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Corporate Social Responsibility, Corporate Governance, Firm Size and Financial Performance of Companies in Indonesia

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ABSTRACT

Financial performance is critical to the company's survival. One of the goals of forming a corporation is to maximize its worth, as evidenced by the performance of its financial accounts. Investors can make decisions about a company's investing activities by measuring financial performance. As a result, investors will expect corporations to provide high-quality financial performance reports. This study sought to investigate the impact of corporate social responsibility, corporate governance, and firm size on financial performance. This study makes use of secondary data from manufacturing firms registered on IDX (Indonesia Stock Exchange) between 2017 and 2022. Purposive sampling was used to select the sample that met particular requirements. In this research, the data was examined using multiple linear regression tests. According to the findings of this research, CSR (corporate social responsibility), CG (corporate governance), and size of the firm are all having significant positive impacts on financial performance. Because of the importance of CSR (Corporate Social Responsibility) and GCG (Good Corporate Governance) in firms for the future, investors should pay attention to components of CSR (Corporate Social Responsibility) and GCG (Good Corporate Governance) in financial reports, which can be utilized as a consideration in investing.

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INTRODUCTION

Financial statements are an organized description of an entity's financial situation and performance. In other words, the financial accounts of a corporation reflect its financial performance (Mihail et al., 2022). However, financial reports that show high profitability cannot guarantee that the company is performing well (Mihail et al., 2022). As with the Enron case, it is clear that moral hazard occurred, including financial report manipulation by posting high profits when the company sustained losses. There is an agency conflict between the representative and the principled party because of an imbalance of concern, where the representative is expected to maximize the principal's profit but also has an interest in optimizing their welfare (Enam et al., 2023). Agents typically report something to maximize business utility. However, the information provided by agents is frequently inaccurate and does not reflect the company's actual conditions (Junus et al., 2022).

As a result, firms must understand what factors contribute to outstanding or poor company performance. To solve existing challenges while preserving and boosting company performance, suitable action must be taken. Financial performance serves as an indicator of a company and a standard for investors when making investment decisions for the company as a whole (Porzio et al., 2023). Profitability ratios are commonly used to assess financial performance. The return on assets is one of the profitability ratios. Return on assets is a statistic that attempts to calculate the profit earned by utilizing or exploiting a company's resources (Ellili, 2023). Furthermore, the corporation's assets aim to generate income and profits (Abdi et al., 2022).

The Central Bureau of Statistics reported a 6.10% increase in the large and medium manufacturing sectors in the third quarter of 2022 compared to the same period the previous year. However, three of the four top issuers in the sector suffered financial performance pressure during the first nine months of 2022, with sluggish net profit growth. PT Ultra Jaya Milk Industry, PT Mayora Indah, and PT Indofood CBP Sukses Makmur are the third issuers. As a result, financial performance must be assessed as a resource for analyzing and judging the efficacy of company management.

When determining a company's good or bad achievement, consider not just its financial performance, but also its corporate social responsibility. Corporate social responsibility is one of the efforts to offer information on the company's social actions (Saeed et al., 2023). Corporate social responsibility can improve company performance, and shareholders want to make investments in firms that practice it (Shahwan & Habib, 2023). A review of the research mentioned earlier, it can be decided that this research is very necessary to conduct, because corporate social responsibility is something that every firm must accomplish (Chang et al., 2023).

A company's financial performance can be affected by good corporate governance. Corporate governance is a framework that regulates and oversees enterprises intending to deliver and increase shareholder value (Boachie, 2023). Transparent and timely information regarding the performance of a business is crucial for its users (Ellili, 2023). It is assumed that effective corporate governance will result in good financial reporting quality (Zahid et al., 2023). Corporate governance procedures such as managerial ownership, independent commissioners, and audit committees are frequently utilized in various research on corporate governance to reduce agency conflicts.

The agency theory relationship arises when a few individuals, known as owners, hire additional organizations, known as representatives, to deliver a variety of services and assign authority to make choices to these representatives (Boachie, 2023). Conflict arises because humans have a natural tendency to prioritize their interests. Managers and shareholders have quite

different objectives (Junus et al., 2022). A manager prioritizes his interests to be accommodated in a company by offering the highest feasible reward for performance (Ria, 2023). It is one's duty as management to present shareholders with information about the state of the company. The agency theory relationship develops when firm owners enable managers to make decisions within the company (Enam et al., 2023). This agency theory relationship happens when a firm delegated authority to independent commissioners and audit committees to oversee and make judgments on its financial performance (Mihail et al., 2022).

