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The Effect of CSR Disclosure and Profitability on Firm Value in Food and Beverage Sub Sector

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Abstract: This study aims to obtain empirical evidence related to the effect of Corporate Social Responsibility (CSR) disclosure and profitability on the value of food and beverage subsector companies. The research population is a food and beverage subsector manufacturing company listed on the Indonesia Stock Exchange from 2019 to 2021. This study used a purposive sampling technique in sampling and obtained a sample of 48 companies with a total of 130 observational data. CSR disclosure in research is measured using GRI Standards, and profitability is proxied by Return on Equity (ROE). Firm value is proxied by Tobin's Q with period t + 1, the use of periods in firm value is a novelty in research. The analysis technique used is multiple linear regression analysis. The results showed that CSR disclosure has a significant negative effect on firm value. While profitability has a significant positive effect on firm value. This study contributes to the literature by introducing a temporal perspective in firm value measurement, highlighting the delayed impact of CSR disclosure and profitability on firm performance.

Keywords: CSR disclosure, firm value, profitability.

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INTRODUCTION

Developments in the business world are increasingly complex and happen so quickly and unexpectedly. To be ahead of the competition, companies must be able to come up with new ideas and maintain operations with high standards of efficiency and effectiveness. The company this to increase company value. Firm value is an important factor because it allows outsiders to know the company's reputation and performance (Musa & Yahaya, 2023).

One indicator to see the value of the company is by looking at its stock price. A high share price level can strengthen the attractiveness of a company to investors (Hidayat & Khotimah, 2022). Through an increase in stock price performance, companies can evaluate the effectiveness of management in managing corporate entities (Samara & Nassar, 2023). This can strengthen investor confidence in maintaining investment commitment to the company.

One of the measurement tools that can illustrate market trends, investor sentiment, and the performance of a company is the Composite Stock Price Index (JCI). Based on data from the Central Bureau of Statistics, the JCI fluctuated between 2019 and 2022, with increases occurring in 2019, 2021, and 2022 (Badan Pusat Statistik, 2023). Specifically, the JCI in 2019 recorded an increase of 1.70% compared to the previous year, reaching a level of 6,299.54. The consumer goods sector led the JCI in 2019, with its share price reaching 2,053. In 2020, the JCI experienced a decline of 5.09% compared to 2019. However, the consumer goods industry sector was still the second highest sector after mining, with its stock price index reaching 1,832 from 5,979.07. Furthermore, at the end of 2021, the JCI showed a positive performance with an increase of 10.08% to reach the position of 6,581.48. At the end of 2022, the JCI reached a position of 6,850.62, which increased by 4.09%. The Jakarta Composite Index (JCI) is a measurement tool used to monitor the latest developments in the capital market. Investors can use the JCI as a reference when making investment decisions. Changes in the composite stock index will also impact on the value of a company.

Table 1 Average Firm Value in the Food and Beverage Sub Sector

Year	Average Firm Value
2018	1.897
2019	1.928
2020	1.765
2021	1.687
2022	1.633

Source: Processed data, 2023

The phenomenon of the increase in JCI is inversely proportional to the value of companies in the consumer industry sector, especially in the food and beverage sub-sector. The average company value of the food and beverage sub-sector experienced a downward trend. Based on the data in Table 1, there is an increasing trend in company value of 1.63% in 2019 compared to the previous year. Meanwhile, from 2020 to 2022, there was a decrease every year, with a decrease rate of 8.45% in 2020, 4.40% in 2021, and 3.21% in 2022. As a result of the consistent decline in company value over three years, the average company value was 1.765, 1.687, and 1.633. The phenomenon of the growth of the JCI and the decline in the average company value draws attention to the issue of discussing the value of a company. The stock price reflects the evaluation of the company's value. An increase in the stock market price encourages investor interest in acquiring shares, so that with the increase in demand for shares, the value of the company tends to increase proportionally.

