JOURNAL OF ACCOUNTING AND FINANCE
https://ojs.azzukhrufcendikia.or.id/index.php/ajaf
VOL. 1. No. 3 ; September (2025)

ISSN 3090-4978

The Effect of Corporate Social Responsibility Disclosure, Good Corporate Governance, Intellectual Capital, and Company Size on Company Financial Performance

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Article Info

Keywords:
- *Corporate Social Responsibility Disclosure;*
- *Good Corporate Governance;*
- *Intellectual Capital;*
- *Company Size*
- *Company Financial Performance*

Article History

Received: 29 – 12 - 2026
Accepted: 03 - 12 - 2026
Published: 30 – 09 – 2025

Abstract

Purpose *– This study aims to examine the effect of Corporate Social Responsibility Disclosure, Good Corporate Governance, Intellectual Capital, and Company Size on Company Financial Performance in non-cyclical consumer sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period.*

Design/methodology/approach *– This research employs a quantitative approach using secondary data obtained from annual reports and financial statements. The sample consists of 147 firm-year observations selected through purposive sampling. Company financial performance is proxied by Return on Assets (ROA). Panel data regression analysis is applied using the Random Effect Model, with model selection conducted through Chow, Hausman, and Lagrange Multiplier tests.*

Findings *– The results indicate that Corporate Social Responsibility Disclosure has a negative and statistically significant effect on company financial performance. Good Corporate Governance shows a negative but statistically insignificant effect on financial performance. Meanwhile, Intellectual Capital and Company Size have a positive but statistically insignificant effect on company financial performance.*

Research limitations/implications *– This study is limited to the non-cyclical consumer sector and a relatively short observation period, which may restrict the generalizability of the findings. In addition, the use of specific proxies for corporate governance and financial performance may not fully capture the complexity of these constructs. Future research is encouraged to expand the observation period, include other sectors, and apply alternative performance measures or analytical approaches.*

JEL : M14, M41, G34, O34, L25

INTRODUCTION

Businesses must remain competitive and survive amid rapid economic growth and technological advances around the world. As a result, many companies choose to go public and enter the Indonesia Stock Exchange (IDX) to obtain long-term funding from external parties and increase their value (Katharina et al., 2024). The achievement of corporate objectives is a key indicator of management success, as reflected in the company's

ISSN 3090-4978
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performance. Performance assessment is crucial because it forms the basis for decision-making by both internal and external parties. The selection of the non-cyclical consumer sector in this study is appropriate, as this sector plays a strategic and relatively stable role in supporting national economic growth. The non-cyclical consumer sector is highly resilient to economic uncertainty because it provides essential goods and services that are always needed by the community. With its coverage of various important sub-sectors, this sector continues to show stable growth potential both during recessions and when the economy is growing.

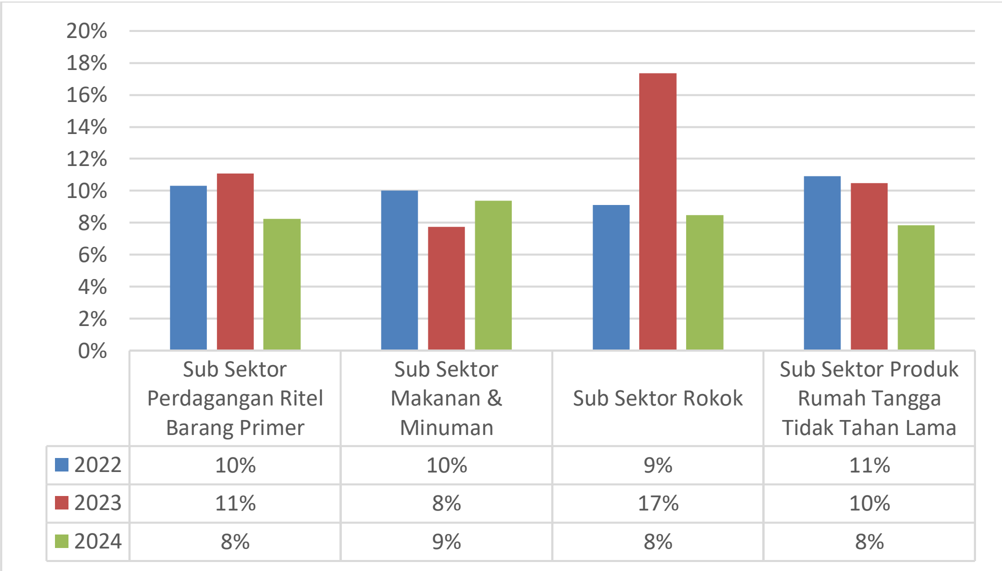

Figure 1. Financial Performance Development of Companies (Primary Goods Retail Trade Sub-Sector, Food & Beverage Sub-Sector, Cigarette Sub-Sector, and Non-Durable Household Products Sub-Sector for the 2022-2024 Period)
Source: (Indonesia Stock Exchange) processed data (2025)

