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Effects of CSR Disclosure, Green Product Innovation, Firm Size, Leverage, and Liquidity on Financial Performance of Indonesian Consumer Non-Cyclicals Firms

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Abstract

This study analyzes the partial and simultaneous effects of Corporate Social Responsibility Disclosure (CSRD), Green Product Innovation (GPI), Firm Size, Leverage, and Liquidity on the financial performance of Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during 2021–2025. An associative quantitative approach was applied using secondary data from annual financial and sustainability reports. Of 132 companies in the population, purposive sampling yielded 28 companies and 140 firm-year observations. Financial performance is proxied by Net Profit Margin (NPM); CSRD and GPI are measured with disclosure indices based on selected GRI indicators; Firm Size is the natural logarithm of total assets; Leverage is the Debt to Equity Ratio (DER); and Liquidity is the Current Ratio (CR). Data were analyzed with multiple linear regression in IBM SPSS 22, preceded by classical assumption tests. CSRD ($p = 0.017$) and Liquidity ($B = 0.134$; $p = 0.011$) have positive and significant effects on financial performance, whereas GPI ($B = -0.784$; $p = 0.000$) and Leverage ($B = -0.102$; $p = 0.019$) have negative and significant effects. Firm Size has no significant effect

($p = 0.938$). Simultaneously, all independent variables significantly affect financial performance ($F = 10.377$; $p = 0.000$), and the adjusted R^2 of 0.252 indicates that the model explains 25.2% of the variation in financial performance.

Keywords : *Corporate Social Responsibility Disclosure; Green Product Innovation; Firm Size; Leverage; Liquidity; Financial Performance*

I. INTRODUCTION

Global economic development and technological advances have intensified competition among firms and require them to manage resources effectively and efficiently. Financial performance is an important indicator for assessing the success of operating activities and a firm's ability to generate profit. In the Consumer Non-Cyclicals sector, demand for basic necessities is relatively stable, yet this stability is not always matched by stable financial performance. In this study, the average NPM of the sample firms was 2.48% in 2021 and rose to 2.49% in 2022, then fell to 2.18% in 2023 and remained relatively flat at that level through 2025.

This phenomenon indicates a gap between the relatively stable demand characteristic of the sector and the profitability actually realized by firms. Internal factors such as management policy, operational efficiency, funding structure, and liquidity conditions, as well as external factors such as economic conditions and public purchasing power, may affect financial performance. Beyond financial factors, stakeholder demands for social and environmental responsibility encourage firms to increase Corporate Social Responsibility Disclosure (CSRD) and green product innovation.

CSRD is regarded as a form of corporate transparency in communicating social and environmental activities to stakeholders. Better disclosure can raise public trust, customer loyalty, and stakeholder support. Green Product Innovation (GPI) is also increasingly important because firms are expected to develop more environmentally friendly products. However, green innovation requires large initial investment, so its effect on short-term profitability may differ from its long-term benefits.

Firm Size, Leverage, and Liquidity are also relevant internal factors. Firm size reflects the scale of resources, leverage indicates dependence on debt, and liquidity indicates the ability to meet short-term obligations. Prior findings on these variables remain inconsistent, so this study tests all five variables jointly for Consumer Non-Cyclicals firms during 2021–2025.

The objectives of this study are to analyze the partial effects of CSRD, GPI, Firm Size, Leverage, and Liquidity on financial performance and to test their simultaneous effect. The study is expected to enrich empirical evidence in financial management and to provide considerations for management and investors.

A. Literature Review and Hypotheses

Stakeholder theory. Stakeholder theory holds that a firm should not be oriented only toward shareholders but must also consider the interests of employees, customers, suppliers, creditors, government, and society. In this study, CSRD and GPI are viewed as firm responses to stakeholder expectations. Meeting those expectations can strengthen legitimacy, reputation, and support for the firm's operations (Freeman, 1984).

Signaling theory and agency theory. Signaling theory explains that management has more complete information about the firm and uses disclosure to reduce information asymmetry toward external parties. CSRD, information on green innovation, and information on financial condition can serve as signals to investors. Agency theory, meanwhile, explains the potential conflict between principals and agents and the importance of managing debt, liquidity, and transparency to reduce agency costs (Jensen & Meckling, 1976; Spence, 2002).

Financial performance. Financial performance is proxied by Net Profit Margin (NPM), the ratio of net income to sales. NPM reflects the firm's ability to generate net profit from each rupiah of sales and describes the efficiency of cost management (Kasmir, 2019).

Hypotheses. Based on the theoretical review, six hypotheses are proposed (Fig. 1): H1, CSRD affects financial performance; H2, GPI affects financial performance; H3, Firm Size affects financial performance; H4, Leverage affects financial performance; H5, Liquidity affects financial performance; and H6, CSRD, GPI, Firm Size, Leverage, and Liquidity simultaneously affect financial performance.

