profitability should demonstrate their social commitment in a tangible way so that their existence is more widely accepted.

Besides CSR, another variable that influences a company's financial performance is the role of independent commissioners. Independent commissioners play a key role in ensuring good corporate governance and operational transparency. Because they have no direct interest in management or owners, they can provide objective oversight of management decisions. This helps reduce the risk of decisions that align with shareholder interests, increase investor confidence, and support increased company value in the market. Several studies have shown that the presence of independent commissioners is positively correlated with improved company financial performance, as they encourage more prudent and responsible decision-making. Research by Fama & Jensen (1983) shows that independent commissioners play a crucial role in reducing conflicts of interest between management and shareholders. Their presence encourages more responsible and transparent decision-making, thus contributing to improved company financial performance. Furthermore, research by Hermalin & Weisbach (2023) shows that independent commissioners provide more effective oversight of management, which positively impacts operational efficiency and company profitability. This suggests a correlation between good governance and improved financial performance. However, a study by Rahmawati (2021) found that the proportion of independent commissioners had no significant impact on a company's financial performance. This suggests that the presence of independent commissioners does not always have a positive impact on a company's financial performance.

Independent commissioners play a crucial role in maintaining a balance of interests between management and shareholders through strict oversight. They serve as a control mechanism to prevent detrimental managerial practices, such as financial statement manipulation or conflicts of interest. By reducing the information gap between management and shareholders, independent commissioners can improve a company's operational efficiency and financial performance (Fich & Shivdasani, 2016).

Agrawal & Chadha (2020) research shows that the presence of active independent commissioners on a company's board structure can reduce the risk of agency problems and improve the quality of financial reports.

However, the influence of independent commissioners on financial performance is not always positive. In some cases, independent commissioners who lack industry expertise or who play too passive a role in carrying out their duties may be ineffective in their oversight function. The board of commissioners' inability to provide appropriate strategic direction can negatively impact company performance (Adams & Ferreira, 2017) . Therefore, it is crucial for companies to ensure that appointed independent commissioners possess adequate competence and play an active role in strategic decision-making (Hermalin & Weisbach, 2023).

Company size can play a significant role in strengthening or weakening the influence of CSR on financial performance. Larger companies generally have more adequate resources, both in the form of assets, capital, and operational capabilities. With this capacity, large companies can implement CSR programs more consistently and extensively, so their positive impact on financial performance is more visible than that of smaller companies. Conversely, small companies may face limited funding to optimally implement CSR, resulting in a lesser effect on financial performance. Therefore, company size can moderate the relationship between CSR and financial performance by strengthening the influence in large companies and weakening it in small companies (Suryani & Wibowo, 2021).

Furthermore, company size can also moderate the relationship between independent commissioners and financial performance. In large companies, operational complexity and managerial risk are typically higher, making the role of independent commissioners as management oversight even more crucial. With larger assets and business scale, independent commissioners have greater latitude to exercise oversight and ensure corporate transparency, which can ultimately improve financial performance. Conversely, in small companies, the role of independent commissioners may be less prominent due to the company's relatively simpler activities. This suggests that company size can strengthen the effectiveness of independent commissioners in improving financial performance (Putri & Yuliana, 2020).

While previous studies have widely examined the link between Corporate Social Responsibility (CSR) and firm performance, limited attention has been given to how firm size moderates this relationship, particularly in the context of the Indonesian food and beverage sector in the post-pandemic period. This study fills that gap by exploring whether company size strengthens or weakens the impact of CSR and the presence of independent commissioners on financial performance. Considering the strategic role of the food and beverage industry in Indonesia's economic recovery, this analysis provides a more nuanced understanding of how internal governance and firm scale interact to influence corporate outcomes.

In addition, this research is timely given the issuance of the latest regulation by the Financial Services Authority (Otoritas Jasa Keuangan/OJK) concerning sustainability reporting. The regulation, OJK Regulation No. 51/POJK.03/2017, and its latest updates, require financial and non-financial institutions, including public companies, to integrate environmental, social, and governance (ESG) principles into their operations and disclose them through sustainability reports. This regulatory development highlights the increasing institutional pressure on firms to adopt responsible business practices, making the investigation of CSR's impact on performance, under the moderating effect of firm size, particularly relevant in Indonesia's current corporate landscape.