Because of a principle known as economies of scale, company size is also a crucial factor in influencing a company's profitability (Adomako & Tran, 2022). Economies of scale relate to the low-cost benefits that large firms have as a result of their ability to produce things at a low unit price per unit. Large companies purchase raw materials (production inputs) in large quantities, resulting in bigger quantity discounts from suppliers. Firm size can also be used to predict the profitability of a bankruptcy (Mushafiq et al., 2023). The larger the company, the lower the likelihood of bankruptcy profitability. This is due to business diversification in large businesses, which can boost corporate profitability.

In line with the theory of stakeholders, the publication and implementation of corporate social responsibility in a corporation increase consumers' trust in the business (Adamkaite et al., 2023). Corporate social responsibility is valued by corporations because, in addition to profit, firms must account for societal challenges that develop as an outcome of the business's environmental operations (Khan et al., 2023). Corporate social responsibility, as discovered by (Jung & Im 2023), (Liu et al., 2023), and (Suttipun, 2023), improves financial performance. This implies that the company's expanded disclosure of corporate social responsibility could end up in higher financial performance in the future (Porzio et al., 2023).

H1: Corporate social responsibility will positively impact the financial performance

Managerial ownership refers to the shareholders who actively engage in company decision-making (directors and commissioners). The percentage of share ownership controlled by management (internal parties) will have an impact on corporate policy (Boachie, 2023). Because of disparities in interests, the greater management's share ownership, the less likely management is to employ resources and reduce agency expenses, thereby boosting the financial performance of the business (Ellili, 2023). The more managerial ownership, the more motivated the manager will be to increase firm profits because the manager receives a percentage of the gains realized (Zahid et al., 2023). As a result, managers are driven to increase financial performance. (Sadaa et al., 2023), (Michaela & Kwasi, 2023), and (Singh & Rastogi, 2023) discovered that managerial ownership improves financial performance. The greater a company's managerial ownership, the better its financial performance (Adelopo et al., 2023). Because independent commissioners are more unbiased in administrative decisions, their presence assures that the interests of stakeholders, both majority and minority, are not disregarded (Rahayu et al., 2022). Independent commissioners can assist firms in avoiding external threats, resulting in higher earnings and improved financial performance (Ria, 2023). (Rahayu et al., 2022), (Junus et al., 2022), and (Hindasah & Akmalia, 2023) discovered that independent commissioners improve financial performance. The more independent commissioners a firm has, the better its performance, and hence the profitability of the company (Junus et al., 2022). This demonstrates that independent commissioner monitoring will impact managers' behavior in increasing a company's performance (Ronoowah & Seetanah, 2023).

The audit committee is responsible for strengthening the commissioners' board and acting as an oversight committee in the corporation. By the audit committee's agency theory, business policy delegated authority to firm management to carry out internal management

oversight (Mihail et al., 2022). As a result, the more audit committees a firm has, the greater the monitoring and control it has over its financial and accounting processes, which affects its financial performance (Rahman & Ali, 2022). (Kasbar et al., 2023), (Enam et al., 2023), and (Mamatzakis et al., 2023) argue that the audit committee has had a positive and substantial impact on financial performance.

H2: Corporate governance (managerial ownership, independent commissioners, audit committees) will positively impact the financial performance

The size of a firm is also a major element in determining its financial performance. The size of a firm is determined by the number of assets possessed by the company. The larger the company, the greater its overall assets, sales, and market capitalization (Weinzimmer et al., 2023). The size of the firm will influence investors and other interest groups to obtain quality information on company management's actions in generating profits, which is also used as an element of assessment and consideration for creditors and investors when making investment decisions (Hai et al., 2022). The more advanced the company, the more money is issued to run its activities, one of which is debt (Noone et al., 2022). The greater the size or scale of a corporation, the easier it is for it to acquire funding sources both internally and internationally (Boachie, 2023). Large corporations typically perform a larger role as stakeholders (Abdi et al., 2022). According to the study undertaken by (Adomako & Tran, 2022), (Hai et al., 2022), (Mushafiq et al., 2023), (Weinzimmer et al., 2023), (Lee & Raschke, 2023), and (Khan et al., 2023), firm size has had a positive and substantial impact on financial performance.

