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The Influence of Corporate Social Responsibility and Good Corporate Governance on Financial Performance with Company Size as A Moderation Variable

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ABSTRACT: *The purpose of this study is to examine and analyze the significant positive effect of Corporate Social Responsibility (CSR) on financial performance in companies in the consumer goods sector, specifically the food and beverage sub-sector; to examine and analyze the significant positive effect of Good Corporate Governance (GCG) on financial performance; to examine and analyze the significant positive effect of firm size on financial performance; to examine and analyze the significant positive effect of firm size on financial performance; to examine and analyze whether firm size moderates the effect of CSR on financial performance; and to examine whether firm size moderates the effect of GCG on financial performance in companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange.The population in this study consists of companies in the food and beverage sub-sector, with a sample of 26 companies. The data analysis method used is Partial Least Squares Structural Equation Modeling (PLS-SEM) with a two-stage approach, assisted by the SmartPLS 3 software.The findings reveal that Corporate Social Responsibility has a negative and insignificant effect on financial performance; Good Corporate Governance has a negative and significant effect on financial performance; firm size has a negative and significant effect on financial performance; firm size does not significantly moderate the relationship between CSR and financial performance; and firm size also does not significantly moderate the relationship between GCG and financial performance.*

Keywords: ***Corporate Social Responsibility; Good Corporate Governance; Firm Size; and Financial Performance.***

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I. INTRODUCTION

One of the main goals of the company's establishment is to maximize profits and improve the welfare of shareholders. In achieving these goals, companies need to convey relevant information to stakeholders through accurate and transparent financial statements. Financial statements not only function as a tool to measure business results, but also as a means of communication between companies and stakeholders in supporting decision-making, especially for investors (Fahmi, 2015). The company's financial performance is an important indicator in assessing the operational success of a business entity and is the main consideration for investors in investing their capital. Investors tend to use financial ratios, specifically profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE), to assess a company's ability to generate profits and utilize assets efficiently.

In addition to internal factors, financial performance is also influenced by external and non-financial factors such as Corporate Social Responsibility (CSR). CSR is a form of corporate social responsibility towards the environment and the surrounding community that can indirectly strengthen the company's positive image, increase consumer loyalty, and encourage long-term business sustainability (Hadi, 2018). However, the results of previous studies show mixed findings regarding the influence of CSR on financial performance. Several studies show a positive influence (Rosdwianti et al., 2016; Selcuk, 2019), while others have found negative or insignificant influences (Lu et al., 2014; Nollet et al., 2016). In addition to CSR, the aspect of corporate governance or Good Corporate Governance (GCG) is also believed to play an important role in improving financial performance. GCG reflects an effective supervisory and management mechanism of the company in maintaining a balance of the interests of various parties such as management, shareholders, and creditors.

Several components of GCG such as independent board of commissioners, institutional ownership, and managerial ownership have been shown to have a significant influence on financial performance (Malik, 2022; Titania & Taqwa, 2023). However, there are also research results that show inconsistency in the relationship between GCG and financial performance (Rizki & Saad, 2021).

The role of company size as a moderation variable in the relationship between CSR, GCG, and financial performance is also interesting to examine further. Company size is often used as an indicator of resource capacity, competitiveness, and operational complexity. Companies with large assets generally have a greater ability to implement CSR programs and implement GCG optimally, which in turn can contribute to improving financial performance (Sari & Setyaningsih, 2023). The results of previous research on the effect of moderation of company size have also not shown consistency (Milyardi, 2019; Laila & Rahayu, 2023). Taking into account the results of previous research that are not consistent and the importance of the role of CSR, GCG, and company size in influencing financial performance, this study was conducted with the title:

"The Effect of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on Financial Performance with Company Size as a Moderation Variable in Companies in the Consumer Goods Sector Subsector of the Food and Beverage Industry Listed on the Indonesia Stock Exchange in 2019–2023." The selection of the food and beverage industry sub-sector is based on the characteristics of the sector which are basic needs and have high resilience to economic changes. The food and beverage industry also shows consistent growth and makes a significant contribution to the national Gross Domestic Product (GDP), making it a relevant and strategic object to be studied in the context of the relationship between CSR, GCG, and corporate financial performance.