The company financial performance of the four non-cyclical consumer sub-sectors during 2022–2024 shows a fluctuating pattern. Although some sub-sectors experienced an increase in 2023, particularly the Cigarette Sub-sector with the highest performance, in 2024 all sub-sectors experienced a simultaneous decline. This condition indicates an economic slowdown or change in consumption behavior, requiring strategic adjustments to maintain stability and sustainable growth in the sector going forward. The Consumer Non-Cyclicals sector was chosen because it has stable characteristics, is resistant to economic fluctuations, and produces basic goods and services that are always needed by the community. This sector also plays an important role in the capital market and the national economy, so it is expected to provide more relevant, stable, and representative research results and provide clear insights into market behavior in essential sectors.

Table 1. Sector Name Movement 1H25

Sector Code	Sector Name	Movement 1H25
IDXTECHNO	Technology	63.46%
IDXBASIC	Basic Materials	18.26%

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Sector Code	Sector Name	Movement 1H25
IDXTRANS	Transportation & Logistic	11.95%
IDXHEALTH	Healthcare	2.65%
IDXENERGY	Energy	1.50%
IDXFINANCE	Financials	-2.31%
IDXINFRA	Infastructure	-4.08%
IDXPROPERT	Properties & Real Estate	-4.28%
IDXNONCYC	Consumer Non-Cyclicals	-8.07%
IDXINDUST	Industrials	-11.62%
IDXCYCLIC	Consumer Cyclicals	-14.03%

Source: Datawrapper (CNBC Indonesia)

Due to declining domestic consumption, stock market performance will remain under pressure in the first half of 2025. Deflation, declining consumer purchasing power, and pressure on business margins have led to declines in both the cyclical and non-cyclical consumer goods sectors. Overall, the recovery of the Jakarta Composite Index (JCI) will be uneven and will depend heavily on consistent fiscal and monetary policies, credit growth, and increased purchasing power (Natalia, 2025).

Financial performance reflects a company's achievements in a given period as presented in its financial statements. The financial statement approach is a commonly used method because it utilizes accounting figures to assess and evaluate a company's performance objectively (Cendrawati & Fuadati, 2018). Public and investor confidence plays an important role in improving company performance. Accurate and reliable disclosure of financial information and social responsibility can strengthen confidence, drive sales growth, and form the basis for investor decision-making (Zarkasyi, 2008).

The community, the environment, and investors are all corporate responsibilities. A company's social and environmental responsibilities are outlined in its corporate social responsibility (CSR) practices to achieve sustainable development. Corporate social responsibility improves financial performance due to its positive reputation (Parastoo et al., 2015). Previous research has shown that corporate social responsibility (CSR) has a positive impact on a company's financial performance. Studies of companies listed on the Indonesia Stock Exchange and international exchanges have shown that CSR disclosure significantly improves financial performance (Akbar & Juliarto, 2023; Cindy Berliana Menti & Widiastuty, 2024; Raif Alfawaz; & Fathah, 2022; Ratih et al., 2022).

Good Corporate Governance (GCG) directly impacts a company's financial performance. Companies that implement GCG have more transparent and accountable decision-making mechanisms, which increases the trust of investors and other stakeholders. Companies with good governance can identify, manage, and mitigate financial risks to achieve their financial performance targets. Consequently, there is a close relationship between the achievement of corporate financial performance (GCG) and the company's financial performance (Mahmudi et al., 2024). Previous research results show that Good Corporate Governance (GCG) has a significant influence on the financial performance of companies, both in food and beverage companies and the banking sector listed on the Indonesian stock market(Fazila et al., 2024; Firdaus et al., 2025).

Businesses that effectively manage their intellectual capital will be more flexible, creative, and have a sustainable competitive advantage. Knowledge, capabilities, innovation, and stakeholder relationships are all components of this intellectual capital. This added value can enhance a company's competitiveness and build auditor confidence in its business continuity. (Katharina et al., 2024). Previous research shows that intellectual capital has a positive and significant effect on the financial performance of companies, both in the financial sector, LQ45 companies, and manufacturing companies listed on the Indonesia Stock Exchange (Fitriani et al., 2022; Hadli et al., 2022; Rahmadi & Mutasowifin, 2021).