H3: Firm size will positively impact financial performance.

It is possible to determine whether the company's finances are performing well by testing these three factors. In principle, there is no precise composition or degree that states that CSR, CG, and size of the firm, as they are today used by firms, contribute to profitability and even financial performance at a given level. That is what drives researchers to determine whether these three criteria are capable of influencing the financial performance of the business. In the opinion of (Kabir & Chowdhury, 2023), there is no correlation between corporate social responsibility and financial performance. The research (Khalifaturofi'ah, 2023) discovered that management ownership has zero impact on financial performance. According to a study conducted by (Itan & Khelen, 2022), the presence of independent commissioners does not influence financial performance. (Abdullah & Tursoy, 2020) discovered that audit committees have a substantial negative impact on financial performance. (Elfeky, 2023) discovered that the size of a firm has a negative and considerable impact on its financial performance. Because earlier studies were inconsistent, researchers decided to re-examine the impact of CSR, CG, and size of the firm on corporate financial performance.

This research uses data from manufacturing firms since a country's industry plays a role in national development and contributes to economic progress (Wati & Chandra, 2022). Manufacturing firms play an active part in the Indonesian capital market, and many investors are interested in investing their cash in this industry (Wati et al., 2022). According to the findings of this research, CSR (corporate social responsibility), CG (corporate governance), and size of the firm are all having significant positive impacts on financial performance. Investors should pay attention to components of corporate social responsibility and good corporate governance in financial reports, which can be used as a consideration in investing.

RESEARCH METHODS

This form of study is included in quantitative studies, as evidenced by the presence of a variable related to an item researched, resulting in a cause-and-effect link between the two variables. In this study, data was collected by taking secondary data from the Indonesian Stock Exchange website as a source of information. Manufacturing firms registered on IDX (Indonesia Stock Exchange) between 2017 and 2022 contribute to the study's population. This study spans the years 2017-2022, to determine how the most recent conditions of the independent variables in this research affect the company's financial performance. It also makes an effort to present the most up-to-date financial performance data for the firms under consideration.

This study examines yearly financial report data from 2017 to 2022 for the companies chosen as research samples from a total of 146. The total number of companies in the sample over six years is 120 multiplied by six or 720. Purposive sampling, which is the sampling technique utilized in this study, is based on selection criteria that have been adapted to the study's goals (Ria, 2023). The purposive sampling method's sample selection criteria are manufacturing firms that publish annual reports with all necessary data in rupiah units for the 2017-2022 period, manufacturing firms that report on corporate social responsibility initiatives in successive annual reports from 2017 to 2022, and manufacturing firms that did not experience revenue losses between 2017 and 2022.

Table 1. Procedure for Sampling

Criteria	Amount
Manufacturing firms registered on IDX (Indonesia Stock Exchange) between 2017 and 2022	146
Manufacturing firms that do not publish annual reports with all necessary data in rupiah units for the 2017-2022 period	(10)
Manufacturing firms that do not report on corporate social responsibility initiatives in successive annual reports from 2017 to 2022	(12)
Manufacturing firms that have not made a profit in several years from 2017 to 2022	(4)
Total number of companies in the sample	120
Total sample observation for 6 years	720

Source: Research Data, 2022

Data analysis processes for descriptive statistics are those that provide an overview or description of a dataset. In this study, it is utilized to assess data alongside computations to clarify essential truths. Descriptive statistics measures are defined by (Ria, 2023) as the average (mean), standard deviation, lowest value, and highest value. Multiple linear regression with SPSS was utilized for examining the data. To examine absolute differences, run the normality, multicollinearity, autocorrelation, and heteroscedasticity tests before running multiple linear regression with t-tests, f-tests, and coefficient of determination tests.