II. LITERATURE REVIEW

Stakeholder Theory

The company must be able to benefit its *stakeholders*, because *stakeholders* play a very strong role in providing support for all activities that the company will carry out. The role of a strong stakeholder requires the company to obtain approval from *stakeholders* in making decisions, so that the company in every activity is considered inseparable from the role and support of *stakeholders* (Rokhlinasari, 2016). The company will carry out its responsibilities and obligations to meet the information needs of stakeholders not only limited to economic indicators but also social factors, such as community welfare and environmental sustainability by carrying out CSR activities that will be disclosed in the company's annual report (Hadi, 2018:145). Stakeholder perceptions and expectations can be influenced through the disclosure of financial, social, and environmental information.

Legitimacy Theory

Legitimacy is aligning social norms and values with company activities (Efriyanti, Genevine, & Riswan, 2012). Community legitimacy is a form of corporate strategy to develop its business by adapting to the community and environment that has applicable limits and norms (Nurani, 2015). Community expectations are the main priority because legitimacy is a system that is in favor of the community so that all activities must be acceptable to the community around the company operating (Efriyanti, et al., 2012). Legitimacy describes how a company survives from the community (Hadi, 2018:139). The background of the theory of legitimacy is the social contract, but the social contract can also be dangerous if there is a misalignment (N. Lestari & Lelyta, 2019).

Corporate Social Responsibility

The law regarding the implementation of CSR is in article 74 of Law Number 40 of 2007 concerning Limited Liability Companies that CSR is an obligation that must be carried out by a company and a form of the company's participation in sustainable economic development (Marthin, Salinding, & Akim, 2017). The company as a part of the wider community needs support from the community and the surrounding environment in carrying out every activity. Companies in their activities need natural resources that they will obtain from the environment, so the company must be able to be responsible for the impact that may occur. So companies need to pay attention to environmental sustainability and the welfare of the surrounding community (Hadi, 2018:53).

Good Corporate Government

According to Rustam, (2017:294), *Good Corporate Governance* It is a series of relationships between the Board of Commissioners, the Board of Directors, interested parties, and the company's shareholders. *Corporate governance* create a structure that assists the company in setting goals, carrying out daily business activities, paying attention to needs *Squirrel*, ensure the company operates safely and healthily, complies with other laws and regulations, and protects the interests of customers. According to Mardiasmo, (2018:23) reveals that *Good Corporate Governance* is the implementation of management in a solid and responsible development that is in line with the principles of democracy and efficient markets.

Financial Performance

Performance is a factor that shows a company's management ability in terms of its capital management, and is an important indicator for companies and investors. To find out that a company has good quality, an assessment of the company's financial and non-financial performance can be carried out, which can be used as a reference to see how the quality and condition of a company is (Fahmi, 2015:238). Performance assessment can be done by measuring the performance with a method or approach. The financial performance of a company is an overview of the company's financial condition to find out how the company's financial condition is by analyzing it with financial analysis tools (Gunawan & Yuanita, 2017). Financial performance is one of the considerations in decision-making, the better the quality of financial statements, the more convincing the *stakeholders will be.* The existence of financial statements presented by the company's management can help decision-making for parties outside the company who have interests in the company (Fahmi 2015:3).

Return on Assets

Return on Asset It is one of the ratios for measuring profitability by dividing net profit after tax by total assets. This ROA is useful for determining the effectiveness of the company in terms of utilizing its economic resources to obtain profits. ROA is one of the tools to see the condition of a company's financial performance. The higher the ROA, the better the assessment of investors on the company's financial performance. In terms of decision-making, it will be considered better if the ROA level is high ((Citraningrum, 2014)

ROA = (net profit / total assets) x 100%

Company Size

According to Milyardi (2019) the size of a company can be used to represent the financial characteristics of a company. Firm size can be interpreted as the size of the company can be seen from the equity value, company value or the result of the asset value of a company. Companies with large assets get more attention from the public. Therefore, large companies tend to spend more money to disclose more information in an effort to maintain the company's legitimacy. The company's legitimacy can be realized through the disclosure of sustainability reports and corporate governance. *Sustainability report* will reveal how the company's responsibility for the activities that have been carried out.