A company's size, measured in total assets, indicates how much the business has grown in improving its financial performance, and its size directly indicates the extent of its operational activity. Typically, the larger the company, the more activity it has. Previous research shows that company size has a positive effect on the financial performance of companies listed on the Indonesia Stock Exchange (Erawati et al., 2022).

However, prior studies report inconsistent findings regarding the effect of CSR disclosure, corporate governance, and intellectual capital on financial performance, particularly in defensive sectors such as non-cyclical consumer companies.

Therefore, this study aims to fill the existing research gap by examining the effect of CSR disclosure, corporate governance, and intellectual capital on financial performance in non-cyclical consumer companies listed on the Indonesia Stock Exchange.

LITERATUR REVIEW

Legitimacy Theory

Legitimacy theory is closely related to stakeholder theory. Legitimacy theory states that organizations continuously seek ways to ensure their operations are within the boundaries and norms that apply in society. From the perspective of legitimacy theory, a company will voluntarily report its activities if management considers this to be what the community expects. Legitimacy theory relies on the premise that there is a social contract between the company and the community in which it operates (Rokhlinasari, 2016). From the perspective of legitimacy theory, Corporate Social Responsibility (CSR) disclosure is used by companies as a strategic tool to gain and maintain social legitimacy, which may enhance stakeholder trust and ultimately influence company financial performance.

Agency Theory

Agency Theory is a concept that explains the relationship between the party delegating tasks and the party receiving tasks to be carried out, known as the principal-agent relationship. This theory focuses on potential conflicts of interest that arise due to differences in objectives, asymmetric information, and the risks borne by each party (Jikhan et al., 2025). In this context, Good Corporate Governance mechanisms are designed to reduce agency conflicts and information asymmetry, thereby improving managerial efficiency and company financial performance.

Resource Base Theory

Resource-based theory (RBT) is an influential approach in strategic management. This approach has been widely applied as a managerial framework for determining the

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resources that are vital for companies to achieve sustainable competitive advantage. This theory provides an important framework for explaining and predicting the fundamentals of a company's performance and competitive advantage (Utami & Alamanos, 2025). Based on resource-based theory, intellectual capital represents a strategic intangible resource that can contribute to competitive advantage and improve company financial performance when managed effectively.

Signaling Theory

Signaling theory explains the importance of corporate information for external parties' investment decisions. Full and comprehensive disclosure of information can demonstrate a company's past performance and future prospects. Providing information that is relevant, complete, accurate (supported by valid data), and timely is very useful for investors' investment decisions and the market's evaluation of a company's value (Gani, 2022). Through signaling theory, CSR disclosure, governance quality, intellectual capital, and company size can be viewed as signals that influence investor perceptions and financial performance.

Company Financial Performance

A continuously increasing profit margin that reaches maximum profitability is a good indicator of a company's financial performance. Financial performance is positioned as a determinant of a company's sustainability. If a company's financial performance is good, it will attract investors to channel their capital, thereby increasing the company's value. All internal company information becomes the main basis for investors in making investment decisions. When a company begins business operations, it will directly have a potential impact on the environment (Tambunan et al., 2021). Financial performance can be defined as a formal and essential process in corporate management that aims to measure and evaluate the level of achievement (performance) of a business entity's financial results within a certain period of time.

Disclosure of Corporate Social Responsibility

Corporate Social Responsibility is a broad concept that covers many different topics, such as human rights, corporate governance, occupational health and safety, environmental impact, working conditions, and contributions to economic development. Corporate Social Responsibility emphasizes that a company's responsibility is no longer limited to economic activities that generate profits for business continuity, but also includes social and environmental responsibilities (Mutlari et al., 2017). Corporate social responsibility disclosure, often referred to as social disclosure, corporate social reporting, social accounting, or corporate social responsibility, is the process of communicating the social and environmental impacts of an organization's economic activities to specific stakeholders and to society as a whole.

Good Corporate Governance

Good Corporate Governance is a structured set of processes used to manage, direct, or lead businesses and corporate ventures with the aim of increasing company value and business continuity (Rochmaniah, 2020). Good Corporate Governance is also one of the important pillars in the market economy system, which is closely related to trust in companies and encourages healthy competition and a conducive business climate, thereby supporting sustainable economic growth and stability in a country.