Based on the above background, the author is interested in conducting research with the title "The Influence of *Corporate Social Responsibility* (CSR) and Independent Commissioners on the Financial Performance of Food and Beverage Manufacturing Companies Listed on the Indonesia Stock Exchange in the 2021-2023 Period."

LITERATURE REVIEW AND DEVELOPMENT HYPOTHESIS

Stakeholder Theory

The stakeholder approach (*stakeholder theory*) is a conceptual framework that emphasizes the importance of considering various groups with interests in the sustainability and activities of an organization, not just shareholders. Parmar et al., (2020) assert that modern organizations operate within complex social networks, where relationships with stakeholders such as employees, customers, suppliers, local communities, governments, and the natural environment are central elements in strategic decision-making.

Financial performance

Financial performance is a crucial indicator for assessing a company's health. Financial performance encompasses an analysis of how a company fulfills its obligations in accordance with applicable financial regulations, as well as whether the company has carried them out correctly and effectively (Brigham & Houston, 2021). Financial performance analysis is crucial because it provides a snapshot of a company's financial condition over a specific period. This information is useful not only for internal management for evaluation and strategic planning but also for external parties, such as investors and creditors, in assessing risks and potential returns on investments (Putra & Natsir, 2022).

However, previous studies have shown mixed results regarding the factors that drive financial performance. While some researchers argue that strong corporate governance and CSR initiatives directly enhance profitability and market value, others find that these relationships depend on contextual factors such as firm size, industry characteristics, or regulatory environments. This inconsistency suggests that financial performance cannot be viewed solely as an outcome of managerial or ethical practices, but rather as the result of complex interactions among internal governance mechanisms and external pressures. Therefore, this study aims to clarify how CSR and independent commissioners jointly influence financial outcomes within specific firm characteristics.

Corporate Social Responsibility

Corporate Social Responsibility is a continuous commitment from the business world to act ethically and contribute to the economic development of the local community or the wider community. If we look at and pay attention to the definition of *Corporate Social Responsibility,* it means one of its elements is community empowerment and poverty alleviation which can be explained in the following chapters "*is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force* (Untung, 2014) *,* which means that CSR is a company's continuous commitment to contribute to improving the quality of life of employees and the surrounding community.

Despite extensive research, empirical findings on the relationship between CSR and firm performance remain inconclusive. Some studies highlight a positive association, suggesting that CSR enhances reputation and stakeholder trust, which ultimately drives profitability. Conversely, other findings indicate that CSR activities may burden firms financially without delivering proportional returns, particularly in developing markets with weaker institutional enforcement. These contradictions underline the need to examine whether firm size moderates the CSR–performance nexus, especially in Indonesia's post-pandemic business landscape, where CSR implementation and disclosure are increasingly mandated by OJK regulations.

Independent Commissioner

The board of commissioners is tasked with overseeing the board of directors' policies in running the company and providing advice to the board of directors (Law Number 40 of 2007 concerning Limited Liability Companies). The board of commissioners consists of independent and non-independent commissioners. Independent commissioners serve as a balancing factor in decision-making by the board of commissioners (Rahmawati, 2021).

Previous research has found inconsistent evidence regarding the effectiveness of independent commissioners in improving firm performance. Some studies argue that a higher proportion of independent commissioners strengthens monitoring and reduces agency conflicts, leading to better financial outcomes. In contrast, other studies reveal that independence alone does not guarantee effective oversight, especially when commissioners lack industry-specific expertise or when their roles are merely symbolic. Therefore, this study aims to clarify these mixed findings by investigating whether the role of independent commissioners in enhancing financial performance varies depending on firm size and governance dynamics in the Indonesian food and beverage sector.

Company Size

Firm size is a key indicator in accounting and financial research, indicating the scale of a company's operations. This measure is typically associated with a company's capacity to manage resources, access funding, and address business risks. The larger a company, the more likely it is to have comprehensive resources to improve its performance (Suryani & Wibowo, 2021; Sugiyono, 2017)

Nevertheless, firm size can play a dual role in the CSR–performance relationship. Larger firms may have greater resources to invest in CSR initiatives and governance structures, resulting in improved performance. On the other hand, smaller firms might demonstrate higher efficiency and flexibility, allowing them to achieve comparable outcomes with limited resources. The mixed evidence regarding the moderating role of firm size indicates a need for further empirical testing, particularly within specific industries such as the food and beverage sector, which faces distinct operational challenges and regulatory scrutiny in the post-pandemic period.