Company Size = Ln Total Assets

The Influence of Variables and Research Hypothesis Formulation

The Influence of Corporate Social Responsibility on Financial Performance

CSR is a corporate activity that is carried out as a form of corporate responsibility to *stakeholders*. By doing CSR, the company shows its concern for *stakeholders* other than investors, namely the community and the environment. A company's CSR disclosure provides more transparent information regarding how the company is responsible for the impact that may result from its operating activities. The theory of legitimacy states that companies must adapt to society and environments that have applicable limits and norms. Thus, every company activity is expected to be in accordance with the expectations of the community and the surrounding environment. The disclosure of the company's CSR is expected to provide information on the activities that the company has carried out as a form of its responsibility to *shareholders.* With this information, stakeholders can assess the company's concern for social and environmental aspects, so that the company will be more accepted for its existence and able to increase public trust and loyalty. If public trust and loyalty increase, trust in the company's products will also increase so that it will ultimately increase the company's profitability in the long term (Khitam, 2014). This increase in the company's profitability means that the company is able to increase profits from the management of its assets.

Financial performance is a company's ability to generate profits from its assets (Rosiliana, et al., 2014). In line with research conducted by Candrayanthi and Saputra (2013) which states that CSR has a significant effect on financial performance. In addition, there is also a study by Selcuk (2019) that shows a positive relationship between CSR and financial performance, so the first hypothesis in this study is:

H1: CSR has a significant positive effect on financial performance (ROA).

The Influence of Good Corporate Governance on Financial Performance

Companies must do their corporate governance well. The better the implementation of *Good Corporate Governance*, the quality and reputation of the company will increase. In addition, consumer trust and loyalty will also increase. This will certainly make consumers not hesitate to make purchases and even repeat purchases of products and services produced by the company. This will indirectly increase the company's sales and increase the company's profits, which has an impact on improving the company's financial performance.

The influence of GCG on financial performance is supported by several previous studies, including research conducted by Malik (2022) stating that *Good Corporate Governance* has a positive and significant influence on financial performance. Furthermore, research conducted by Titania and Taqwa (2023) states that *Good Corporate Governance* as measured by the Board of Independent Commissioners has a positive and significant influence on financial performance Then, research conducted by Fajri et al., (2022) states that GCG measured by institutional ownership and managerial ownership has a positive and significant influence on the company's financial performance. So, the second hypothesis in this study is:
H2: *Good corporate governance* has a significant positive effect on financial performance (ROA).

The Influence of Company Size on Financial Performance

According to R (2022; 45), The size of a company has a significant influence on financial performance because large companies generally have greater access to resources, better operational efficiency, and higher negotiating power. This allows large companies to manage assets more optimally and increase profits, thus having a positive impact on financial performance indicators such as *Return on Assets* (LENGTH).

This is not in accordance with the research conducted by Sa'adah & Sudiarto, (2022) which proves that the size company does not have a significant effect on financial performance. Then, the research conducted by Azzahra et al., (2024) found that the size company Influential Negative and significant to financial performance. Different things are done through research Firdaus et al., (2025) which proves that the size of the company has a positive and significant effect on financial performance. In addition, research conducted by Fiana & Sari, (2025) reinforcing evidence that the Company have a positive and significant effect on financial performance.
H3: the size of the company has a positive and significant effect on financial performance (ROA).