Intellectual Capital

Intellectual Capital as the economic value of two categories of intangible assets, namely organizational (structural) capital and human capital. More specifically, organizational (structural) capital refers to things such as software systems, distribution networks, and supply chains. Human capital includes human resources within the organization (labor resources/employees) and external resources related to the organization, such as consumers and suppliers. Often, the term Intellectual Capital is treated as a synonym for intangible assets. However, the definition proposed by the OECD presents a significant difference by placing Intellectual Capital as a separate part of the basis for determining the overall intangible assets of a company (Zulki Zulkifli, 2021). Intellectual Capital is a comprehensive knowledge-based resource that goes beyond traditional assets on the balance sheet, playing an important role in enhancing a company's competitiveness and performance in the marketplace.

Company Size

Large companies tend to expand and diversify their businesses. Diversification broadens the range of businesses. This reduces the risk of business failure, or in other words, the risk of bankruptcy. While large companies can experience bankruptcy, they are better able to weather crises (Irma et al., 2021). The total assets of a company can be used as a suitable benchmark to assess the size of a company when a company with large total assets indicates that the company has reached maturity at this stage and the company is considered stable and has long-term prospects (Goh, 2023). Company size is one of the variables widely used to explain variations in disclosures in annual reports. Several explanations exist for the effect of company size on disclosure quality. This can be seen from various empirical studies that have shown that the effect of total assets is almost always consistent and statistically significant.

Hypotheses development

The Influence of Corporate social responsibility disclosure on Company Financial Performance

Companies and communities are partners that give and need each other. Corporate social responsibility (CSR) is a concept that companies have a responsibility to their social environment. They are no longer entities that only care about themselves, but rather business entities that must adapt culturally to their social environment (Raif Alfawaz; & Fathah, 2022). according to the legitimacy theory, CSR is referred to as a form of corporate social responsibility to its stakeholders. Nowadays, companies no longer focus solely on financial profits but also need to pay attention to the environment surrounding the company. CSR disclosure is used by companies as a means of communication with their stakeholders regarding the company's future prospects, ensuring the company's sustainability in the future (Ratih et al., 2022). Based on research conducted by (Akbar &

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Juliarto, 2023; Raif Alfawaz; & Fathah, 2022) states that corporate social responsibility disclosure has a positive impact on company financial performance. Companies that implement and disclose Corporate Social Responsibility (CSR) will have more money because they gain a good image in the eyes of the public and also carry out their obligations in accordance with regulations. However, several studies report that CSR disclosure does not significantly affect or may even negatively affect short-term financial performance due to increased operational and compliance costs.
H1: Disclosure of Corporate Social Responsibility has a positive effect on Company Financial Performance.

The Influence of Good Corporate Governance on Company Financial Performance

The implementation of Good Corporate Governance (GCG) is represented by the availability of several stakeholders such as the board of commissioners and independent auditors who can exercise control over management so that the company can run effectively and efficiently. Institutional ownership also plays a role in controlling managers as part of a mechanism to reduce agency problems. Institutional ownership limits managers in their use of company resources and controls their policies to achieve company objectives (Akhbar & Yuniarti, 2023). Based on agency theory, there are issues of conflicting interests and information asymmetry between principals and agents. Conflict of interest occurs when the principal (shareholders) wants a higher and faster return on the funds or capital they have invested in the company, while the agent wants accommodation in the form of compensation or incentives commensurate with their performance in running and managing the company (Wayan Aprilia et al., 2022). Based on research conducted by (Fazila et al., 2024) stating that Good Corporate Governance has a significant influence on Company Financial Performance. To ensure that the company creates added value for all its stakeholders, the company has a system known as Good Corporate Governance (GCG). Nevertheless, other studies indicate that governance mechanisms may function merely as formal compliance and do not always improve financial performance.
H2: Good Corporate Governance has a positive effect on Company Financial Performance.