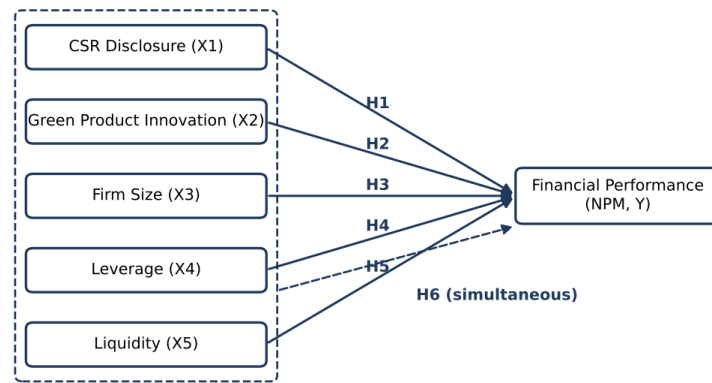


Fig. 1. Conceptual framework.

II. METHOD

This study uses a quantitative method with an associative approach. The population comprises all Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during 2021–2025, totaling 132 companies. Samples were selected by purposive sampling using the following criteria: the company was listed throughout the research period; it did not conduct an IPO after 2021 or delist before 2025; and it consistently published annual or sustainability reports and had complete data for all research variables. The selection produced 28 companies and 140 firm-year observations.

Data were collected through documentation of the companies' annual financial reports and sustainability reports. The analysis used multiple linear regression in IBM SPSS 22. The tests comprised descriptive statistics, normality, multicollinearity, heteroscedasticity, and autocorrelation tests, multiple linear regression, the t-test, the F-test, and the coefficient of determination. The variables are measured as shown in Table I.

TABLE I. VARIABLE MEASUREMENT

Variable	Measurement	Notation
Financial performance	Net profit / sales × 100%	NPM (Y)
CSR Disclosure	Number of CSR items disclosed / number of CSR items used	CSRD (X1)
Green Product Innovation	Number of GPI items disclosed / number of GPI items used	GPI (X2)
Firm Size	Ln (total assets)	Size (X3)
Leverage	Total debt / total equity × 100%	DER (X4)
Liquidity	Current assets / current liabilities × 100%	CR (X5)

Source: Authors' operationalization (2026).

III. RESULTS AND DISCUSSION

A. Classical Assumption Tests

The tests show that the regression model satisfies the analytical prerequisites. All independent variables have tolerance values above 0.10 and VIF values below 10, so there is no multicollinearity. The Glejser test produced significance values above 0.05 for every variable (Table II), so the model shows no heteroscedasticity. The Durbin-Watson statistic of 1.544 was used as the basis for evaluating autocorrelation in the model.

TABLE II. GLEJSER TEST RESULTS

Variable	Sig.
CSR	0.151
GPI	0.142
Firm Size	0.204
Leverage	0.465
Liquidity	0.780

Source: SPSS 22 output (processed by the authors, 2026). All values > 0.05.

B. Multiple Linear Regression Results

The multiple linear regression estimates are presented in Table III.

TABLE III. MULTIPLE LINEAR REGRESSION RESULTS

Variable	B	t	Sig.
Constant	0.717	1.863	0.065
CSR	0.406	2.423	0.017
GPI	-0.784	-5.081	0.000
Firm Size	0.032	0.078	0.938
Leverage	-0.102	-2.370	0.019
Liquidity	0.134	2.574	0.011

Source: SPSS 22 output (processed by the authors, 2026). Dependent variable: NPM.

The estimated regression equation is:

$$\text{NPM} = 0.717 + 0.406 \text{ CSR} - 0.784 \text{ GPI} + 0.032 \text{ Size} - 0.102 \text{ DER} + 0.134 \text{ CR}$$

C. Partial Test (t-test)

CSR Disclosure. CSR has a positive and significant effect on financial performance. The coefficient of 0.406 and significance of 0.017 indicate that greater CSR disclosure is associated with a higher NPM. This finding supports the stakeholder perspective that transparency about social and environmental activities can strengthen stakeholder trust and support financial performance. H1 is accepted.

Green Product Innovation. GPI has a negative and significant effect on financial performance, with a coefficient of -0.784 and significance of 0.000. Greater green product innovation during the observation period tends to depress NPM in the short term. This is consistent with the argument that the transition to more environmentally friendly technologies, materials, and processes requires large initial investment that raises costs before the economic benefits are realized. H2 is accepted.

