

Profitability, CSR, Institutional Ownership, and Independent Commissioners' Effect on Firm Value in the Indonesian Food and Beverage Sector

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ABSTRACT

The volatility of firm value in the defensive food and beverage (F&B) industry remains a significant concern for investors, exacerbated by inconsistent findings in prior research. This study aims to investigate the impact of profitability (ROA), corporate Profitability, CSR, institutional ownership, social responsibility (CSR), institutional and independent commissioners' effect on ownership, and independent firm value (Tobin's Q) within the F&B sector listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. 15 businesses were chosen via purposive sampling in a quantitative manner, and panel data regression utilizing the FEM was used for analysis. The numerical results demonstrate that while the variables simultaneously affect firm value significantly (F-statistic = 100.70; $p < 0.05$), partially, profitability ($p = 0.0892$), CSR ($p = 0.1968$), and independent commissioners ($p = 0.2603$) show no significant impact. Conversely, institutional ownership has a substantial negative impact ($b = -13.475$; $p = 0.0000$). These findings imply that investor valuation in the post-pandemic era is driven by concerns over institutional dominance and market sentiment rather than traditional financial metrics. This research provides updated empirical evidence to bridge theoretical gaps regarding valuation determinants in defensive sectors.

Keywords: Corporate Social Responsibility; Firm Value; Food and Beverage Industry; Institutional Ownership; Profitability

JEL Classification: G32; G34; L66; M14; C23

INTRODUCTION

A key component of the country's economic structure, the manufacturing sector is rapidly changing in the face of globalization. Conceptually, statistical authorities define this domain as a series of downstream activities that engineer raw materials into high-value-added commodities, both in the form of intermediate products and final products. This aligns with the thesis by [Kurniawan and Yasin \(2024\)](#), which underscores the urgency of manufacturing in constructing products that meet the rigidity of global market standards. In that spectrum, the food and beverage (F&B) subsector emerges as a defensive entity with relative immunity to macroeconomic volatility, considering its role as a provider of essential public needs ([Sukmadiana & Faeni, 2025](#)).

The F&B subsector is distinguished by high inventory turnover and intense competition, necessitating that firms optimize operational efficiency. In contrast, the stable demand for primary goods positions it as a significant contributor to economic growth, as evidenced by the consistent increase in gross domestic product (GDP) and the robust post-pandemic recovery period. According to data from the [Central Agency of Statistics \(BPS, 2026\)](#), the GDP growth trajectory from 2020 to 2024 demonstrates resilience, with a rise from 1.58% in 2020 to 5.9% in 2024. Nevertheless, firm value volatility persists, particularly in stock performance, despite the sector's stability. The stock prices of prominent firms, including PT Indofood Sukses Makmur Tbk and PT Indofood CBP Sukses Makmur Tbk, experienced significant declines at the conclusion of 2020. In the period 2020-2024, comparable declines were also observed in PT Charoen Pokphand Indonesia Tbk and PT Wahana Interfood Nusantara Tbk, signaling a disconnect between sectoral stability and market valuation driven by internal and external factors.

The collective perception of performance and future prospects by investors is represented by firm value, which is typically reflected in stock price movements as indicators of competitiveness and managerial effectiveness. A higher value indicates stronger credibility and the ability to maximize shareholder wealth ([Sari & Mahroji, 2023](#)). In this study, Tobin's Q is employed to quantify firm value as it functions as a comprehensive proxy integrating intrinsic and market value. The study utilizes signaling theory to examine these relationships, elucidating how companies communicate information to reduce information asymmetry and influence investor decisions through positive and negative signals ([Choudhury, 2024](#)). Consequently, both financial and non-financial performance play a crucial role in influencing market perceptions.

Making a profit is a great indicator of how well a business is doing. Nevertheless, empirical research has yielded inconsistent results; [Kusumaningrum and Iswara \(2022\)](#) identified a significant positive effect, whereas [Utami and Widayati \(2022\)](#) reported no statistically meaningful relationship. Furthermore, institutional ownership and independent commissioners, components of GCG, are anticipated to enhance monitoring mechanisms and safeguard shareholder interests. However, empirical findings regarding these governance mechanisms remain inconclusive and inconsistent ([Laiya et al., 2023](#); [Wardoyo & Fauziah, 2024](#)).