The normality test determines whether or not the regression model, dependent and independent variables have a normal distribution. The multicollinearity test determines whether the regression model detects a relationship between the independent variables. The existence or absence of multicollinearity in the equation model is determined by testing using the Variance Inflation Factor (VIF). The autocorrelation test seeks to determine whether there is a relationship between the confounding errors in period t and the confounding errors in the t-1 (prior) period in the model under consideration. An autocorrelation problem exists when there is a correlation.

The heteroscedasticity test attempts to assess whether the derived model has a variance inequality between observations. A good regression model has no heteroscedasticity.

To establish the significance of each independent variable on the dependent variable, the t-test is utilized. Significant implies that the effect is generalizable to the entire population. The significance threshold used is 5%, or 0.05. The F test is used to determine the significance of all significant independent factors on the dependent variable. The significance limit used is 5%, or 0.05. R^2 measures how well the model explains variance in the dependent variable. The coefficient of determination ranges between 0 and 1. A low R^2 value suggests that the ability of the independent variables to explain the dependent variable is somewhat limited. A score close to one suggests that the independent variables provide almost all of the information needed to predict the dependent variable. In this study, the multiple linear regression technique is used to explore the effect of the dependent and independent variables. We adopt the following research model:

$$FNP = \alpha + \beta_1 CSR + \beta_2 MNO + \beta_3 INC + \beta_4 AUC + \beta_5 FMS + \varepsilon \text{ .... (1)}$$

Table 2. Variable Description

Variable Type	Variable	Variable description	Source
Dependent	Financial performance	Net profit after taxes / total assets	(Abdullah & Tursoy, 2020)
Independent	Corporate social responsibility	Dummy variable, 0 indicates no disclosure, while 1 indicates disclosure.	(Saeed et al., 2023)
Independent	Corporate governance:		
	Managerial ownership	Number of managerial shares / total number of outstanding shares	(Adelopo et al., 2023)
	Independent commissioner	Member of the independent commission / the overall amount of commissioners	(Itan & Khelen, 2022)
	Audit committee	$\sum$ Audit committee	(Abdullah & Tursoy, 2020)
Independent	Firm size	Natural logs (total assets)	(Abdi et al., 2022)

Source: Research Data, 2022

RESULT AND DISCUSSION

Analysis and Hypothesis Testing

Table 3. Descriptive Statistical Test Results

Variable	N	Min	Max	Mean	Standard Deviation
CSR (corporate social responsibility)	720	0.3485	0.8973	0.6248	0.1649
MNO (managerial ownership)	720	0.01	0.45	0.0892	0.07642
INC (independent commissioner)	720	0.34	0.52	0.3761	0.05477
AUC (audit committee)	720	0.72	6.00	0.8654	0.32920
FMS (firm size)	720	35.461	43.219	31.159	2.4352
FNP (financial performance)	720	0.06	0.28	0.0856	0.04578

Source: Data processed by SPSS, 2022

Table 3 test results show that manufacturing businesses have demonstrated a high level of corporate social responsibility, with a score of 0.8973 or 89%. Corporate social responsibility can help a firm's reputation and offer shareholders confidence to continue investing in the company. The corporate social responsibility variable's standard deviation is less than the average value of 0.1649, indicating that corporate social responsibility varies less significantly for manufacturing companies registered on the IDX. Managerial ownership is 0.0892 or 8.9% on average. This average demonstrates that the company's managers are also shareholders.

The average percentage of independent commissioners is 0.3761 or 37%. Independent commissioners are meant to increase supervision and avoid unethical management practices. The average audit committee is 0.8654 or 86%. The audit committee is meant to support the board of commissioners in maintaining the effectiveness of the internal control system and the external and internal auditors' roles. The variable firm size has a mean value of 31,159. The corporation's expanding substantial assets will result in a significant level of corporate profitability. The variable return on assets, which shows an average of 0.0856 or 8.5%, is a measure of the financial performance of the business. This average demonstrates that the corporation is extremely efficient in generating profits from its assets. The minimum return on assets is 6%, while the maximum is 28%.

Table 4. Results of the One-Sample Kolmogorov-Smirnov Test

N	Asymptotic significance 2-tailed	Standard	Description
720	0.926	>0.05	Normal data

Source: Data processed by SPSS, 2022

The Kolmogorov-Smirnov Test was used to establish normality in this study. The 2-tailed significance threshold at 5% is used to perform normality testing. If the asymptotic significance 2-tailed is greater than 0.05 or 5%, the data is said to be regularly distributed. The significance value of 0.926 in Table 4 is greater than the standard 0.05 (0.926 > 0.05), indicating that the research data is normally distributed.