Conceptual Framework

A company's financial performance can be influenced by the implementation of Corporate Social Responsibility (CSR) because CSR is not only a form of social responsibility, but can also indirectly provide financial benefits. Companies that consistently carry out CSR programs tend to improve their reputation and build a positive image in the eyes of consumers and other stakeholders. This can affect customer loyalty and expand the market base, ultimately leading to increased revenue and profit. In addition, involvement in CSR activities helps companies minimize risks related to strict environmental and social regulations or policies, enabling them to operate more efficiently and effectively in the long term.

On the other hand, independent commissioners also play an important role in influencing a company's financial performance. Independent commissioners serve as supervisors who ensure that management carries out its duties transparently and in accordance with the principles of good corporate governance. Since independent commissioners are not directly tied to management interests, they are expected to provide objective oversight and consider the interests of shareholders and other stakeholders. Effective oversight by independent commissioners can help companies reduce the risk of misconduct or conflicts of interest, allowing financial performance to improve through efficient resource management and well-informed strategic decisions.

Firm size may be an important factor moderating the relationship between CSR and financial performance. Large-scale companies generally have more adequate resources to implement CSR programs consistently and in measurable ways. This makes the impact of CSR on financial performance more pronounced in large companies because their programs can reach more stakeholders and enhance the company's image more broadly. Conversely, smaller companies often face financial and resource limitations that make CSR programs less optimal, reducing their impact on financial performance compared to larger firms. Thus, firm size plays a role in strengthening or weakening the effectiveness of CSR on financial performance.

Similarly, firm size may affect the extent to which independent commissioners contribute to improving financial performance. Large companies with complex organizational structures and high managerial risks require more stringent oversight. In this context, the role of independent commissioners becomes increasingly important in ensuring good and transparent governance practices. In smaller companies, the role of independent commissioners may be less prominent due to lower complexity. Therefore, firm size can strengthen the relationship between independent commissioners and financial performance, particularly in large companies where effective governance is essential.

The conceptual framework of this research is as follows:

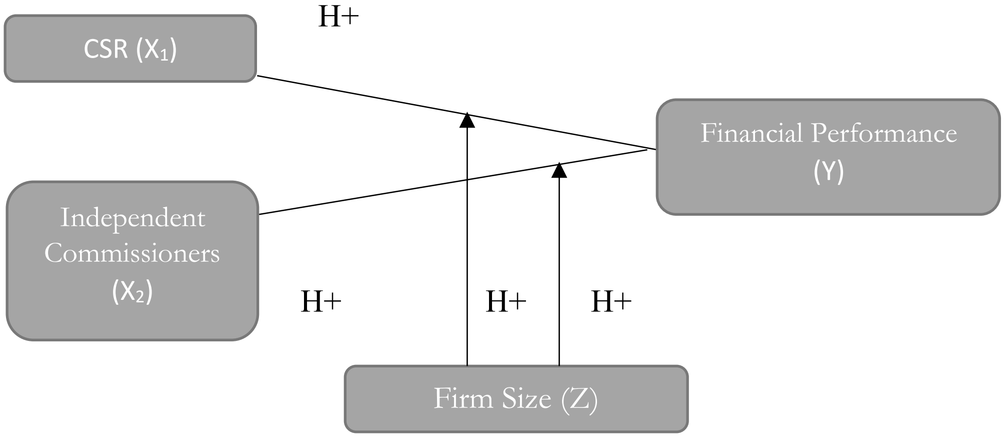

Figure 1. Conceptual Framework

Hypotheses

H_1: Corporate Social Responsibility (CSR) has a significant effect on financial performance.
H_2: Independent commissioners have a significant effect on financial performance.
H_3: Firm size moderates the effect of CSR on financial performance.
H_4: Firm size moderates the effect of independent commissioners on financial performance.

METHODS

This research is quantitative. Quantitative research is an investigation of social problems based on testing a theory consisting of variables, measured numerically, and analyzed using statistical procedures to determine whether the theory's predictive generalizations are correct (Sugiyono, 2017). The population in this study was all manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2023.

To ensure clarity in the measurement of each construct used in this study, it is essential to provide detailed operational definitions of the research variables. Operational definitions explain how each variable is conceptually understood and empirically measured so that the analysis can be conducted accurately and consistently. The following table presents the operational definitions, indicators, and measurement formulas for all variables examined in this research, including financial performance (ROA), Corporate Social Responsibility (CSR), independent commissioners, and firm size.