One of the cases related to company value that has occurred in Indonesia is the case of PT Tiga Pilar Sejahtera Food. According to Bareksa.com, in 2017 the subsidiary, PT Indo Beras Utama, committed fraudulent practices by selling prices that did not match the actual product description. The existence of this case caused a decline in stock prices, causing the company's economy to be unhealthy. The incident caused management to manipulate financial statements. It was revealed that one of the former members of the board of directors of PT Tiga Pilar Sejahtera Food made a mistake, namely irregularities in the presentation of the 2017 financial statements with the intention of increasing the company's share price. The manipulation of financial statements caused investors to suffer losses. In addition, investors receive inaccurate data that makes investors interested in allocating funds to the company after seeing an increase in stock prices. This results in investors making the wrong decision and raises doubts about the integrity of the company (Christian & Jullystella, 2021).

Various factors can affect the value of a company. Information about the condition of a company can be accessed through the annual report published by the company. One of the non-financial pieces of information needed by investors when they evaluate the company they will invest in is information related to corporate social responsibility (Handayati et al., 2022). CSR is an initiative mandated to companies as a manifestation of commitment to stakeholders and communities around their operational locations. CSR emerged as an awareness of the responsibility for company operations, which includes economic, social and environmental dimensions (Shofiani et al., 2022).

Companies do not consider the consequences that may arise due to operational activities carried out, so this can cause a problem of environmental damage, which ultimately causes a social problem in the surrounding community. According Elkington (1997), the evaluation of company performance can be done through three main dimensions, namely profit (profit), planet (environment), and people (people). This approach is known as triple bottom lines (TBL). With this concept, it is expected that the company can produce a balance between these three aspects and not only prioritize financial gain. This is important for the company so that the company can be sustainable. Based on Law No. 40 of 2007 concerning Limited Liability Companies, must carry out its social and environmental responsibilities to the community. With this regulation, it is hoped that companies can implement CSR programs so that it becomes an obligation for companies.

According to Hatane et al. (2021), Corporate Social Responsibility (CSR) is a company's obligation to contribute to the welfare of the community in which the company operates. In accordance with its purpose, the implementation of CSR needs to provide benefits to society. CSR activities and the utilization of labor with all its functions, skills, and attributes have a significant influence on increasing growth and productivity. An organization performs better even in small volumes when it utilizes its human resources efficiently because Employee Financing Diversity is a major contributor in increasing profitability over other indicators and provides opportunities to sustain and compete in international markets (Jamil et al., 2023). Stakeholder theory outlines the groups that an organization is responsible for. To maintain a positive relationship with stakeholders, businesses must give in to their wants and needs. Stakeholders need knowledge about the company's activities to make decisions, so the company must offer a variety of information to gain their support. Company transparency towards stakeholders can be seen from the disclosures made in annual reports and sustainability reports (Darmawan & Sudana, 2022). By disclosing CSR, stakeholders can evaluate and know the extent to which the company carries out its social responsibility. This is in accordance with the purpose of stakeholder theory, which is to help company management increase value creation due to actions taken and reduce losses that may occur for stakeholders due to risks faced (Dewi et al., 2021). CSR activities help companies establish good relations with the community. In this era, companies cannot establish good relations with society without doing good for society (Javed et al., 2023).

Previous research related to firm value and CSR disclosure has inconsistent results. Therefore, CSR disclosure reflects the company's commitment to the principle of sustainability and contributes to increasing economic value. Another study conducted by Afifah et al. (2021) explored the impact of CSR and corporate reputation on firm value assessment in the manufacturing sector in 2018. The findings of this study indicate a negative correlation between CSR and firm value assessment. This result is due to the costs incurred by CSR activities without generating substantial benefits for the company. As a result, CSR is considered to have an important detrimental effect on firm value (Rosyid et al., 2022). The implementation of CSR in Indonesia is regulated in

Law No.40 of 2007 concerning Limited Liability Companies which stipulates that companies have a responsibility to improve the quality of life and the environment. This law is enforced through Government Regulation No. 47/2012 on sanctions for companies related to natural resources that fail to fulfill their social and environmental responsibilities (Devie et al., 2018).