Table 5. Results of the Multicollinearity Test

Variable	Tolerance	Standard	VIF	Standard	Description
Corporate social responsibility	0.928	>0.10	1.162	<10	No multicollinearity exists
Managerial ownership	0.586	>0.10	1.427	<10	No multicollinearity exists
Independent commissioner	0.275	>0.10	4.230	<10	No multicollinearity exists
Audit committee	0.263	>0.10	4.281	<10	No multicollinearity exists
Firm size	0.652	>0.10	1.564	<10	No multicollinearity exists

Source: Data processed by SPSS, 2022

Table 5 shows that corporate social responsibility, corporate governance (managerial ownership, independent commissioners, audit committees), and firm size have a tolerance value of > 0.10 and VIF < 10, indicating that multicollinearity does not exist.

Table 6. Results of the Autocorrelation Test

N	Asymptotic significance	Standard	Description
720	0.913	>0.05	Autocorrelation does not exist

Source: Data processed by SPSS, 2022

The autocorrelation test is a conventional assumption test used to assess whether in the model there is a correlation between the perturbing errors in period t and the perturbing errors in period t-1 (before). The regression model must be free of autocorrelation to be considered good. Table 6 shows that the 720 respondents generated an asymptotic significance (2-tailed) value of 0.913, which was greater than the standard value of 0.05 (0.913 > 0.05). As a result, it is possible to conclude that autocorrelation does not present in the regression data.

Table 7. Results of the Heteroscedasticity Test

Variable	Sig.	Standard	Description
Corporate social responsibility	0.873	>0.05	Heteroscedasticity does not exist
Managerial ownership	0.826	>0.05	Heteroscedasticity does not exist
Independent commissioner	0.684	>0.05	Heteroscedasticity does not exist
Audit committee	0.647	>0.05	Heteroscedasticity does not exist
Firm size	0.921	>0.05	Heteroscedasticity does not exist

Source: Data processed by SPSS, 2022

The heteroscedasticity test was performed using the Spearman Rho test, which involved regressing the residual absolute values to the independent variable values. Table 7 shows that the significance level > 0.05 is derived from the heteroscedasticity test results. It is possible to conclude that none of the variables exhibit heteroscedasticity.

Table 8. Multiple Linear Regression Test Results

Hypothesis	Independent Variable	Dependent Variable	β	t-stat	p-value	Conclusion
H1	Corporate social responsibility	Financial performance	0.282	2.258	0.033*	Accepted
H2	Managerial ownership	Financial performance	0.273	2.137	0.041*	Accepted
H2	Independent commissioner	Financial performance	0.425	2.136	0.049*	Accepted
H2	Audit committee	Financial performance	0.458	2.064	0.035*	Accepted
H3	Firm size	Financial performance	0.426	2.577	0.027*	Accepted
R Square					0.252	
F Statistics					4.651	
F Test Significance					0.001	
*p < 0.05						

Source: Data processed by SPSS, 2022

Table 8 shows that the Adjusted R Square result of the coefficient of determination test was 0.649. The result implies that corporate social responsibility, corporate governance (managerial ownership, independent commissioners, audit committees), and firm size may explain 64.9% of the company's financial performance. While other variables outside the model can explain the remaining 35.1% of the financial performance. Table 8 shows the F test findings, with Fcount 4.651 > Ftable 2.550 and a significance of 0.001 < 0.05. It is conceivable to conclude that the model used in this study is feasible. This means that the model can be used for further research.