Therefore, the purpose this study is to examine how profitability, institutional ownership, CSR, and independent commissioners simultaneously and partially affect firm value in the F&B sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The significance of this research is to provide actionable insights for investors navigating market anomalies within seemingly stable defensive sectors. The novelty lies in the utilization of the most recent observation timeframe (2020-2024), effectively capturing the sector's dynamics during post-pandemic recovery. Ultimately, this scholarly

work makes a theoretical contribution by mapping the determinants of firm value and providing updated empirical evidence to bridge the theoretical gaps identified in prior research.

LITERATURE REVIEW

Signaling Theory

In this research, signaling theory is utilized to understand how companies convey critical information to external investors; such signals can be either negative or positive (Ayem & Ina, 2023). The theory posits that companies transmit information reflecting their current condition, which is subsequently interpreted and responded to by market participants (Herbowo & Inadi, 2025). Initially proposed by Michael Spence in 1974, signaling theory provides a comprehensive framework for analyzing market interactions characterized by information asymmetry (Choudhury, 2024). When there is a knowledge gap between the business and its investors, managers are forced to send signals to educate the market since internal management has more thorough knowledge about the company.

This theory serves as the primary theoretical foundation underpinning all independent variables in this research. Investors heavily rely on these signals, encompassing both financial performance (profitability) and non-financial commitments (CSR and governance mechanisms), for the purpose of assessing the reliability and potential longevity of a business (Ayem & Ina, 2023; Herbowo & Inadi, 2025). Consequently, when a firm demonstrates robust profitability, extensive social responsibility, and rigorous oversight by institutional investors and independent commissioners, it generates a strong positive signal that significantly reduces perceived investment risk.

Firm Value

How well a business does financially and how well it adapts to changing market conditions are two sides of the same coin, and investors base their valuations on how well a company does both (Budiharjo et al., 2026). Maximizing firm value is a primary corporate objective, as it fosters investor trust and confidence (Abdillah & Ali, 2024). A high business value suggests the likelihood of favorable returns, which makes it feasible to attract financing. Giving timely and truthful information is crucial to preserving market confidence. The Financial Services Authority Regulation (POJK) No. 14/POJK.04/2022 governs the procedure (Financial Services Authority [OJK], 2022) in Indonesia, which ensures that investors have access to reliable data for valuation. According to this rule, publicly traded firms have until the last day of the third month after the end of the fiscal year to file their annual financial reports.

Stock price stability serves as a primary indicator of firm value, reflecting investor confidence and shareholder wealth (Yonathan & Apriwenni, 2025). According to (Fadillah et al., 2025), a higher share price directly correlates with a higher perceived corporate value. Thus, stock price changes serve as an important yardstick for prospective investors to assess the past performance and market credibility of a firm before making investment choices. The Tobin's Q ratio is used as the dependent variabel in this research; there are other metrics that may be used to quantify company value, such as the price earnings ratio (PER) and price to book value (PBV). Tobin's Q is selected because it comprehensively measures how effectively management utilizes all corporate assets, rather than solely focusing on. Furthermore, it serves as a robust predictive tool for assessing long-term business continuity and signaling future growth opportunities to investors (Ghani et al., 2023).

Profitability

One of the most basic ways to measure a business's financial health is by looking at its profitability (Abdillah & Ali, 2024). This ratio is crucial for investors as it informs decision-making and serves as a vital market signal. It is a key determinant of firm value, reflecting the company's capability to maximize shareholder wealth. Consequently, when a firm demonstrates robust profitability growth, investors perceive it as having a promising future and a strong competitive advantage. The level of profitability achieved over a specific period directly influences corporate valuation (Kristanti, Nurhayati et al., 2024), illustrating management's effectiveness in generating returns from sales and investments (Putranto et al., 2022). Indicators like "return on equity" (ROE), "return on assets" (ROA), and "net profit margin" are typically used to gauge profitability (Suryaningrum & Shiyammurti, 2026). The key metric used in this research is ROA. ROA is specifically selected because it comprehensively evaluates management's efficiency and effectiveness in utilizing the firm's total assets to generate net income.