The Influence of Corporate Social Responsibility on Financial Performance with Company Size as a Moderator

Corporate Social Responsibility (CSR) is a form of responsibility that will be conveyed by the company to stakeholders , so that stakeholders will obtain information and can assess how the value of a company is from the reporting they disclose about economic, social, and environmental impacts (Lindawati & Puspita, 2015). Companies with high CSR tend to find it easier to gain legitimacy from these various interested parties. Thus, companies with high CSR are usually easier to acquire investors and increase sales, which can increase the size of the company. The larger the size of the company, the easier it will be to obtain funding from external parties and usually products and services from large companies are more trusted and in demand by consumers so that sales will also increase. This will certainly further increase the company's profits and financial performance.

Research conducted by Milyardi (2019) states that the size of the company is able to moderate the influence of *Corporate Social Responsibility* (CSR) on the company's financial performance. Then, research conducted by Dewi et al., (2025) states that *Corporate Social Responsibility* (CSR) has a significant positive effect on financial performance through company size. However, research conducted by Permatasari and Musmini (2023) states that the size of a company is not able to moderate the influence of CSR on the company's financial performance.

H4 company size moderates the positive and significant influence of *corporate social responsibility* (CSR) on financial performance (ROA).

The Influence of Good Corporate Governance on Financial Performance with Company Size as a Moderator

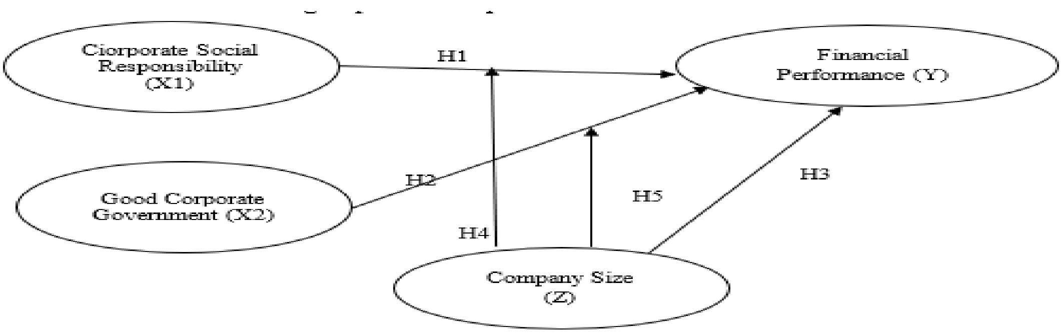
Good Corporate Governance is a set of regulations that govern the relationship between shareholders, company administrators, creditors, governments, employees, and other internal and external stakeholders related to their rights and obligations or in other words a system that regulates and controls the company (Fajri et al., 2022). Good Corporate Governance (GCG) affects financial performance through the size of the company because good GCG increases transparency and accountability, which in turn increases investor confidence and enables the company to make better decisions, which ultimately increases the size of the company. The larger the size of the company, the easier it will be to obtain funding from external parties and usually products and services from large companies are more trusted and in demand by consumers so that sales will also increase. This will certainly further increase the company's profits and financial performance.

Research conducted by Milyardi (2019) states that company size is able to moderate the influence of *Good Corporate Governance* on the company's financial performance. Then, research conducted by Dewi et al., (2022) stated that *Good Corporate Governance* has a significant positive effect on financial performance through company size. However, research conducted by Sari and Setyaningsih (2023) states that the size of a company is not able to moderate the influence of *Good Corporate Governance* on the company's financial performance.

H5: company size moderates the positive and significant influence of *good corporate governance* on financial performance (ROA).

Research Conceptual Framework

Figure 1. Research Conceptual Framework



III. RESEARCH METHOD

Operational Definition

1. ROA (*Return On Asset*)

Return on Assets (ROA) is a financial ratio used to measure a company's ability to generate net profit from the total assets it owns. ROA shows management efficiency in utilizing all company assets to obtain profits. In this study, ROA is operationalized as the ratio between net profit after tax and total company assets in a certain period, and is calculated with a formula, namely.