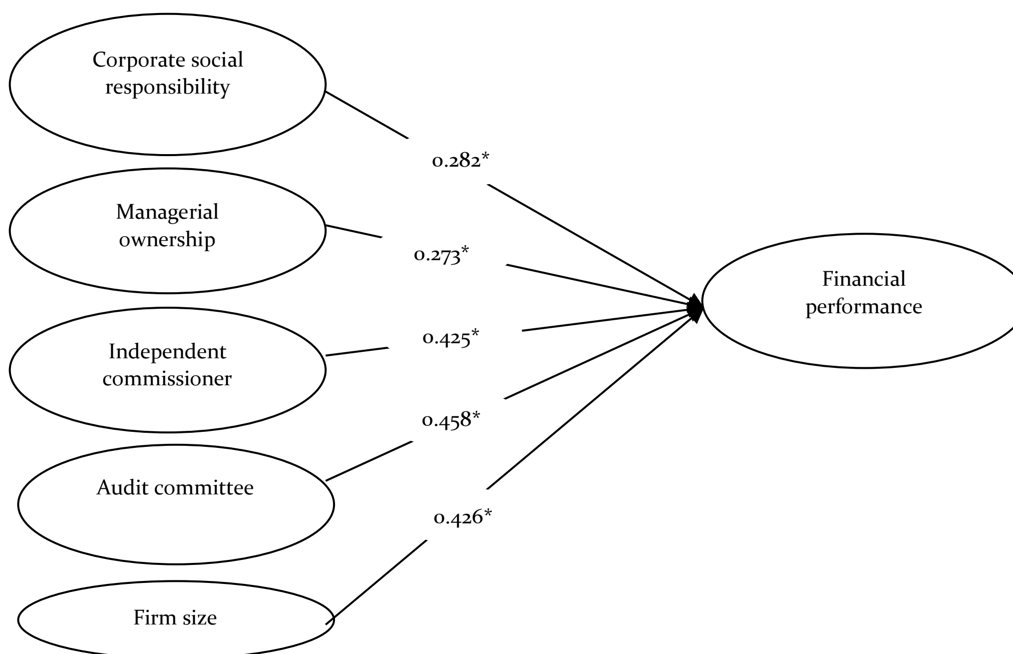

Figure 1. Model's Research

Figure 1 shows that the value of the impact of CSR on financial performance is 0.282 and statistically significant at 0.05, proving hypothesis 1 valid. The extent of managerial ownership impact is 0.273 and statistically significant at 0.05, showing hypothesis 2 valid that managerial ownership has a substantial impact on financial performance. The amount of the impact of independent commissioners is 0.425 and statistically significant at 0.05, demonstrating hypothesis 2 correctly that independent commissioners have a substantial impact on financial performance. The audit committee's impact has a value of 0.458 and is statistically significant at 0.05, demonstrating hypothesis 2 valid that the audit committee has a substantial impact on financial performance. The amount of firm size's impact on financial performance is 0.426 and statistically significant at 0.05, validating hypothesis 3.

DISCUSSION

The Impact of CSR (Corporate Social Responsibility) on Financial Performance

CSR **(**Corporate Social Responsibility) has a significant positive effect on financial performance. This study's findings are compatible with (Jung & Im, 2023), (Adamkaite et al., 2023), (Saeed et al., 2023), (Shahwan & Habib, 2023), (Liu et al., 2023), (Suttipun, 2023), (Chang et al., 2023), (Porzio et al., 2023), and (Khan et al., 2023). According to the findings of this study, The operations of the corporation in the form of CSR (Corporate Social Responsibility) toward the surrounding environment have a beneficial impact, which will be reflected in the company's earnings and increased financial performance in the long term.

According to the legitimacy theory, to acquire the public's trust, a corporation must conduct its operational activities in conformity with the values and norms prevalent in the surrounding community where the company operates (Saeed et al., 2023). One way the corporation may achieve this is by implementing CSR (Corporate Social Responsibility) practices.

Following the completion of the CSR (Corporate Social Responsibility) practice, the corporation will declare it in the annual report. The corporation publishes corporate social responsibility reports to improve the company's image among investors and consumers while also improving its financial performance (Shahwan & Habib, 2023). Manufacturing companies listed on the IDX protect their credibility by confirming lengthy dedication to stakeholders through CSR measures. As the company's performance satisfies its stakeholders' expectations, it might possess the ability to advance CSR, build public trust, and begin boosting the business's worth in the future. CSR efforts in manufacturing businesses may assist with keeping and drawing in highly skilled workers, foster a sense of loyalty, and a lengthy involvement among business staff members.