Table 1. Operational Definition of Variables

Variable	Definition	Measurement
Return on Assets (ROA)	ROA is a profitability ratio used to measure a company's ability to generate profit from the total funds invested in its operating activities, by utilizing its available assets (Ardimas & Wardoyo, 2014).	**Return on Assets (ROA)** = (Net Income After Tax) / (Total Assets) × 100%

Corporate Social Responsibility (CSR)	Corporate Social Responsibility, also referred to as social disclosure, corporate social reporting, or social reporting, is a process of communicating the social and environmental impacts of an organization's economic activities to specific stakeholder groups and to society at large (Mardikanto, 2014).	**CSR Index** = ($\sum X_i$) / (Number of Indicators) × 100%
Independent Commissioner	An independent commissioner is an individual appointed to represent independent shareholders (minority shareholders). This individual is appointed solely based on their knowledge, experience, and professional expertise, without affiliation to any party, and is responsible for carrying out supervisory duties in the best interest of the company (Agoes & Ardana, 2014).	**Independent Commissioner Ratio (KOMIND)** = (Number of Independent Commissioners) / (Total Board of Commissioners)
Firm Size	Firm size refers to the scale or magnitude of a company, which can be determined by total assets, total sales, number of employees, or market capitalization. In accounting research, firm size is commonly proxied by the natural logarithm of total assets, as it best reflects a company's stability and capacity to manage resources (Suryani & Wibowo, 2021).	**SIZE** = ln (Total Assets)

The sampling technique used in this study was the *purposive sampling method,* which is a technique for determining samples based on certain considerations. The specified criteria are as follows:

1. Never delisted from the Indonesia Stock Exchange (IDX) during the 2021-2023 period.
2. Have the data needed for research such as CSR disclosure data, independent commissioners, and ROA.
3. Publish complete financial reports for the period 2021 to 2023.
4. Has passed the audit process.
5. Manufacturing companies in the food and beverage *sector*

The data collection technique used in this study was documentation. This documentation technique involved collecting secondary data from financial reports obtained from other sources and the Indonesia Stock Exchange (IDX) website. Data analysis used Multiple Linear Regression and Moderated Regression Analysis (*MRA*).

RESULTS AND DISCUSSION

Descriptive Statistical Test

The results of the descriptive statistical tests can be seen in the following table:

Table 2. Descriptive Statistical Test

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CSR	72	2.53	13.92	8.73	3.07
Independent Commissioner	72	0.30	0.57	0.40	0.07
Financial Performance (ROA)	72	1.19	6.70	3.11	1.16
Company Size	72	2.97	14.06	6.78	2.78

Source: Data processing results, 2025

Table 2 presents the results of descriptive statistical tests for three research variables, namely Corporate Social Responsibility (CSR), Independent Commissioners, and Financial Performance as measured by Return on Assets (ROA). The CSR variable has a total of 72 data observations with a minimum value of 2.53 and a maximum of 13.92. The average (mean) of CSR was recorded at 8.73 with a standard deviation of 3.07, indicating a fairly wide variation in the level of CSR implementation in the food and beverage manufacturing companies studied. For the Independent Commissioner variable, also from 72 data, the minimum value was recorded at 0.30 and a maximum of 0.57 with a mean of 0.40 and a standard deviation of 0.07, indicating that the proportion of independent commissioners in the company is relatively stable with limited variation. Meanwhile, the Financial Performance (ROA) variable showed a minimum value of 1.19 and a maximum of 6.70, with an average of 3.11 and a standard deviation of 1.16, indicating variations in the level of company profitability during the 2021–2023 period. The company size variable has a sample size (N) of 72 food and beverage manufacturing companies that were the object of the study. The minimum value of company size was 2.97, while the maximum value was 14.06. This indicates that there is quite wide variation between the smallest and largest scale companies in the study sample. The average (*mean*) company size was 6.78 with a standard deviation of 2.78. The relatively large standard deviation value compared to the mean indicates that the company sizes in this study sample are quite diverse. In other words, there are very large companies and some are relatively small, so this variation can influence how company size acts as a moderating variable in the relationship between CSR and independent commissioners on financial performance.

Classical Assumption Testing

Normality Test

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
Test Statistics	.059
Asymp. Sig. (2-tailed)	.200 [c,d]

Source: Data Processing Results, 2025

, the Asymp. Sig. (2-tailed) value is 0.200. Because the *Asymp. Sig. (2-tailed)* value is greater than the significance level α= 5% or (0.200 > 0.05), then H0 is accepted; which means the data is normally distributed. Thus, this Normality Test shows that the normality assumption is met.