In addition to CSR, company performance and value are also influenced by company profitability. Profitability serves as a parameter in evaluating overall management efficiency, which reflects the extent to which profits are generated against sales and investment. Companies that have high profitability are considered capable of providing signals to investors to be able to carry out investment activities in a company to increase company value (Putra & Widati, 2022). The information provided by a company through financial reports can provide a positive signal of whether the company has good prospects (good news) or vice versa in the future (Kuncorowati et al., 2021). One of the metrics used to assess company profitability is Return on Equity (ROE), which divides net income and capital invested in shares. According to Yahya & Fietroh (2021) ROE is considered a reflection of the company's intrinsic value and shareholder value. An increase in ROE indicates an increase in company income (Risqi & Suyanto, 2022).

Yahya & Fietroh's research (2021) produced different findings. Research on state-owned banks from 2015 to 2019 and found that ROE does not affect company valuation. This shows a correlation between high ROE levels and a decrease in company value. The inconsistent results of previous research on the effect of CSR and profitability on firm value encourage researchers to be interested in conducting further research. The selection of this research focus is driven by the improved performance shown by companies in the food and beverage subsector. In 2019, 2020, 2021, and 2022, the Gross Domestic Product (GDP) of the food and beverage sub-sector increased rapidly. Specifically, in 2019, the GDP of this subsector increased by 7.78% compared to the previous year, according to data from Mustajab (2023). Although in 2020 there was a decrease of 1.58%, with a GDP of IDR 755.91 trillion, in 2021 there was an increase of 2.54%, and in 2022 there was an increase of 4.9 percent, with the GDP peaking in that year at IDR 813.06 trillion. Growing household consumption is driving Indonesia's economic growth, and the food and beverage industry has emerged as one of the fastest growing sectors, as shown by the strong GDP growth in this area. Companies engaged in food and beverages show promising prospects for future growth and have a large market share.

An indicator of the increasing performance of food and beverage companies can be seen based on one of the trends occurring in Indonesia, namely an increase in the amount of instant noodle consumption. Data from Annur (2023), shows that the consumption of instant noodles in Indonesia continues to increase every year, reaching 14.26 billion packs in 2022, which marks an increase of 7.46% compared to the previous year. The increase in instant noodle consumption also occurred in 2021, with an increase of 4.98%, and in 2020 by 0.95%. Meanwhile, the global consumption of instant noodles reached 121.2 billion packs in 2022. Thus, instant noodle consumption in Indonesia accounts for around 11.76% of the total instant noodle consumption worldwide. The continuous consumption of instant noodles causes unfavorable impacts on health, such as obesity, headaches, and other diseases (Sicca, 2022) This means that the impacts that occur due to the consumption of instant noodles can be a question of whether the company has implemented good CSR. CSR is carried out by the company and how well the company manages a risk that may arise. The more successful a company can be in corporate social responsibility, the better the company manages and controls the risks that arise, and the higher the value of the company.

This research refers to the research of Rosyid et al. (2022) who looked at how CSR disclosure impacts the evaluation of firm value in the mining sector from 2015 to 2019, where the study used the sustainability report quality assessment index as a tool to measure CSR disclosure. Furthermore, this analysis draws on the research of Candra & Cipta (2022) who examined the relationship between CSR disclosure and profitability using Return on Asset (ROA) as a metric to measure profitability. The focus of this research is on companies operating in the food and beverage sub-sector from 2019 to 2021. Firm value is evaluated over the t+1 period using Return on Equity (ROE) as a metric for measuring company profitability.

METHODS

The focus of this research is companies operating in the food and beverage subsector, which are listed on the Indonesia Stock Exchange for the period 2019 to 2021. The sample screening was carried out through a purposive sampling method, which is a sampling approach based on certain predetermined criteria. The number of companies selected as research samples is adjusted to the predetermined requirements, thus providing an adequate framework for in-depth analysis of the characteristics and performance of companies in the food and beverage sub-sectors. The sampling is described in detail in Table 2.