The Influence of Intellectual Capital on Company Financial Performance

One measure that can be used to assess a company's financial performance is the profitability ratio. Stakeholders can assess how successful a company is in generating profits by using the profitability ratio. Companies must have added value that sets them apart from their competitors. Companies that are able to manage knowledge-based human resources (HR) have a competitive strategy that is important for their success in the marketplace (Yuniar & Amanah, 2021). Based on resource-based theory, a company can achieve competitive advantage if it possesses resources that other companies do not have. Resource-based theory focuses on managing the resources owned by a company so that it can compete in the business world and increase its competitive advantage (Ristiani & Wahidahwati, 2021). Based on research conducted by (Fitriani et al., 2022; Rahmadi & Mutasowifin, 2021) stating that intellectual capital has a positive and significant effect on a company's financial performance. Business success is supported by technology and knowledge. Since knowledge is an important economic resource for an organization, intellectual capital is crucial for the advancement of knowledge-based businesses. However, the benefits of

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intellectual capital may not be immediately reflected in financial performance, as investments in intangible resources often require time to generate economic returns.
H3: Intellectual Capital has a positive effect on Company Financial Performance.

The Influence of Company Size on Company Financial Performance

A business's performance is greatly influenced by its size. Larger companies have several competitive advantages that can increase their profitability, such as market power, the ability to set high product prices and reduce costs, and so on (Azzahra & Wibowo, 2019). Based on Signaling theory discusses the incentive for companies to provide information to external parties to attract investors to invest in the relevant company. This theory encompasses both internal and external parties. Management is the internal party responsible for providing signals, while external parties are the external parties responsible for receiving signals (Erawati et al., 2022). Based on research conducted by (Erawati et al., 2022) said that company size has a positive effect on company financial performance. However, prior empirical studies also report mixed results regarding the effect of company size on financial performance. In some cases, larger firms may face higher bureaucratic complexity and agency costs, which can reduce operational efficiency and weaken financial performance. These inconsistencies indicate that the relationship between company size and financial performance remains an empirical issue that requires further investigation, particularly in the non-cyclical consumer sector.
H4: Company Size has a positive effect on Company Financial Performance.

RESEARCH METHOD

Types and Sources of Research Data

The type of data used in this study is secondary data, namely data provided by other parties and does not come from direct sources. The data obtained is in the form of financial statements of consumer non-cyclicals published by the Indonesia Stock Exchange (IDX) for 2022 – 2024. The population used in this study is all consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX). Sampling was carried out by a non-probability sampling method. The population is 147 and those who meet the criteria are 49 companies. This study applies a purposive sampling technique to ensure that the selected sample is relevant to the research objectives. The sample selection criteria include: (1) consumer non-cyclical companies consistently listed on the Indonesia Stock Exchange during the 2022–2024 period; (2) companies that publish complete annual reports and sustainability reports; and (3) companies with complete data related to Corporate Social Responsibility disclosure, Good Corporate Governance, Intellectual Capital, company size, and financial performance. The observation period of 2022–2024 was selected to capture recent firm performance in the post-pandemic period and to ensure the availability of comprehensive disclosure data.

Research Analysis Methods and Hypotheses

This study uses a panel data regression test. There are 3 (three) possible models used to estimate model parameters with panel data, namely Common effect Model (CEM), Fixed effect Model (FEM-Covariance Model) and Random effect Model (REM). The model selection test is used to determine one best model among three regression models, namely

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the Common effect Model, the Fixed effect Model and the Random effect Model, the test includes the Chow test, the Hausman test and the Lagrange Multiplier test. To test the hypothesis, the study used the determination coefficient test and the t-test. Panel data regression analysis is employed to accommodate both cross-sectional and time-series variations across companies. Hypothesis testing is conducted using the t-test with a significance level of 5 percent. The coefficient of determination (R^2) is used to evaluate the explanatory power of the regression model.

Measurement

No	Variable	Measurement	Source
1.	Corporate Social Responsibility Disclosure (X1)	Corporate Social Responsibility disclosure is measured using the Corporate Social Responsibility Index (CSRI) based on the GRI G4 framework, as this framework provides comprehensive indicators for evaluating sustainability disclosures. Calculating CSRI using GRI G4 Explanation: CSRIj: Corporate Social Responsibility Index per company category j nj: number of items for company j, nj = 91 xij: score 1 = if item i is disclosed; score 0 = if item i is not disclosed (dummy variable). Using the following formula: $CSRIj = \Sigma xij / nj$	(Raif Alfawaz; & Fathah, 2022)
2.	Good Corporate Governance (X2)	Good Corporate Governance is measured using audit committee size, independent commissioners, and institutional ownership, as these mechanisms represent internal and external monitoring functions in agency theory. Audit committee = ∑audit committee member Independent commissioner = number of independent commissioners / number of commissioners of company X 100% Institutional ownership = institutional share ownership / number of shares outstanding X 100%	(Fazila et al., 2024)
3.	Intellectual Capital (X3)	Intellectual Capital is measured using the Value Added Intellectual Coefficient (VAIC™) method, which captures the efficiency of value creation from tangible and intangible resources. First stage: Finding Value Added (VA) VA = OUT – IN Explanation: VA: Value Added OUT: Output (Total income earned by the	(Rahmadi & Mutasowifin, 2021)