Firm Size. Firm Size has no significant effect on financial performance. The coefficient of 0.032 with significance of 0.938 indicates that the amount of a firm's assets does not directly determine its NPM. Asset growth must be accompanied by efficiency and asset productivity to produce a real effect on profitability. H3 is rejected.

Leverage. Leverage has a negative and significant effect on financial performance. The coefficient of -0.102 with significance of 0.019 indicates that greater use of debt is associated with a lower NPM. This can be explained by rising interest expense and financial risk as the debt structure grows. H4 is accepted.

Liquidity. Liquidity has a positive and significant effect on financial performance. The coefficient of 0.134 with significance of 0.011 indicates that the ability to meet short-term obligations supports smooth operations and is associated with a higher NPM. Adequate liquidity gives the firm room to run operations without excessive pressure from short-term obligations. H5 is accepted.

D. Simultaneous Test and Coefficient of Determination

The F-test yields an F-value of 10.377 with significance of 0.000, so CSR, GPI, Firm Size, Leverage, and Liquidity simultaneously have a significant effect on financial performance (H6 is accepted). The R value of 0.528 indicates a fairly strong relationship. The R² of 0.279 means that 27.9% of the variation in financial performance is explained by the five independent variables, while the adjusted R² of 0.252 indicates an explanatory power of 25.2% after adjustment (Table IV). Thus, 74.8% of the variation in financial performance lies outside the research model.

TABLE IV. MODEL SUMMARY AND F-TEST

Statistic	Value
R	0.528
R ²	0.279
Adjusted R ²	0.252
F-statistic	10.377
Sig. (F)	0.000
Durbin-Watson	1.544

Source: SPSS 22 output (processed by the authors, 2026).

TABLE V. SUMMARY OF HYPOTHESIS TESTING

Hypothesis	Direction	Decision
H1: CSRD → NPM	Positive	Accepted
H2: GPI → NPM	Negative	Accepted
H3: Firm Size → NPM	Not significant	Rejected
H4: Leverage → NPM	Negative	Accepted
H5: Liquidity → NPM	Positive	Accepted
H6: Simultaneous	Significant	Accepted

Source: Processed by the authors (2026). Significance level: 5%.

E. Integrated Discussion

Overall, the results show that sustainability factors and internal financial conditions play different roles in profitability. CSRD has a positive direction, whereas GPI has a negative direction in the short term. The GPI finding is important because it shows that the sustainability agenda does not always yield direct profitability benefits; firms need to manage green investment gradually and efficiently. In addition, leverage is a factor that needs to be controlled because it is negatively related to NPM, whereas liquidity gives positive support to performance. The insignificance of Firm Size confirms that asset scale alone is not sufficient to explain profitability.

The CSRD finding is in line with Selumbung and Sanjaya (2022), Wijaya and Iryanto (2024), Tarigan et al. (2025), and Meiryani et al. (2023). The negative GPI finding is consistent with Intari and Khusnah (2023) but differs from several studies that found positive or insignificant effects. These results suggest that the effect of green innovation is likely to depend on industry characteristics, the stage of investment, and the firm's ability to manage transition costs.

From the perspective of the theories used, the positive CSRD effect is consistent with stakeholder and signaling arguments: disclosure communicates the firm's social and environmental commitment and can reduce information asymmetry toward investors. The negative leverage effect is in line with agency considerations, in which a heavier debt structure raises interest expense and financial risk and thereby reduces the share of sales retained as net profit. The positive liquidity effect indicates that firms able to meet short-term obligations face less operational pressure, which supports profit generation.

Several limitations should be noted. The adjusted R² of 25.2% shows that most of the variation in NPM is explained by factors outside the model, such as management policy, operational efficiency, economic conditions, and public purchasing power, which were not examined. The sample is also limited to 28 Consumer Non-Cyclicals firms with complete data, so the findings should not be generalized to other sectors without further testing.

IV. CONCLUSIONS

CSR Disclosure has a positive and significant effect on financial performance; Green Product Innovation has a negative and significant effect; Firm Size has no significant effect; Leverage has a negative and significant effect; and Liquidity has a positive and significant effect. The five variables simultaneously have a significant effect on financial performance. The research model has an adjusted R² of 25.2%.

Consumer Non-Cyclicals firms are advised to improve the quality of CSR disclosure in a transparent and comprehensive manner according to GRI standards, and to conduct careful cost-benefit analysis when implementing green product innovation so that green investment does not excessively depress short-term profitability. Firms also need to control leverage, maintain liquidity at a healthy level, and ensure that asset growth is followed by greater operational efficiency. Investors are advised to consider CSRD, GPI, leverage, and liquidity in addition to NPM and Firm Size. Future research may extend the object to other sectors and add variables such as good corporate governance.

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