Table 2 Sampling Results

No	Sampling Criteria	Amount
1	Food and beverage sub-sector companies listed on the IDX during the 2019-2021 period	84
2	Food and beverage sub-sector companies that do not regularly and completely publish annual reports during the 2019-2022 period	(33)
3	Food and beverage sub-sector companies that have never issued a sustainability report at least once in the 2019-2021 period	(3)
Number of companies that meet the criteria		48
Total sample for 3 years (3 x 48 companies)		144
Data outlier		14
Total sample used		130

Source: Processed data, 2023

The type of data used in this research is secondary data with a quantitative approach, which refers to information collected from official and reliable data sources. The data analyzed includes CSR disclosures and company financial data. Data sources were obtained from annual reports and corporate sustainability reports that can be accessed through the official portal of the Indonesia Stock Exchange (www.idx.co.id) or the official website of each company. The use of this type of data makes it possible to conduct an in-depth, fact-based analysis related to CSR disclosure and the financial performance of companies in the food and beverage sub-sector and ensure the accuracy and reliability of the research results.

The firm value reflected in the market price has the potential to provide optimal returns to shareholders by increasing the value of shares. The increase in share value will generate profits for shareholders. In this study, Tobin's Q is used as a metric to evaluate firm value. The Q ratio includes various evaluation criteria. A Q ratio below one indicates that the book value of the company's assets exceeds its market value, which indicates the company's inefficiency in managing assets and slow investment growth. Conversely, when the Q ratio exceeds one, it indicates that the market value of the company exceeds the book value of its assets, which indicates efficiency in asset management and higher value creation through investment in assets (Holly et al., 2022). Tobin's Q is used as a method to assess firm value, with the following formula:

$$Q = (MVE + D)/TA$$

Description: Q = Tobin's Q, MVE = Market Value Equity, D = Debt or total company liabilities, TA = Total company assets

This study adopts the Global Reporting Initiative (GRI) Standards framework as the basis for evaluating the level of CSR disclosure by companies. This approach provides a systematic and objective framework for measuring and comparing the level of CSR disclosure between the companies in this research sample, providing a more comprehensive understanding of CSR practices. In addition, the scores generated from each of these CSR indicators are combined in the aggregate to form a total score for each company (Karina & Setiadi, 2020), as further explained in the analysis listed below.

$$CSRIj = \frac{\sum Xij}{nj}$$

Description: CSRIj = CSR index of the company, ΣXij = Number of items disclosed by the company, nj = total number of GRI Standards disclosure items (totaling 77 indicators).

Return on Equity (ROE) is a metric that assesses a company's ability to generate profitability. A high level of ROE reflects the company's capacity to provide significant profits to its shareholders (Dewi et al., 2022). ROE provides an overview of the extent to which the company is able to utilize its equity capital to create value for shareholders.

ROE indicates the company's efficiency in generating profits from the capital owned by shareholders. Therefore, a high ROE is considered a positive indicator of the company's financial performance, which can increase investor confidence and potential growth in company value. ROE is calculated using the following formula:

$$ROE = \text{Net Profit}/\text{Total Equity}$$

In the context of this study, the control variables consist of leverage and firm size which are considered to influence firm value. Leverage refers to the ratio between total debt and equity (Muthi'ah & Chang, 2023). On the other hand, firm size can be measured by calculating the natural logarithm of the company's total assets, as described by Bon & Hartoko (2022).

Control variables are important in the analysis of firm value because they affect the capital structure and scale of the firm's operations, which in turn can affect the assessment of firm value by shareholders and investors. Therefore, the effect of leverage and firm size on firm value is important in this study.

Data processing in this study was carried out by utilizing IBM SPSS Version 26 software, which is one of the statistical analysis tools commonly used in scientific research with analysis in the form of descriptive statistics, classical assumption test, coefficient of determination analysis, ANOVA significance test (F test), and individual parameter significant test (t statistical test) (Ghozali, 2011). This analysis method is used to explore and interpret the relationship between variables and analyze the characteristics of the data collected. This approach provides a solid framework for carrying out comprehensive statistical analysis to achieve research objectives. The following equation represents the multiple linear regression analysis approach used in this study:

$$FV = \alpha + \beta1\ CSR + \beta2\ ROE + \beta3\ LEV + \beta4\ SIZE + \varepsilon$$

Description: FV = firm value, α = constant, CSR = CSR Disclosure, ROE = Return on Equity as a proxy for profitability, LEV = Leverage, SIZE = Company Size, and ε = error term (estimator error rate).