Multicollinearity Test

Table 4. Multicollinearity Test

Variables	*Tolerance* Value	VIF value	Information
CSR	0.921	1,086	No Multicollinearity
Independent Commissioner	0.921	1,086	No Multicollinearity

Source: Data Processing Results, 2025

Based on the table above, it shows that the VIF (*Variance Inflation Factor*) value for all variables is less than <10. Meanwhile, *the Tolerance value for* all variables is > 0.10 or < 1 So based on the VIF (*Variance Inflation Factor*) and *Tolerance values,* it can be concluded that the regression model does not contain multicollinearity, so that further testing can be continued because it has fulfilled the requirements for classical assumption testing, namely that there is no multicollinearity.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Variables	Significance	Information
CSR	0.085	Non-Heteroscedasticity
Independent Commissioner	0.052	Non-Heteroscedasticity

Source: Data Processing Results, 2025

Autocorrelation Test

Autocorrelation testing is conducted to determine whether residuals in the regression model are correlated with one another across observations. The Durbin–Watson (DW) statistic is commonly used to detect the presence of autocorrelation, especially first-order autocorrelation. A DW value close to 2 indicates that the model is free from autocorrelation, whereas values significantly below 1.5 suggest positive autocorrelation and values above 2.5 suggest negative autocorrelation. Ensuring that the regression model is free from autocorrelation is essential because the presence of correlated residuals can lead to inefficient parameter estimates and biased statistical inferences. The results of the autocorrelation test using the Durbin–Watson statistic are presented in the following table.

Table 6. Autocorrelation Test (Durbin–Watson)

Model	Durbin–Watson	Criteria	Conclusion
1	1.89	Within acceptable range (1.5–2.5)	No autocorrelation

Source: Data Processing Results, 2025

The Durbin–Watson value of 1.89 falls within the acceptable range of 1.5 to 2.5, indicating that the regression model does not exhibit autocorrelation. This confirms that the residuals are independently distributed and that the regression coefficients obtained from the model are reliable for further interpretation and hypothesis testing.

Multiple Regression Analysis

Table 7. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Information
	B	Std. Error	Beta			
(constant)	4,512	0.780		5,787	0.000	
CSR (X_1)	0.335	0.046	0.125	3,021	0.011	Significant Positive
Independent Commissioner (X_2)	0.052	1,927	0.156	2,272	0.208	Not Significant
Dependent variable	: Financial performance (Y)					

Source: Data Processing Results, 2025

Table 7 shows that the multiple linear regression equation obtained from the analysis results is:

$$Y = 4.512 + 0.335\ \text{CSR} + 0.052\ \text{Independent Commissioner}$$

From the regression equation above, it can be seen that there is a positive relationship between X_1 and X_2 with Y. Thus, the equation above can be interpreted as follows:

a. The constant of 4.512 states that the magnitude of Y is 4.512 with the assumption that CSR and independent commissioners have constant values.

b. The CSR regression coefficient of 0.335 states that if CSR increases by 1 (one) unit, financial performance will increase by 0.335. Conversely, if CSR decreases by 1 (one) unit, financial performance will decrease by 0.335.

c. The independent commissioner regression coefficient of 0.052 indicates that if the number of independent commissioners increases by 1 (one) unit, financial performance will increase by 0.052. Conversely, if the number of independent commissioners decreases by 1 (one) unit, financial performance will decrease by 0.052.

t-test

Tabl 8. t-test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Information
	B	Std. Error	Beta			
(constant)	4,512	0.780		5,787	0.000	
CSR (X_1)	0.335	0.046	0.125	3,021	0.011	Significant Positive
Independent Commissioner (X_2)	0.052	1,927	0.156	2,272	0.208	Not Significant
Dependent variable	: Financial performance (Y)					

Source: Data Processing Results, 2025

Based on the calculation results shown in the table above, the p-value of the t-test results for CSR was 0.011. Because the p-value is smaller than the significance level α= 5% or (0.011 < 0.05), the hypothesis (H1) in this study is accepted, namely CSR has a significant positive effect on the financial performance of food and beverage manufacturing companies in the 2021–2023 period.