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No	Variable	Measurement	Source
		company) IN: Input (Total expenses or costs incurred by the company) Second stage: Calculating Value Added Capital Employed (VACA) VACA = VA/CE Explanation: VACA : Value Added Capital Employed VA : Value Added CE : Capital Employed (Net profit plus total equity) Third stage: Calculating Value Added Human Capital (VAHU) VAHU = VA/HC Explanation: VAHU : Value Added Human capital VA : Value Added HC : Human capital (Total company expenses related to employees) Fourth stage: calculating Structural Capital Value Added (STVA) STVA = VA/HC Explanation: STVA: Structural Capital Value Added SC: Structural Capital (VA – HC) VA: Value Added Fifth stage: calculating the Value Added Intellectual Coefficient (VAIC™) from the three coefficients above. VAIC = VACA + VAHU + STVA	
4.	Company Size (X4)	Company size is measured using the natural logarithm of total assets to reduce data scale differences and potential heteroscedasticity. Company Size = Ln (Total Assets)	(Aisyah & Bawono, 2025)
5.	Company Financial Performance (Y)	Company financial performance is proxied by Return on Assets (ROA) because ROA reflects management efficiency in utilizing total assets to generate profits and is widely used in empirical studies examining firm performance. $ROA = \frac{Net\ Income\ After\ Tax}{Total\ Assets}$	(Wayan Aprilia et al., 2022)

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RESULTS

Table 2. Descriptive Analysis

Variable	N	Min	Max	Mean	Std. Dev
CSRD	147	0.296	0.626	0.502	0.056
GCG	147	0.000	95.911	65.121	26.713
IC	147	-92.397	298.433	4.944	34.543
CFP	147	0.000	0.331	0.093	0.071
CS	147	24.827	31.644	28.814	1.680

CSRD: *Corporate Social Responsibility Disclosure,* GCG: *Good Corporate Governance,* IC: *Intellectual Capital,* CFP: *Company Financial Performane,* CS: *Company Size.*
Sumber: Data yang diolah (2025)
The wide dispersion of IC values indicates heterogeneity in intellectual capital efficiency among firms.

Selection of the Best Panel Data Model

1. Chow Test

Decision criteria based on Cross Section F probability value (Prob):
- If the probability value is < 0.05, then the Fixed Effect Model is more appropriate to use.
- If the probability value is > 0.05, then the Common Effect Model is more appropriate.

Decision criteria based on the calculated F value:

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.487779	(48,94)	0.0000
Cross-section Chi-square	231.305895	48	0.0000

Source: Processed data (2025)

Based on the Chow Test results conducted using E-Views 9, a cross-section F probability value of 0.0000 was obtained, which is smaller than the significance level of 5% ($\alpha = 0.05$). These results indicate that the most appropriate model is the Fixed Effect Model (FEM). Therefore, a Hausman Test needs to be conducted to determine the more appropriate model to use between the Fixed Effect Model and the Random Effect Model.

2. Hausman Test

The Hausman test is used to determine the best model between the Fixed Effect Model and the Random Effect Model.
Decision criteria:
- If the probability value is < 0.05, then the more appropriate model is the Fixed Effect Model.
- If the probability value is > 0.05, then the more appropriate model to use is the Random

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Effect Model.

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.161438	4	0.1874

Source: Processed data (2025)

The Hausman test results show a probability value of 0.1874, which is greater than the significance level of 5% (α = 0.05). Thus, the most appropriate model to use is the Random Effect Model.

3. Lagrange Multiplier (LM) Test

The Lagrange Multiplier (LM) test is used to determine whether the Common Effect Model or Random Effect Model is the most appropriate to use.
Decision criteria:
- If the probability for Both > 0.05, then the better model is the common effect model.
- If the probability for Both < 0.05, then the better model is the random effect model.

Table 5. Lagrange Multipler Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	62.03672 (0.0000)	1.393468 (0.2378)	63.43019 (0.0000)

Source: Processed data (2025)

Based on the results of the Lagrange multiplier test, the Breusch-Pagan probability value is 0.0000, which is less than the significance level (α= 0.05). In this case, it means that the best model is the Random Effect Model (REM).