RESULTS AND DISCUSSION

The descriptive statistical analysis conducted in this study provides a comprehensive picture of the characteristics of the variables. The process involves presenting a summary of key statistics, including the minimum, maximum, mean, and standard deviation values for each variable being analyzed. The results of this descriptive analysis provide a solid foundation for understanding the distribution and variability of the data collected, as well as providing in-depth knowledge of the underlying patterns and characteristics of the research variables. This approach can create a deeper and more detailed understanding of the existing dataset, which then becomes the basis for further analysis. The following are the results of the descriptive analysis in this study:

Table 3 Descriptive Statistics Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
FV	130	0.5331	6.5244	1.660465	1.0280429
CSR	130	0.0519	0.7662	0.265435	0.1530447
ROE	130	−0.4353	0.5390	0.093692	0.1405808
LEV	130	−2,1981	7.9407	0.981938	1.0645947
SIZE	130	25.2518	32.8204	28.936077	1.7134788

Source: SPSS 26 data processing

In Table 3, the company value, which is the dependent variable, shows a minimum value of 0.5331 achieved by PT Austindo Nusantara Jaya Tbk in 2021 and a maximum value of 6.5244 achieved by PT Multi Bintang Indonesia Tbk in 2020. The average value of the company is 1.660465 with a standard deviation of 1.028042, which indicates that the average value is greater than the standard deviation, meaning that the dependent variable data sets are all the same. In addition, food and beverage sub-sector companies with an average value exceeding 1 indicate that they have a market value that exceeds the value of their tangible assets, indicating good asset management practices.

The first independent variable, CSR disclosure, has a minimum value range of 0.0519 to a maximum of 0.7662, achieved by PT Wilmar Cahaya Indonesia Tbk in 2019 and PT Sampoerna Agro Tbk in 2021, with an average CSR disclosure of 0.265435. This average CSR disclosure is relatively low when compared to the total indicators based on the GRI Standards, which indicates the limited CSR disclosure among companies in the food and beverage sub-sector. The standard deviation of CSR disclosure is 0.1530447, which indicates homogeneity in the data.

ROE, the second independent variable used as a measure of profitability, has a minimum value range of −0.4353, achieved by PT Prasidha Aneka Niaga Tbk in 2020 to a maximum of 0.5390 achieved by PT Central Proteina Prima Tbk in 2020, with an average ROE of 0.093692 and a standard deviation of 0.1405808. A standard deviation that exceeds the average indicates that the ROE data set shows a large amount of data difference or heterogeneity.

In terms of the first control variable, the minimum value of leverage is −2.1981 to reach a maximum value of 7.9407, with an average of 0.981938 and a standard deviation of 1.0645947. The standard deviation value that exceeds the meaning indicates that the data is heterogeneous. Finally, the second control variable, company size, ranges from 25.2518 to reach a maximum value of 32.8204, with an average company size of 28.936077. With an average value exceeding the standard deviation, the company size data is more homogeneous.

First, the normality test uses the Kolmogorov-Smirnov test with the Monte Carlo equation. Based on Ghozali (2011) the residual variable is normally distributed as seen from the Monte Carlo significance value. The results of the normality test are presented in Table 4.

Table 4 Normality Test Results

	Unstandardized Residuals
N	130
Asymp Sig. (2-tailed)	0.001
Monte Carlo Sig (2-tailed)	0.089

Source: SPSS 26 data processing

Table 4 shows that the results of the One-sample Kolmogorov-Smirnov Test normality test with 130 observation data resulted in a Monte Carlo sig. (2-tailed) value of 0.089 more than 0.05. This means that the remaining data is normally distributed.

Then, the multicollinearity test is carried out using the Tolerance and Variance Inflation Factor (VIF) values, with the following test results are presented in Table 5.