Corporate Social Responsibility (CSR)

CSR is a reflection of an organization's moral dedication to environmental protection and stakeholder welfare (Moroki & Pesak, 2026). To maintain corporate sustainability, companies must commit to environmental and social stewardship, commonly known as CSR. CSR manifests a company's active concern for its surrounding environment and stakeholders. According to Budiharjo et al. (2026), enhancing firm value requires supplementary information, such as ESG or CSR disclosures, which generate stakeholder interest and cultivate a positive corporate image. CSR serves as this critical non-financial performance indicator (Pramono et al., 2022). It sends a good message to investors about the firm's sustainable operations since its strategy implementation shows a long-term commitment that pays off in the future. CSR is further defined as the ongoing effort of businesses to enhance the lives of their workers and communities via the promotion of economic development (Monica & Sulfitri, 2023) in conjunction with these goals. Consequently, robust CSR programs enhance public perception, thereby attracting socially conscious investors (Latifah & Widiatmoko, 2022).

In the Indonesian context, CSR implementation transcends voluntary initiatives; it is a regulatory mandate. Transparent publication of Sustainability Reports outlining economic, social, and environmental performance is mandated by the POJK No. 51/POJK.03/2017 (OJK, 2017) for publicly listed firms. The goal of these specific measures is to keep the firm's internal processes in check while also minimizing any negative effects on society. This study statistically assesses CSR disclosure using content analysis in compliance with the Global Reporting Initiative (GRI) G4 criteria, which comprise ninety-one different disclosure indicators (Putri & Lastanti, 2024).

Institutional Ownership

When it comes to GCG, institutional ownership is a key factor that significantly affects company value. Various non-management entities, including governments, banks, insurance companies, and investment firms, own a certain percentage of the company's shares. According to Kristanti, Ginting et al. (2024), these institutions possess the resources and expertise to actively supervise, discipline, and influence management, thereby restricting opportunistic and self-serving behaviors.

The more institutional ownership a company has, the better its performance and governance are seen by the market. To be more specific, when large institutions own more than 5% of a company's shares, it creates a strict monitoring environment that forces management to maximize operational performance to meet the expectations of the institutions, which in turn maximizes the wealth and worth of the firm's shareholders

(Nugroho, 2022). It follows that prospective investors may rely on the existence of institutional blockholders as a credible signal when planning their investments. In terms of methodology, the ratio of institutional investor share ownership to the total number of shares outstanding is used to measure this variable (Jullia & Finatariani, 2024).

Independent Commissioners

Ensuring the fair application of GCG principles and preserving impartiality are important functions of the independent board of commissioners. An essential check and balance in strategic decision-making, these commissioners are in charge of closely watching the policies put in place by upper management and act as the highest form of internal control (Nurhidayanti et al., 2023). Aprianti et al. (2022) emphasize that independent commissioners hold a pivotal position within the corporate oversight system, acting as watchdogs to ensure that governance practices comply with prevailing regulations.

From a signaling standpoint, the market receives a significant positive signal about corporate accountability and openness when there is an effective independent board. By lowering information asymmetry, investors use this impartial examination to determine a company's legitimacy and make wise investment decisions. To calculate the proportion of independent commissioners, just divide the total number of independent commissioners by the total number of board members in the company.

Hypotheses Development

The Simultaneous Effect

The market perceives a company's efficiency level as positively correlated with its profitability (Novianti et al., 2024), which is further reinforced by transparent CSR (Putri & Lastanti, 2024) and robust oversight from institutional owners and independent commissioners (Jullia & Finatariani, 2024). The combination of these financial and non-financial elements improves the firm's market value and sustainability in the long run by decreasing information asymmetry and boosting investor trust (Oktary, 2025; Subhaktiyasa, 2024).

H1: "Profitability, CSR disclosure, institutional ownership, and independent commissioners simultaneously affect firm value".