Based on the calculation results shown in the table above, the p-value of the t-test results for independent commissioners was 0.208. Because the p-value is greater than the significance level α= 5% or (0.208>0.05), the hypothesis (H2) in this study is rejected, namely that independent commissioners have a significant positive effect on the financial performance of food and beverage manufacturing companies in the 2021–2023 period.

Coefficient of Determination (R^2)

The coefficient of determination is used to determine how much the independent variable contributes to the dependent variable. The results of the correlation coefficient and the coefficient of determination are shown in the following table:

Table 9. Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted Square	RStandard Error of the Estimate
1	.325 [a]	.232	.213	1.13760

Source: Data Processing Results, 2025

R Square Value (R^2) of 0.232 shows that the magnitude of the role or contribution of the CSR and independent commissioner variables to financial performance is 23.2% while the remaining 76.8% is explained by other variables outside these two variables.

Moderation Test

Table 10. Moderation Test

		Unstandardized Coefficients		Standardize d Coefficient s		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1,938	1,106		-1,752	.084
	CSR	.430	.028	.282	15,349	.000
	Independent Commissioner Nden	-2,363	3,404	-.012	-.694	.490
	Company_Size N	.022	.121	.014	.182	.856
	Moderation_1	.030	.003	.328	10,387	.000
	Moderation_2	1,532	.370	.408	4.146	.000

a. Dependent Variable: Financial Performance

Table 8 shows that the results of the moderation test of company size on the influence of CSR on company performance have a significance value of 0.000. This means that company size is able to moderate the influence of CSR on company performance.

The Influence of Corporate Social Responsibility on Financial Performance

The results of the study indicate that *Corporate Social Responsibility* has a significant and positive effect on the financial performance of Food and Beverage Manufacturing Companies listed on the Indonesia Stock Exchange in the 2021-2023 period. The influence of *Corporate Social Responsibility* (CSR) on a company's financial performance can be understood through *Stakeholder Theory* , which states that a company is not only responsible to shareholders, but also to all parties who have an interest (*stakeholders*) in the company, such as customers, employees, suppliers, the community, and the government. Natasya & Muharam (2024) found that CSR has a significant positive effect on Return on Assets (ROA), but not significantly on Return on Equity (ROE). Allan et al. (2020) reported that CSR and *good corporate governance* significantly improve company performance, especially in manufacturing companies on the Indonesia Stock Exchange.

Beyond the stakeholder-oriented explanation, the positive and significant effect of CSR on financial performance can also be interpreted through the Resource-Based View (RBV). According to RBV, firms that engage in CSR develop valuable intangible assets such as trust, legitimacy, and brand equity, which are difficult for competitors to imitate. These intangible resources provide long-term competitive advantages that translate into improved profitability. For food and beverage companies—an industry highly exposed to consumer scrutiny and health-related concerns—CSR activities such as environmental stewardship, sustainable sourcing, and community development amplify consumer trust. This trust encourages repeat purchasing behavior while reducing reputational risks, ultimately strengthening financial outcomes.

In addition, empirical evidence from global studies supports the argument that CSR enhances operational efficiency by reducing waste, improving energy management, and strengthening stakeholder collaboration. Studies in emerging markets show that CSR implementation is often linked with increased access to financing due to improved corporate credibility and investor confidence. For companies listed on the IDX, transparent CSR reporting also aligns with OJK's sustainability disclosure requirements, which encourages greater accountability and reduces information asymmetry between firms and investors. These mechanisms help explain why CSR significantly boosts financial performance in Indonesia's food and beverage sector during 2021–2023—a period marked by heightened consumer awareness and stricter regulatory expectations following the pandemic.

The Influence of Independent Commissioners on Financial Performance

The results of the data analysis show that independent commissioners do not Independent commissioners had no significant effect on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange in the 2021–2023 period. Independent commissioners did not significantly influence the financial performance of food and beverage manufacturing companies in the 2021–2023 period, possibly due to their supervisory role rather than their direct involvement in company operations. This finding is supported by research conducted by Susanti & Darmawan (2019), which found that independent commissioners did not significantly influence ROA and ROE of manufacturing companies in Indonesia. Similarly, a study by Suryani & Wibowo (2021) showed that the presence of independent commissioners did not significantly contribute to improving company financial performance due to their limited role in managerial decision-making.