Table 5 Multicollinearity Test Results

Variable	Tolerance	VIF
CSR	0.734	1,363
ROE	0.922	1,085
LEV	0.964	1,037
SIZE	0.693	1,444

Source: SPSS 26 data processing

By using the test calculation of tolerance value and variance inflation factor (VIF), the multicollinearity test findings are based on Table 5. In the regression model, multicollinearity between independent variables does not exist if the tolerance value is greater than 0.10 and the VIF value is smaller than 10. All independent and control variables, namely CSR disclosure, ROE, leverage, and company size, have tolerance values of 0.734, 0.922, 0.964, and 0.692 where the tolerance value is greater than 0.10 and VIF values of 1.363, 1.085, 1.037, and 1.444 where the VIF value is less than 10, indicating no multicollinearity between independent variables in the research regression model. This result is based on the multicollinearity test results.

Then, proceed with the autocorrelation test using the Durbin-Watson test or DW test to detect the presence or absence of autocorrelation. The results of the autocorrelation test are presented in Table 6.

Table 6 shows the results of the autocorrelation test where the Durbin-Watson (DW) value is 2.194, where the upper limit (du) is 1.7774, and the value (4-du) is 2.2226. The requirement for the absence of autocorrelation is the value of du < d < 4-du. The results showed a value of 1.7774 < 2.194 < 2.2226, meaning that there were no autocorrelation symptoms.

Table 6 Autocorrelation Test Results

Model Summary b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,469a	0.220	0.195	0.9224045	2,194
a. Predictors: (Constant), SIZE, LEV, ROE, CSR					
b. Dependent Variable: FV					

Source: SPSS 26 data processing

The last classic assumption test is the heteroscedasticity test. The Spearman's-Rho test is used to test for heteroscedasticity. When the regression model is good, heteroscedasticity can be avoided. The results of the heteroscedasticity test are presented in Table 7.

Table 7 Heteroscedasticity Test Results

	Variable		Unstandardized Residuals
Spearman's Rho	CSR	Sig. (2-tailed)	0.525
	ROE	Sig. (2-tailed)	0.077
	LEV	Sig. (2-tailed)	0.928
	SIZE	Sig. (2-tailed)	0.846
	Unstandardized Residuals	Sig. (2-tailed)	,

Source: SPSS 26 data processing

The results of the heteroscedasticity test are shown in Table 7, where each variable has a significance value above 0.05. These results indicate that the regression model does not have heteroscedasticity.

In the initial stage of analysis, the coefficient of determination (R2) test is used to determine the extent to which the independent and control variables are able to explain the dependent variable. This step is to understand how much the independent and control variables contribute to the variation in the dependent variable, thus providing deeper knowledge about the relationship between variables in the context of this study. The results of this analysis are presented in Table 8.

Table 8 Coefficient of Determination Results

Model Summary ^{b}			
R	R Square	Adjusted R Square	Std. Error of the Estimate
0.469a	0.220	0.195	0.9224045
a. Predictors: (Constant), SIZE, LEV, ROE, CSR			
b. Dependent Variable: FV			

Source: SPSS 26 data processing

Table 8 shows the coefficient of determination for the dependent variable firm value, which shows an Adjusted R Square value of 0.195, equivalent to 19.5%. This finding indicates that the independent variables, which include CSR disclosure and profitability represented by ROE, and control variables, such as leverage and firm size, can explain about 19.5% of the variance in firm value. Variables outside the study explain the remaining 80.5%.

Furthermore, the ANOVA significance test is conducted to see the simultaneous influence of all independent variables and control variables on the dependent variable. The results of the F Statistical test are presented in Table 9.

Table 9 F Statistical Test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29,983	4	7,496	8,810	0,000***
	Residual	106,354	125	0.851		
	Total	136,337	129			
a. Dependent Variable: FV						

Notes: ***α < (0.001)
Source: SPSS 26 data processing

Table 9 shows the results of the F statistical test with a significant value of 0.000. This figure is below the conventional significance limit of 0.05, indicating that the regression model involving the independent variables of CSR disclosure and profitability (proxied by ROE), as well as the control variables of leverage and firm size, has a significant influence on firm value which is the dependent variable.