Profitability and Firm Value

Consistently high profitability, which is based on signaling theory, sends a powerful positive signal to the market, indicating a lasting competitive advantage and reduced investment risk. This positive perception attracts investor demand, which consequently elevates the firm's market valuation (Kusumaningrum & Iswara, 2022). Therefore, profitability is expected to positively impact firm value.

H2: "Profitability positively affects firm value".

CSR and Firm Value

By transparently reporting CSR activities, companies mitigate socio-environmental risks and enhance their corporate legitimacy. Greater trust and investment from socially aware investors boost the firm's worth as a whole because of this openness (Latifah & Widiatmoko, 2022). Consequently, it is hoped that CSR will have a positive impact on the firm value.

H3: "CSR positively affects firm value".

Institutional Ownership and Firm Value

Institutional blockholders possess the expertise to actively supervise management, thereby mitigating agency conflicts and curbing opportunistic behaviors (Kristanti, Ginting et al., 2024). This disciplined oversight signals to the market that management decisions align with shareholder wealth maximization, which enhances investor trust and drives up firm value.

H4: "Institutional ownership positively affects firm value".

Independent Commissioners and Firm Value

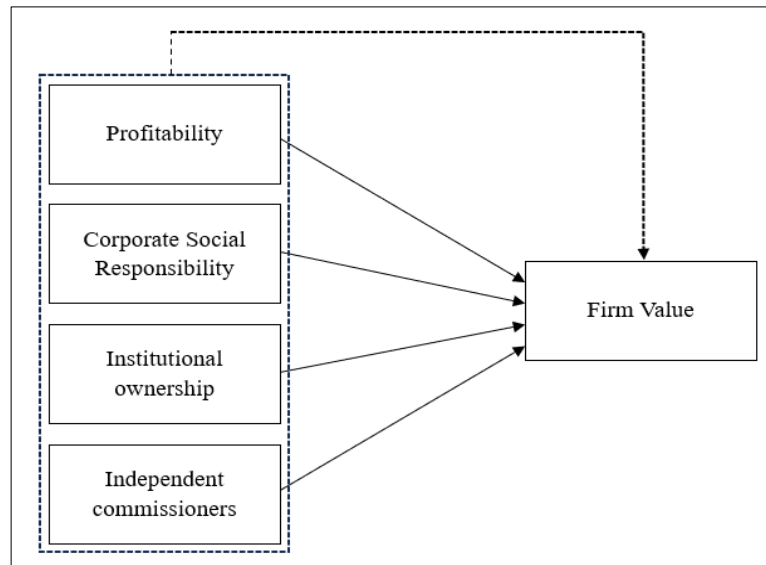
The independent board of commissioners plays a vital role as a corporate watchdog, providing impartial oversight of executive policies to protect minority shareholders (Aprianti et al., 2022). The market interprets this objective supervision as a strong signal of accountability, which boosts investor confidence and results in a higher corporate valuation.

H5: Independent commissioners positively affect firm value.

Conceptual Framework

Figure 1 shows the model of the research framework.

Figure 1. Research Framework



RESEARCH METHOD

Research Design

Using a quantitative methodology, descriptive research, and independent commissioners, this study looks at the F&B industry's IDX-listed companies from 2020 to 2024 and how their firm value is affected by profitability, CSR, institutional ownership, and independent commissioners. Research, which is a process of methodical examination, is the bedrock of scientific advancement, which is why this strategy was selected (Subhaktiyasa, 2024). Specifically, the descriptive method is conducted to provide a detailed overview based on existing facts (Butarbutar et al., 2022), while the verifiable method is utilized to retest the research model to address similar problems in different contexts.

Population and Sampling

The term "population" is used to describe all the things or people in a certain study region that meet the criteria for a certain research topic (Butarbutar et al., 2022). All F&B firms registered on the IDX between 2020 and 2024 make up the population of this study. A thorough evaluation of the study object was made possible by the selection of data sources using a purposive sampling technique. In order to choose which firms to include in this research, we looked at their presence on the IDX in the F&B subsector from 2020 to 2024, how consistently they listed on the IDX from 2020 to 2024, and how consistently they published sustainability reports from 2020 to 2024. Fifteen companies in the F&B subsector were chosen as the final sample based on the purposive sampling criteria. A total of 75 firm-year observations were employed in this analysis across the five-year observation period (2020–2024); Table 1 displays the sample selection.