ROA = (net profit / total assets) x 100%

2. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a form of responsibility that will be conveyed by the company to stakeholders, so that stakeholders can assess how the value of a company is from the reporting they disclose about economic, social, and environmental impacts (Lindawati & Puspita, 2015). Economic performance, environmental performance, and social performance are 3 categories in CSR reporting which is the concept of the Triple Bottom Line. The indicators in this study are guided by the Global Reporting Initiative (GRI) with 91 disclosure indices, namely social, economic, and environmental. Ningsih & Cheisviyanny (2019), CSR disclosure can be seen from the sustainability report based on the GRI G4 standard. To measure the narrative of the company's sustainability reporting disclosure, namely the categories of each indicator according to the items referring to the GRI G4 which was just issued in 2013.

a. Code 0 if it is not disclosed at all in the sustainability report.

b. Code 1 if there is one item disclosed in the sustainability report. Furthermore, the score of each item is added up to obtain the overall for each company.

3. Good Corporate Governance (GCG)

Good Corporate Governance is a set of regulations that govern the relationship between shareholders, company administrators, creditors, governments, employees, and other internal and external stakeholders related to their rights and obligations or in other words a system that regulates and controls the company (Fajri et al., 2022). GCG in this study was measured by several indicators, namely:

a. Proportion of the Board of Independent Commissioners

The proportion of the independent board of commissioners, which is the percentage of the number of independent commissioners to the total number of commissioners in the composition of the company's board of commissioners (Rizki and Saad, 2021). The formula for calculating the proportion of the independent board of commissioners is:

Independent Board of Commissioners = (number of independent commissioners / total commissioners)*100%

4. Company Size

The moderation variable used in this study is company size. According to Brigham and Houston (2019), firm size is the average total net sales for the year in question to several years which can be measured using total assets, total sales, and market value of company shares, depending on the context of financial analysis used. Dewi et al., (2022) said that firm size or company size is a scale where large and small companies can be classified in various ways. Then, according to Permatasari and Musmini (2023), firm *size* can describe the size of a company as shown in total assets, number of sales, average sales and total assets. In the context of this study, the size of the company is measured using the natural logarithm of total assets.

Company Size = Ln Total Ase

Population & Sample

This study uses a quantitative approach with the type of causality research to examine the influence of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on financial performance, as well as the role of company size as a moderation variable. The population in this study is all manufacturing companies classified as the consumer goods sector, especially the food and beverage industry subsector listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. Based on data obtained from the IDX's official website, there were 49 companies included in this category during the observation period. To obtain a representative sample that is relevant to the purpose of the research, the purposive sampling technique is used, which is a sample extraction technique based on certain considerations or criteria that have been determined theoretically and empirically. The inclusion criteria in the sample selection are as follows: 1) the company is consistently listed as an issuer in the consumer goods sector, the food and beverage industry subsector, during the 2019–2023 period;
2) the company publishes the complete annual report during the observation period; 3) the company explicitly disclosed its CSR activities and information in its annual report for five consecutive years; 4) the company discloses information on good corporate governance practices, especially related to the existence of an independent board of commissioners, in the annual report; And 5) the company did not suffer losses and consistently posted a net profit during the 2019–2023 period.

Based on these criteria, a screening process was carried out for the initial 49 companies. A total of 4 companies were eliminated for not publishing complete annual reports for five consecutive years, 2 companies did not present CSR information explicitly, and 17 companies did not have adequate or complete data for the variables used in this study. Thus, the final number of companies that met all the criteria and was determined as a research sample was 26 companies. Referring to the five-year observation period (2019–2023), the total observation units analyzed in this study were 130 observations (26 companies × 5 years). The data collected were analyzed using quantitative statistical methods based on multiple linear regression analysis and moderation effect testing, in order to determine the relationship and influence between variables in the research model.