In addition, the final hypothesis testing requires the use of the t-statistical test to test the significance of each parameter.

Table 10 Results of the t-statistical test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3,235	1,551		2,086	0.039**
CSR	–1,807	0.619	–0.269	–2,917	0.004***
ROE	2,258	0.602	0.309	3,753	0,000***
LEV	–0.167	0.078	–0.173	–2,149	0.034**
SIZE	–0.039	0.057	–0.066	–0.693	0.489

Notes: **α< (0.05), ***α< (0.001)
Source: SPSS 26 data processing

The significance level of the independent variable CSR disclosure is 0.004, as shown by the data in Table 10, which shows the results of the t statistical test. The value is below the significance threshold of 0.05 with a coefficient of –1.807, which indicates a negative orientation of the relationship. Consequently, the conclusion can be drawn that CSR disclosure has a significant and negative influence on firm value. On the other hand, the level of profitability, represented by ROE, has a significant level of 0.000 and a coefficient of 2.258, which indicates a positive correlation. This finding, with a significance level of less than 0.05, indicates that profitability has a significant and positive influence on firm value.

In addition, the t-test for the first control variable, leverage, showed a significance level of 0.034 and a coefficient of –0.167, indicating a negative direction of the relationship. This finding reveals that leverage has a significant and negative impact on firm value, as the significance value is below 0.05. Meanwhile, firm size as the second control variable shows a significance level of 0.489 and a coefficient of –0.167, which indicates that there is no effect of firm size on firm value.

The results of the previous hypothesis test show that the amount of CSR disclosure and firm value determined by Tobin's Q show an opposite relationship. In CSR disclosure with GRI Standards, which include GRI 200, GRI 300, and GRI 400, the results show that there is a significant negative effect on firm value. This finding is different from previous research by Qonita et al. (2022) dan Tarjo et al. (2022) who found a significant and positive correlation between CSR disclosure and firm value. However, given that the test results show a negative effect of CSR disclosure on firm value, the first hypothesis (H1) is not supported.

Companies in Indonesia typically incorporate CSR practices into their operations as evidence of their commitment to meeting stakeholder needs. The Republic of Indonesia Law 40/2007 stipulates that companies are obliged to perform social and environmental actions, reinforcing this commitment (Devie et al., 2018). However, facts show that companies ignore these matters. This can be seen in environmental issues such as improper waste disposal, which adversely affects the environment and local communities (Farahdiba et al., 2023; Ginting et al., 2024; Meiryani et al., 2022).

The findings of this study indicate that CSR disclosure can influence firm value in a negative direction, especially in the food and beverage sub-sector. This result is supported by the study of Afifah et al. (2021) and Rosyid et al. (2022), which revealed that CSR disclosure reduces firm value. CSR disclosure is considered to influence the decline in firm value. Companies in Indonesia that have carried out CSR activities tend to experience a decrease in profits, which can result in a decrease in stock returns and dividends to stakeholders (Rahayu & Agustina, 2022). In addition, investor interest in food and beverage sector companies will decrease and will ultimately reduce company value (Abbas & Hidayat, 2020).

Food and beverage companies in the country have experienced various challenges during the 2020–-2022 period. The main challenge is the taste of consumers who increasingly prefer halal and healthy food. This has led to companies having to make various adjustments in their supply chains, including halal certification, product innovation, and improved hygiene standards (Sari, 2022) However, these measures do not come without cost. Production costs are increasing, mainly due to halal certification and efforts to develop products that meet certain health standards. Companies must find a balance between meeting consumer needs and maintaining their profitability. Not only that, but the Nestle scandal, which involved more than 60% of unhealthy products, raised concerns in the community about food and beverage products as a whole (Bestari, 2021) This can harm the image of the industry in general and lower the value of companies involved in this industry due to negative perceptions from stakeholders. Thus, the lack of legitimacy from society towards food and beverage products results in companies' CSR activities no longer appealing to the public.