Table 1. Sample Selection

No	Description	Number of Firms
1	F&B companies listed on the IDX during 2020–2024	76
2	Companies not consistently listed during the observation period	(25)
3	Companies that did not consistently publish sustainability reports during 2020–2024	(36)
4	Final sample of companies	15
5	Total observations	75

Data Collection Procedure

Primary sources for the secondary data set were the different company websites and the IDX website (www.idx.co.id). For the years 2020–2024, the data comes from F&B firms' audited annual reports as well as sustainability reports. A disclosure checklist based on GRI G4 indicators for CSR and content analysis of financial statements to determine profitability and institutional ownership were both included in the research instrument. A data verification procedure was carried out on the gathered reports prior to the primary data analysis to guarantee the credibility and accuracy of the figures and information used in the research. To ensure data accuracy and reliability, a data verification process was conducted by cross-checking financial and sustainability data across multiple sources, including sustainability reports, annual reports, and the IDX database. Any inconsistencies were re-examined and validated to ensure the integrity of the dataset before conducting the statistical analysis.

Operational Definitions and Measurement of Variables

Table 2. Operational Definitions and Research Indicators

Variable	Operational Definition	Research Indicators	Source
Profitability (X1)	A measure of a company's financial health that takes into account its capacity to turn its assets into net income.	$ROA = \frac{Net\ income}{Total\ Asset}$	Abdillah & Ali (2024), Ferdila et al. (2023)
CSR (X2)	The pledge by a business to provide non-financial data about its impact on society and the environment.	$CSR = \frac{\sum x_{yi}}{ni}$	Monica & Sulfitri (2023), Putri et al. (2024)

Institutional Ownership (X3)	Holdings of non-managing institutions in the company's stock to guarantee stringent oversight.	$IO = \frac{\text{Number of institutional Shares}}{\text{Total Outstanding shares}}$	Darsani & Sukartha (2021), Yonathan & Apriwenni (2025)
Independent Commissioners (X4)	The oversight mechanism provided by board members unaffiliated with management or controlling shareholders.	$IC = \frac{\text{Number of independent Commissioners}}{\text{Total Board Members}}$	Nurhidayanti et al. (2023), Sinatraz & Suhartono, (2021)
Firm Value (Y)	The market and book value of a firm are indicators of how investors see its performance and future possibilities.	$Q = \frac{(\text{Current Price} \times \text{Total Share}) + \text{Total Liabilities}}{\text{Total Assets}}$	Cristofel & Kurniawati (2021), Oktary (2025)

Table 2 details the variables that were measured and their operational meanings in this research, namely “Profitability” (X1), “CSR” (X2), “Institutional Ownership” (X3), “Independent Commissioners” (X4), and “Firm Value” (Y). The conceptual definitions and operationalizations of each construct are based on particular formulae taken from the literature.

Profitability (X1) is defined as a firm’s ability to produce net income through effective resource management. ROA is a metric for this construct that was developed by and is defined as the ratio of net income after taxes to total assets (Abdillah & Ali, 2024; Ferdila et al., 2023).

denotes the level of transparency about the environmental and social effects of a company. The CSRI is used to put it into action; it compares the sum of all items declared by the corporation ($\sum Xy_i$), to the total disclosure indicators, namely 91 (ni), based on the framework provided by Monica & Sulfitri (2023) and Putri et al. (2024). A content analysis method based on the GRI G4 criteria, which comprise 91 disclosure elements, is used to measure CSR disclosure. A dichotomous technique is used to score each item; if an item is disclosed in the company's report, it receives a score of 1, and if not, it receives a score of 0. Next, the total disclosed items are divided by the total number of disclosed items to determine the CSR index (CSRI). Although more recent GRI standards are available, GRI G4 is used in this study to ensure consistency and comparability across the observation period (2020–2024), as many companies in Indonesia still adopt or partially refer to GRI G4 guidelines in their sustainability reporting practices.