Analysis Method

Descriptive Statistical Analysis

The descriptive statistical test in this study aims to determine the distribution of data such as mean, standard deviation, maximum, and minumum of the variables of profit persistence, profit management, and gender diversity. The mean result is used to see and find out the average of the research data, the standard deviation result is used to see and find out the distribution of the data in question varies from the average, the maximum and minimum results are used to see and find out the highest data and the lowest data in the study

Inferential Statistical Analysis

In this study, the data analysis method uses the SEM Partial Least Square (PLS) approach which is based on a single variant component. According to Ghozali (2020) PLS is an approach that has shifted from the covariance-based SEM approach of generally testing causality or theory. While PLS is more predictive model. PLS is a powerful method of analysis because it is not based on many assumptions. In addition to being able to confirm theories, PLS can also be used to explain the existence or absence of relationships between latent variables. PLS can simultaneously analyze the constructed constructs formed with reflective and formative indicators.

IV. ANALYSIS AND DISCUSSION

Descriptive Statistics

Descriptive statistical tests were conducted to obtain an overview of the characteristics of the data in each research variable, including minimum, maximum, mean, and standard deviation values. The results of the descriptive statistical test are presented in Table 1. Next. The following are the test results, descriptive statistics as contained in Table 1 below.

Table 1. Descriptive Statistical Test Results

Variable	Min	Max	Mean	Standard Deviation
CSR	0,033	0.352	0,19301	0,060236
GCG (IDK)	0,250	0,670	0,46092	0,132176
Company Size	22,440	32,860	28,01654	2,135123
ROA	-0,400	65,856	2,23638	10,312702

Source: Processed, 2025.

As per the table 1 Above show, the Corporate Social Responsibility (CSR) variable shows a minimum value of 0.033 and a maximum value of 0.352, with a mean of 0.19301 and a standard deviation of 0.060236. This relatively low average value of CSR indicates that most of the companies in the study sample have a still limited level of CSR disclosure. Furthermore, the Good Corporate Governance (GCG) variable measured using the proportion of independent commissioners (IDK) has a minimum value of 0.250 and a maximum of 0.670. The average GCG value of 0.46092 with a standard deviation of 0.132176 shows that there is a fairly moderate variation between companies in terms of the composition of independent commissioners. For the firm size variable measured using the natural logarithm of total assets, a minimum value of 22,440 and a maximum of 32,860 were obtained. The average company size is 28.01654 with a standard deviation of 2.135123, which indicates that the companies in the sample have quite varied operating scales, but tend to be large-cap. Meanwhile, the Return on Assets (ROA) variable shows a minimum value of -0.400 and a fairly high maximum value of 65.856. The average ROA value of 2.23638 with a standard deviation of 10.312702 indicates that the company's profitability level varies greatly. The high standard deviation in ROA indicates that there is a large difference between companies in generating profits to the total assets owned. Overall, these descriptive statistical results provide a preliminary overview of the diversity of data between firms and form the basis for further testing in regression analysis models.

Partial Least Squares Equation Modelling (PLS-SEM) Analysis

The analysis in this study was carried out using the Structural Equation Modeling approach based on Partial Least Squares (PLS-SEM) through SmartPLS 3 software, with the aim of testing the relationship between latent constructs, both directly and indirectly, including the test of the effect of Company Size moderation on the relationship between CSR and GCG on financial performance. The SEM-PLS method was chosen because it is in accordance with the characteristics of the data used in this study, namely secondary data obtained from annual reports and financial statements of companies in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. Secondary data are generally in the form of a single quantitative indicator for each construct, so it does not require in-depth testing of construct validity as reflective models, and is more suitable for formative model approaches.

1. Measurement Model

Because all constructs in this study are formed by one secondary data indicator, the measurement model is categorized as a formative single-indicator model. Thus: Evaluation of construct reliability such as Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) is irrelevant to perform. The evaluation of the measurement model is not focused, and the analysis is focused on testing the relationship between constructs (inner model).

2. Structural Models

Evaluation of structural models was carried out to test the hypothesis of direct and indirect relationships between constructs. The analysis procedure is carried out in two main stages:

a. Estimation of path coefficients using PLS algorithm

The structural *model (inner model)* is a model that shows the relationship between latent variables, the diagram model of which can be seen in Figure 2 below.