The effects of the pandemic and the increase in food prices between 2020–2022 also impact consumer purchasing power and buyer interest in food and beverage products (National Food Agency, 2022). Companies may experience a decline in sales and profits due to difficult economic conditions, putting additional pressure on company value. Consequently, the increase in food prices during the Covid-19 outbreak has triggered a negative response from stakeholders and decreased the value of the company.

The results of the analysis of the profitability aspect show that an increase in ROE is directly proportional to the improvement in firm value. This result implies that there is a positive correlation between higher ROE levels and increased firm value. In line with research by Wahyuni & Gani (2022) and (Sutomo & Budiharjo, 2019) which shows that ROE has a large and favourable impact on firm value. The high value of ROE reflects a high rate of return on capital. At the same time a company with a strong ROE level indicates that the company has managed to utilize shareholders' capital effectively. ROE is a picture of high profitability, so it can be a key indicator of how strong and developed the company is, which can attract investors to buy shares. As a result, the value of the company is likely to rise along with the increase in demand for shares.

The results of this study are in accordance with signal theory, where abnormal ROE is used as a signal of an increase or decrease in the company's financial performance. Abnormal positive ROE is considered an indicator of strong financial performance, which benefits investors. Investors strongly consider information about improving their financial performance, especially through ROE, when making investment decisions (Dempsey & Sheng, 2023; Prasad et al., 2021; Yu, 2024) A high level of ROE has the potential to increase investor confidence in the company's financial stability and growth prospects.

The results of the analysis of the control variables reveal that the leverage control variable has a significant negative effect on firm value. This means that companies that have a high level of debt may face a greater risk of default, thus affecting the decline in firm value (Serolin, 2023). This result is consistent with signal theory which states that investors' investment decisions are influenced by information disseminated by the company through these signals. A high Debt to Equity Ratio (DER) value makes the company viewed negatively by investors (Meki, 2023; Hu et al., 2024). This affects the volume of stock trading and ultimately reduces the value of the company.

Then, the analysis results show that the firm size control variable does not effect on firm value. It can be seen from the significance value that exceeds 0.05. When investors make investment choices, investors do not consider company size. Studies show that the company's asset management is not at its best, which makes the business more difficult to generate (Bon & Hartoko, 2022). Therefore, despite having larger total assets, a business does not inherently guarantee increased profitability.

CONCLUSION

Based on the research findings, it can be concluded that there is a significant negative influence between CSR disclosure and firm value. This suggests that higher involvement in CSR efforts by companies requires greater allocation of financial resources. This may result in reduced profitability for the company, which in turn reduces the return on shareholders' investment and reduces the overall value of the company. Conversely, there is a significant positive influence between profitability and firm value. This implies that higher levels of profitability achieved by the firm are associated with higher firm valuation. Within the realm of this study, several constraints emerged as considerations for future research evaluation. Certain companies demonstrated the need for comprehensive disclosure in their sustainability reports and provided limited information regarding CSR activities. In addition, some companies' sustainability reports do not comply with the GRI Standards, potentially resulting in subjective evaluations. The scope of this study is limited to companies operating in the food and beverage sub-sector listed on the Indonesia Stock Exchange, thus limiting the generalizability of the findings exclusively to a particular sub-sector and precluding broader applicability across the entire sector of companies listed on the Indonesia Stock Exchange. Therefore, each company must provide comprehensive information related to CSR disclosure in its annual report and sustainability report. These reports should carefully outline the CSR disclosures made by each company, thus minimizing subjective interpretations in the evaluation of CSR disclosure effectiveness. In addition, future scientific research may adopt varied and contemporary measurement standards, such as the application of the Global Reporting Initiative (GRI) Standard 2021. This updated standard not only introduces novelty in the indicators disclosed in terms of quantity and categorization, but also allows subsequent research findings to serve as a comparative benchmark against this study. Future research may include subjects from various industry sectors, thus facilitating a broader scope of analysis and allowing the findings of such research to serve as a comparative benchmark to this study.

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