The Impact of Corporate Governance on Financial Performance

Managerial ownership has a significant positive effect on financial performance. The findings of this research line up with (Adelopo et al., 2023), (Ellili, 2023), (Boachie, 2023), (Zahid et al., 2023), (Sadaa et al., 2023), (Michaela & Kwasi, 2023), and (Singh & Rastogi, 2023). This study also shows that increasing managerial ownership in manufacturing businesses helps reduce agency conflict. Managerial share ownership will motivate managers to be cautious when making judgments since they will directly experience the rewards and drawbacks of the decisions they make (Adelopo et al., 2023). Because managerial ownership is already in place, it can affect the pooling of interests between managers and owners, prompting managers to take action to enhance the business's financial performance (Ellili, 2023).

Independent commissioner has a significant positive effect on financial performance. This study has been confirmed by the outcomes of (Rahayu et al., 2022), (Junus et al., 2022), (Hindasah & Akmalia, 2023), (Ria, 2023), and (Ronoowah & Seetanah, 2023). The study found that independent commissioners had a positive and significant impact on their financial performance. Independent commissioners have a substantial impact on the company's capacity to accomplish objectives and improve financial performance (Ronoowah & Seetanah, 2023). The existence of excellent independent commissioners will positively impact the financial performance of the firm. The greater the proportion of independent commissioners, the heavier the penalties for poor performance (Ria, 2023). More independent commissioners in manufacturing businesses will give a better level of monitoring, lowering the possibility of managers acting solely for the advantage of management, and the business's financial performance will increase.

The audit committee has a significant positive effect on financial performance. This study is supported by research published by (Mihail et al., 2022), (Rahman & Ali, 2022), (Boachie, 2023), (Ria, 2023), (Kasbar et al., 2023), (Enam et al., 2023), and (Mamatzakis et al., 2023). The presence of an audit committee in manufacturing businesses will improve the business's financial performance because it is entrusted with aiding the board of commissioners in monitoring management's financial reporting process to strengthen the credibility of financial reports.

The Impact of Firm Size on Financial Performance

Firm size has a significant positive effect on financial performance. This study's findings are compatible with (Abdi et al., 2022), (Noone et al., 2022), (Adomako & Tran, 2022), (Hai et al., 2022), (Mushafiq et al., 2023), (Weinzimmer et al., 2023), (Lee & Raschke, 2023), (Khan et al., 2023), and (Boachie, 2023). This study is related to stakeholder theory since an increase in large assets in the company would result in a high level of corporate profitability (Noone et al., 2022). The results of an excellent company's financial performance are defined by its size, and the more the firm's assets, the greater the increase in the business's financial performance.

The size of a firm is crucial because it affects its competitiveness. Because small and medium-sized enterprises have fewer powers than large enterprises, they might discover it challenging to successfully compete with large enterprises, especially in markets where competition is intense. Consequently, industrial tactics might differ based on the size of the firm, affecting its influence on business achievement. According to the Central Bureau of Statistics for 2022, PT Semen Indonesia (SMGR), PT Gudang Garam Tbk. (GGRM), and PT Astra International Tbk. (ASII) are among the large manufacturing enterprises registered on the IDX. These manufacturing enterprises are highly competitive, allowing them to expand the company's total assets and improve the financial performance of manufacturing firms.

CONCLUSION

CSR, CG, and the size of the firm are all having a considerable positive impact on financial performance, based to study and testing findings. Financial performance is significantly influenced by corporate governance as assessed by managerial ownership, independent commissioners, and audit committees. The information obtained from this study should be used as decision-making material for businesses to increase the company's worth and urge investors to invest in the company's shares. In terms of identifying internal elements that influence financial performance, this research has implications for enterprises, particularly for company management. Companies must transparently disclose trackable information. For a good corporate governance system to function efficiently and for financial performance to improve, companies must continue to enhance and examine the quality of managerial ownership, independent commissioners, and audit committees. Competition, financial difficulties, changes in demand, social changes, natural disasters, and other issues can all harm business performance if preventive actions to maintain and improve financial performance are not done.

The research's main limitation is that it only uses one of the four approaches available for assessing a company's financial performance, particularly return on assets. Other techniques for financial performance calculation, such as return on equity, net profit margin, or gross profit margin, are expected to be employed in future research. Increasing the number of samples in a longer observation time should result in more generalizable results.

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