Multiple Regression Analysis

Table 6. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.102919	0.141007	0.729882	0.4667
CSRD	-0.337215	0.099597	-3.385779	0.0009
GCG	-0.000131	0.000328	-0.398904	0.6906
IC	8.82E-05	0.000114	0.771064	0.4420
CS	0.005838	0.005022	1.162556	0.2470

The results of panel data regression estimation using the Random Effect Model (REM) show the results of testing with panel data regression, so from these results the

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following model equation is obtained.

$$CFP = 0.1029 - 0.3372\ CSRD - 0.00013\ GCG + 0.000088\ IC + 0.0058\ CS + \varepsilon$$

Coefficient of Determination Test

Table 7. Coefficient of Determination Test

R-squared	0.077701	Mean dependent var	0.033847
Adjusted R-squared	0.051721	S.D. dependent var	0.038461
S.E. of regression	0.037453	Sum squared resid	0.199191
F-statistic	2.990779	Durbin-Watson stat	2.111016
Prob(F-statistic)	0.020889		

Based on the table above, R-Square shows a value of 0.077, which means that 7.7% of the variables of corporate social responsibility disclosure, good corporate governance, intellectual capital, and company size can explain the company's financial performance variables. The remaining 92.3% is explained by other factors not included in the model. The F-statistic probability value of 0.0209 indicates that the regression model is statistically acceptable.

Partial Test (T-Test)

Table 8. Partial Test (T-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.102919	0.141007	0.729882	0.467
CSRD	-0.337215	0.099597	-3.385779	0.000
GCG	-0.000131	0.000328	-0.398904	0.690
IC	8.82E-05	0.000114	0.771064	0.442
CS	0.005838	0.005022	1.162556	0.247

Source: Processed data (2025)
*=Significance 0.05.
Explanation:
CSRD: *Corporate Social Responsibility Disclosure,* GCG: *Good Corporate Governance,* IC: *Intellectual Capital,* CFP: *Company Financial Performane,* CS: *Company Size.*

The results of testing using the Random Effect Model (REM) can be summarized as follows:

1. Corporate social responsibility disclosure with a probability value of 0.000 < 0.05 can be interpreted as meaning that the corporate social responsibility disclosure variable has a negative and statistically significant effect on company financial performance.
2. Good corporate governance with a probability value of 0.690 > 0.05, can be interpreted as meaning that the variable of good corporate governance has a negative but statistically insignificant effect on company financial performance.
3. Intellectual capital with a probability value of 0.442 > 0.05, can be interpreted that the

ISSN 3090-4978

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intellectual capital variable has a positive but statistically insignificant effect on the company's financial performance.

4. Company size with a probability value of 0.247 > 0.05, can be interpreted that the company size variable has a positive but statistically insignificant effect on the company's financial performance.

DISCUSSIONS

Corporate social responsibility disclosure on company financial performance

The results of this study indicate that corporate social responsibility disclosure (CSRD) has a negative and statistically significant effect on company financial performance. The results indicate that greater CSR disclosure is associated with poorer financial performance. One possible explanation is that CSR activities and disclosures require significant financial resources, which are considered operational costs and can reduce short-term profitability. In this case, the costs incurred by a company to implement and disclose CSR programs may outweigh the direct financial benefits it receives. These results indicate that disclosing social responsibility information does not always lead to improved financial results in the short term. Furthermore, these results indicate that disclosing social responsibility information does not directly affect fluctuations in financial performance. This contradicts legitimacy theory, which assumes that companies disclose social responsibility to align their operations with societal norms and expectations so they can gain legitimacy and e-commerce profits. Furthermore, the negative significant effect of CSRD indicates that CSR disclosure has not yet functioned effectively as a positive signal for investors. According to signaling theory, companies disclose information to reduce information asymmetry and attract investors. However, because stakeholders prioritize financial concerns over social disclosures, CSR disclosure may not be considered a strong signal in this study. These findings are in line with research conducted by (Pulungan & Krisnawati, 2021) on the food and beverage industry sub-sector from 2015 to 2019, which states that corporate social responsibility has no significance on financial performance. Indicating that consumers and investors are more sensitive to price, quality, and operational efficiency than to a company’s social image.