The insignificant influence of independent commissioners may reflect a symbolic presence rather than an effective control mechanism, aligning with the concept of board ceremonialism in agency theory. In many cases, the appointment of independent commissioners is made to comply with regulatory requirements rather than to strengthen governance effectiveness. This suggests that independence in form does not always translate to independence in substance—particularly when independent commissioners lack sufficient authority, expertise, or information access to challenge management decisions. Consequently, their role becomes more formalistic than functional, which may explain why their presence fails to generate measurable improvements in financial performance.

From a broader perspective, this finding provides valuable insights for developing economies, where institutional enforcement and governance practices are still evolving. The limited impact of independent commissioners in Indonesia may mirror similar conditions in other emerging markets, where compliance tends to be regulatory-driven rather than value-driven. Strengthening board effectiveness, therefore, requires not only regulatory mandates but also capacity building, transparency, and genuine independence in practice. These results can serve as a reference for policymakers and corporate governance reformers in other developing countries to design mechanisms that ensure independent commissioners contribute meaningfully to firm performance rather than serving as a mere formality.

The insignificant effect of independent commissioners on financial performance may also be related to structural weaknesses in corporate governance practices in Indonesia. Although regulations mandate a minimum proportion of independent commissioners, compliance often focuses on fulfilling numerical requirements rather than enhancing governance quality. As a result, independent commissioners may lack the autonomy, expertise, or influence needed to challenge managerial decisions effectively. This condition aligns with the entrenchment problem described in agency theory, where managers maintain control by limiting the oversight capacity of the board. In such situations, independent commissioners may not meaningfully influence strategic decisions that affect profitability, leading to a statistically insignificant impact on financial performance.

Furthermore, cultural and institutional factors may reduce the effectiveness of independent commissioners. In many Indonesian firms, especially family-controlled companies—which are common in the food and beverage sector—boards of commissioners may have limited authority over strategic and operational matters. Research in corporate governance literature also highlights that independent commissioners tend to be more effective when supported by strong legal enforcement, transparent information systems, and active shareholder monitoring. Without these supporting mechanisms, independent commissioners may face information asymmetry, restricted access to internal data, or pressure from dominant shareholders. These constraints diminish their monitoring effectiveness, explaining why their role does not significantly translate into improved ROA in the observed period.

The Moderating Role of Company Size on the Influence of CSR on Financial Performance

The analysis results in Table 9 show a significance value of 0.000 <0.05, indicating that company size moderates the effect of CSR on the financial performance of Food and Beverage Manufacturing Companies listed on the Indonesia Stock Exchange in the 2021-2023 period. Company size is believed to play a role in strengthening or weakening the effect of CSR on financial performance. Larger companies typically have more adequate resources to implement sustainable and impactful CSR programs. The larger the company, the greater the public and stakeholders' expectations of the company's social contribution. Therefore, CSR activities are not only a moral responsibility but also a business strategy that can improve reputation and financial performance (Suryani & Wibowo, 2021). In other words, company size can determine the extent to which CSR affects financial results. Previous research supports the role of company size in moderating the relationship between CSR and financial performance. Research by Wijaya & Pratiwi (2020) found that in large companies, the effect of CSR on profitability is more significant than in small companies, because large companies tend to be better able to bear the costs of CSR implementation. This suggests that a company's scale influences not only its capacity to implement CSR but also how stakeholders assess its impact on financial performance. Larger companies typically have greater public exposure, making the reputational impact of CSR more pronounced. Furthermore, research by Kusuma & Hidayat (2022) confirms that company size can strengthen the relationship between CSR and financial performance. With the support of capital, assets, and more mature management, large companies can implement consistent and measurable CSR programs, thereby increasing investor confidence, consumer loyalty, and operational efficiency.

The strengthening effect of firm size on the CSR–financial performance relationship can also be observed through signaling theory. Larger firms typically have higher visibility and greater public scrutiny, prompting them to use CSR disclosures as a strategic signal to demonstrate responsibility, ethical behavior, and long-term orientation. These signals enhance investor confidence and reduce perceived investment risks. Stakeholders may regard CSR initiatives from large firms as more credible because they often have more comprehensive sustainability programs and the organizational capacity to implement them consistently. Consequently, CSR activities carried out by large firms tend to yield stronger reputational and financial benefits compared to smaller firms.