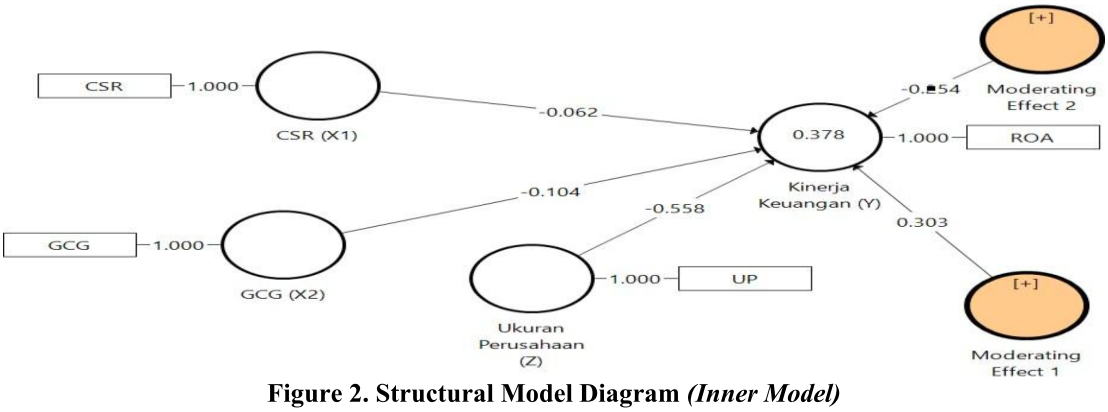


Figure 2. Structural Model Diagram *(Inner Model)*

Source: Smart PLS Processed 3.

As shown in Figure 2 above, it can be seen that the relationship between latent variables by displaying

R- Squares, and path *coefficients (path coefficients).* The following is an evaluation in structural testing, which is as follows.

Table 2. Results of the Path Coefficient Test with Moderation Variables Using the Two Stage Method

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CSR (X1) -> Financial Performance (Y)	**-0,062**	**-0,040**	**0,069**	**0,887**	**0,375**
GCG (X2) -> Financial Performance (Y)	**-0,104**	**-0,089**	**0,052**	**1,994**	**0,047**
Moderating Effect 1 -> Financial Performance (Y)	**0,303**	**0,194**	**0,263**	**1,150**	**0,251**
Moderating Effect 2 -> Financial Performance (Y)	**-0,254**	**-0,274**	**0,196**	**1,296**	**0,196**
	Original Sample (O)	**Sample Mean (M)**	**Standard Deviation (STDEV)**	**T Statistics (|O/STDEV|)**	**P Values**
Company Size (Z) -> Financial Performance (Y)	-0,558	-0,508	0,097	5,726	**0,000**

Source: Smart PLS Processed 3.

According to Table 2 above, the results of the analysis show that the variable Corporate Social Social Responsibility (CSR) on financial performance (ROA) has a path coefficient value of -0.062 with a p-value of 0.375 (> 0.05), and a t-statistical value of 0.887. This shows that statistically, the influence of CSR on financial performance is not significant, so it can be concluded that CSR disclosure by companies has not directly contributed to increased profitability. On the other hand, the Good Corporate Governance (GCG) variable measured through the proportion of independent commissioners showed a significant negative influence on financial performance with a coefficient value of -0.104, a t-statistical value of 1.994, and a p-value of 0.047 (< 0.05). This means that the higher the proportion of independent commissioners, the more negatively correlated with ROA. This may indicate a limitation of the effectiveness of the supervisory role of independent commissioners in increasing the profitability of companies. For the moderation effect test, the results showed that the Moderating Effect 1 (the interaction between CSR and company size) on financial performance had a coefficient value of 0.303, but it was not statistically significant with a p-value of 0.251 and a t-statistic of 1.150. Similarly, the Moderating Effect 2 (the interaction between GCG and company size) had a coefficient value of - 0.254, with a p-value of 0.196 and a t-statistic of 1.296, which also showed a non-significant effect. However, the firm size variable directly had a significant negative effect on financial performance, with a coefficient value of - 0.558, t-statistic of 5.726, and p-value of 0.000. This means that the larger the size of the company, the lower the profitability rate (ROA). This may be due to the higher operational complexity of large companies as well as greater cost efficiency risks. Overall, these results show that only GCG and company size have a significant influence on financial performance, while CSR and its moderation effect do not show a statistically significant influence.