Good corporate governance on company financial performance

The results of the second hypothesis test show that good corporate governance (GCG) has a negative but statistically insignificant effect on company financial performance. This indicates that variations in GCG practices do not significantly explain changes in financial performance. Although the coefficient is negative, the insignificance suggests that the implementation of corporate governance mechanisms has not been effective enough to directly influence financial outcomes. One possible explanation is that corporate governance practices such as board structure and institutional ownership may be used primarily to comply with regulations rather than to improve managerial oversight and discipline. In such situations, management mechanisms may not work effectively to improve efficiency and profitability. This finding aligns with stewardship theory, which holds managers accountable for organizational resources. Therefore, performance does not always improve with the addition of governance controls. These findings are in line with research conducted by (Akhbar & Yuniarti, 2023) which found that institutional ownership had no impact on

JOURNAL OF ACCOUNTING AND FINANCE
https://ojs.azzukhrufcendikia.or.id/index.php/ajaf
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ISSN 3090-4978

company performance in companies listed on the Indonesia Stock Exchange and awarded the Sustainable Reporting Award (SRA) published by the National Center of Sustainability Reporting for the period 2011-2015. Similar findings were reported by (Wayan Aprilia et al., 2022) who found that institutional ownership had no effect on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2020. These findings suggest that when a company's oversight role is weak or merely symbolic, the presence of institutional investors and independent commissioners does not automatically improve company performance.

Intellectual capital on company financial performance

The results of the third hypothesis test indicate that intellectual capital has a positive but statistically insignificant effect on company financial performance. This suggests that although intellectual capital may improve financial performance, its effect has not been statistically proven over the observation period. The results suggest that investments in intellectual capital, such as human capital development, knowledge management, and organizational processes, may take longer to generate significant financial returns. In the short term, the costs associated with intellectual capital development may offset the benefits, resulting in a less significant impact on financial performance. From a Resource-Based Theory perspective, intellectual capital is considered a strategic resource that can provide competitive advantage. However, the insignificant results suggest that the sample companies may not be managing their intellectual capital optimally or with the consistency necessary to translate it into superior financial performance. The results suggest that intellectual capital alone is insufficient without sound management practices and strategic utilization. These findings are in line with research conducted by (Rahmadi & Mutasowifin, 2021) on Financial Sector Companies Listed on the Indonesia Stock Exchange in 2017–2018, which found that Intellectual Capital has a positive and significant effect on Financial Performance. Similar findings were also reported by (Fitriani et al., 2022), showing that Intellectual Capital affects Financial Performance in LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2019. This is because companies that are able to manage their intellectual capital tend to have competent and innovative employees.

Company size on company financial performance

The results of the fourth hypothesis test show that company size has a positive but statistically insignificant effect on company financial performance. This indicates that larger firms tend to have better financial performance, although the relationship is not statistically strong. A company's size reflects the number of operations, total assets, and market presence. Larger companies typically have economies of scale, market power, and greater access to capital, which can help improve financial performance. However, insignificant results indicate that increasing company size does not automatically guarantee higher profitability. Larger companies also face higher operating and maintenance costs. According to signaling theory, firm size can serve as a signal of stability and credibility for creditors and investors. However, this study found that firm size does not significantly impact financial performance; this suggests that stakeholders may prioritize profitability and efficiency over size alone. The results suggest that effective asset utilization is more important than increasing firm size. These findings are in line with research conducted by

(Erawati et al., 2022) stated that company size has a positive effect on the financial performance of automotive companies listed on the IDX for the 2015-2019 period. This is because large company size provides a higher level of trust for creditors and investors. Large companies are considered to have a lower risk of default, making it easier to obtain capital at more competitive interest rates for expansion that increases profitability.

CONCLUSIONS

Based on the results of panel data regression using the Random Effect Model, this study concludes that corporate social responsibility disclosure has a negative and statistically significant effect on company financial performance in consumer non-cyclicals companies listed on the Indonesia Stock Exchange. Meanwhile, good corporate governance, intellectual capital, and company size show negative or positive relationships with financial performance but are statistically insignificant. These findings indicate that not all non-financial factors directly influence financial performance in the short term, particularly in defensive sectors such as consumer non-cyclicals.

Suggestion

Future studies are encouraged to expand the scope of analysis by comparing the consumer non-cyclicals sector with other sectors, such as technology or healthcare, which may exhibit different risk characteristics and growth dynamics. In addition, considering the statistically insignificant results of good corporate governance, intellectual capital, and company size, future research may employ alternative measurements or longer observation periods to capture their potential long-term effects on financial performance. Further studies may also incorporate more comprehensive corporate governance indicators, such as GCGPI scores, institutional ownership, independent commissioners, audit committee characteristics, and disclosure quality, to provide deeper insights into governance mechanisms and firm performance.

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