Additionally, larger firms tend to achieve economies of scale in CSR implementation. They can allocate resources more efficiently, integrate sustainability across the supply chain, and leverage technology to monitor and evaluate CSR outcomes. These advantages strengthen the financial return on CSR investments, making CSR a more impactful driver of profitability. Larger firms also tend to face greater regulatory expectations and public pressure, which intensifies the strategic importance of CSR. In contrast, smaller firms face budget constraints that limit their ability to implement extensive CSR programs, resulting in a weaker effect on financial performance. These dynamics explain why firm size significantly moderates the CSR–performance relationship in the sampled companies.

The Moderating Role of Company Size on the Influence of Independent Commissioners on Financial Performance

The analysis results in Table 9 show a significance value of 0.000 <0.05, which means that company size can moderate the influence of independent commissioners on the Financial Performance of Food and Beverage Manufacturing Companies listed on the Indonesia Stock Exchange in the 2021-2023 period. Company size can also influence the extent to which independent commissioners play a role in improving financial performance. Large-scale companies usually have complex organizational structures, thus requiring stricter supervision to ensure effective management. In this condition, the existence of independent commissioners becomes increasingly important because they function as a check and balance in corporate governance. Therefore, company size can strengthen the role of independent commissioners in maintaining transparency, accountability, and stakeholder trust, which ultimately impacts financial performance (Putri & Yuliana, 2020). Abdullah & Valeriy (2021) found that independent commissioner supervision is more effective in large companies, because high complexity demands stronger governance. In contrast, in small companies, the role of independent commissioners is relatively less significant due to a simpler corporate management structure and lower agency risk. This confirms that company size can serve as a factor strengthening the effectiveness of independent commissioners. Sari & Pratama (2021) also states that company size can strengthen the positive relationship between independent commissioners and company performance. With a larger scale, independent commissioners are more encouraged to maintain the company's credibility in the eyes of the public and investors, thus optimizing their oversight function.

Firm size also enhances the impact of independent commissioners because larger firms require more rigorous governance mechanisms to address operational complexity, higher agency risks, and more diversified business activities. In such environments, independent commissioners play a crucial role in ensuring strategic alignment, monitoring performance, and safeguarding shareholder interests. Large firms also tend to have more structured reporting systems, enabling independent commissioners to access accurate and timely information. This reduces information asymmetry and enhances the commissioners' ability to influence decisions that ultimately improve financial performance.

Moreover, in large firms, independent commissioners often operate alongside other governance mechanisms such as audit committees, risk management teams, and internal control systems. The presence of these complementary structures amplifies the influence of independent commissioners, making their oversight more effective. Institutional investors, who often hold substantial shares in large companies, also exert greater pressure for transparency and accountability. This external pressure motivates independent commissioners to perform their monitoring roles more actively and professionally. As a result, the moderating effect of firm size becomes evident, with independent commissioners contributing more substantially to financial performance in large firms compared to smaller ones.

CONCLUSION

Based on the analysis, it can be concluded that CSR has a positive and significant impact on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange for the 2021–2023 period. Conversely, independent commissioners have no significant impact on financial performance. Furthermore, company size has been shown to moderate the influence of both CSR and independent commissioners on financial performance, indicating that company scale also determines the effectiveness of these two factors in improving financial performance.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Although this study provides meaningful insights into the influence of Corporate Social Responsibility (CSR), independent commissioners, and firm size on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2021–2023 period, several limitations should be acknowledged. First, the study uses only three independent variables, which explains just a portion of the variation in financial performance; other relevant governance, financial, or market-related variables were not included and may offer additional explanatory power. Second, the measurement of CSR relies solely on the number of disclosed indicators, which captures the extent but not the quality or depth of CSR implementation. Third, the sample is limited to one industrial subsector, which restricts the generalizability of the findings across other manufacturing or non-manufacturing industries. Fourth, the study covers only a three-year observation period, which may not fully capture long-term trends or structural changes in corporate governance and sustainability practices, especially in the post-pandemic recovery phase.

Based on these limitations, future research is encouraged to expand the scope of the model by incorporating additional governance variables such as institutional ownership, audit committee effectiveness, or board diversity to better explain variations in financial performance. Future studies may also adopt a qualitative or content-based CSR assessment to evaluate disclosure quality rather than quantity alone. Additionally, extending the sample to other sectors or employing a comparative cross-industry design would enhance the generalizability of the findings. Researchers are also advised to use a longer time horizon or panel data techniques to capture dynamic effects over time more accurately. By addressing these aspects, future research can provide a more comprehensive understanding of how CSR, governance mechanisms, and firm characteristics jointly influence corporate financial performance.

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