b. R^2 (R-Square)

R^2 or coefficient of determination is an indicator used to evaluate the predictive ability of structural models in the Partial Least Squares Structural Equation Modeling (PLS-SEM) method. The R^2 value describes how large the proportion of variance of the endogenous construct (dependent variable) can be explained by the exogenous construct (independent variable) in the model. In this study, R^2 was used to assess the contribution of independent variables such as Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), and Company Size in explaining variations in financial performance. The following are the results of the n R-Square test or determination coefficient as seen in Table 5.3 below.

Table 3. Test Results R-Square Coefficient or Coefficient of Determination

	R Square	R Square Adjusted

Financial Performance (Y)	0.378	0.353

Source: SmartPLS Processed 3.

According to Table 3 above the value *R Square* of 0.378 shows that 37.8% of the variation in financial performance can be explained by the variables of CSR, GCG, company size, and its interaction as moderation variables. Value *Adjusted R Square* by 0.353 strengthens the validity of the model by considering the number of predictor variables. In general, the value is classified as moderate, indicating that the model has adequate predictive capabilities, although there is still a 62.2% variation in financial performance influenced by factors other than the model. This shows that there are opportunities for model development through the addition of other relevant variables.

V. CLOSING

Conclusion

1. Corporate social responsibility has a negative and insignificant effect on the financial performance of manufacturing companies in the industrial goods sector of the food and beverage subsector listed on the Indonesia Stock Exchange.
2. Good corporate governance proxied through the proportions of the Independent Board of Commissioners (IDK) shows a negative but significant influence on financial performance.
3. The size of a company has a negative and significant influence on financial performance.
4. Company size does not significantly moderate the relationship between CSR and financial performance. In other words, the size of the company has no effect on strengthening or weakening the relationship between CSR and financial performance.
5. Company size also does not significantly moderate the relationship between GCG and financial performance.

Research Limitations

This research has several limitations that need to be considered as evaluation and improvement material for future research:

1. Variable Measurement

All constructs in this study use a single indicator and are formative, which limits the scope of testing the validity of the construct and the reliability of the instrument. In addition, the proxy of GCG variables that only uses the proportion of independent board of commissioners does not reflect the overall comprehensive governance aspect.

2. Subsectors and Limited Periods

The research is only focused on companies in the food and beverage subsector during the 2019–2023 period. Therefore, the results of this study cannot necessarily be generalized to all manufacturing sectors or to other industrial sectors.

3. Single Moderation Variable

The study only used company size as a moderation variable, so it did not test the possibility of other moderators such as profitability, leverage, or ownership structure that might provide a stronger interactive effect.

Suggestion

Based on the results of the research and the limitations that have been identified, the following suggestions can be conveyed:

1. For Food and Beverage Subsector Companies

a. Companies need to ensure that the implementation of CSR programs and the application of GCG principles are not only the fulfillment of normative obligations, but are integrated in long-term business strategies to create added value for companies and stakeholders.

b. Given that company size has a negative impact on financial performance, large companies need to manage organizational complexity efficiently through cost structure optimization, technology use, and adaptive and transparent internal governance systems.

2. For further research

a. Further research is suggested to use a variety of GCG proxies (such as managerial ownership, audit committee structure, and disclosure quality), as well as expand the scope of sectors or compare between industry subsectors to see differences in relationship patterns.

b. Using multiple indicators or reflective approaches on multiple constructs can improve the quality of the measurement model, allowing for a more thorough test of validity and reliability.

c. Future research can complement secondary data with primary data through surveys or managerial interviews to explore an in-depth understanding of real perceptions and practices related to CSR and GCG at the operational level.

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