Institutional Ownership (X3) signifies the proportion of shares owned by organizations to guarantee controlled supervision. To get this variable, divide the total number of institutional shares by the total number of outstanding shares, following the measurement standards of Yonathan and Apriwenni (2025).

Independent Commissioners (X4) reflect the level of objective supervision within the corporate governance structure. It is assessed by computing the proportion of Independent Commissioners to Total Board Members, as proposed by Nurhidayanti et al. (2023) and Sinatraz & Suhartono (2021).

Firm Value (Y) refers to the overall market valuation of the firm. In this research, it is quantified through the Tobin's Q ratio (Q), which integrates "the market value of equity" and "total liabilities divided by total assets". This measurement approach is adapted from Oktary (2025).

Data Analysis Techniques

In this study, the data was analyzed using panel data regression in EViews 13. To ensure the validity of the empirical findings, the analysis was subjected to a rigorous procedure. Using descriptive statistics like the median, standard deviation, and mean, we first showed the range of values in the data. In order to determine which of the 3 models "the Common Effect Model" (CEM), "Fixed Effect Model" (FEM), and "Random Effect Model" (REM) was the best, the second stage involved running model estimation selection tests, such as the Chow and Hausman tests. Third, to make sure the regression model met the BLUE requirements, we ran some traditional assumption tests, which included checks for normalcy, multicollinearity, heteroscedasticity, and autocorrelation. Lastly, we tested our hypotheses by calculating the coefficient of determination (R²), checking for simultaneous effects using the F-statistic, and evaluating the individual significance of profitability, institutional ownership, CSR, and independent commissioners on company value using the t-statistic. Here is the formula for the regression equation used in this study:

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \epsilon_{it}$$

Where Y represents firm value (Tobin's Q), α is the constant, β1-4 are the regression coefficients; X1 is profitability; X2 is the CSR index; X3 is institutional ownership; X4 represents independent commissioners; i is the firm; t is the year; and ε is the error term.

RESULTS

Descriptive Statistical Analysis

Table 3. Descriptive Statistics

Variable	Mean	STD	Min	Max
Tobins'Q	1.395	1.368	0.513	7.537
ROA	0.067	0.073	-0.118	0.332
CSR	0.416	0.178	0.099	0.747
IO	0.745	0.147	0.541	0.999
IC	0.386	0.084	0.250	0.600

Firm value (Tobin's Q), has a average value of 1.395 as a dependent variable according to the data in Table 3. When the mean value is higher than 1.0, it indicates that, on average, investors see F&B firms as having good management and that their market value is higher than their book value. However, the high standard deviation (1.368) relative to the mean suggests a significant gap in valuation between companies in this sector, ranging from a minimum of 0.513 to 7.537 a maximum.

The average ROA for the firms in the sample is 0.067, or 6.7%; therefore, they are typically profitable. Some businesses lost money between 2020 and 2024, according to the lowest value of -0.118, which is likely attributable to the post-pandemic economic adjustments, and the highest value of 0.332.

CSR has a mean of 0.416, meaning that F&B companies disclosed approximately 41.6% of the required items in their reports. The broad range between 0.099 and 0.747 indicates varying levels of commitment to sustainability reporting across the sector. Regarding

governance mechanisms, Institutional Ownership (IO) exhibits a high mean of 0.745 (74.5%), suggesting that institutional investors hold a dominant position in the F&B sector's ownership structure. Finally, Independent Commissioners (IC) show an average of 0.386 (38.6%).

Panel Data Model Selection Test

This research used the Chow and Hausman tests to evaluate many panel data regression estimation models and choose the best one. To evaluate the link between the firm value and independent variables using the most statistically efficient model, several tests are needed.

Chow Test

In order to select a suitable model, the Chow test was used for both the FEM and the CEM. The CEM is adequate, according to the null hypothesis (H₀), whereas the FEM is more suited, according to the alternative hypothesis (H_a).

Table 4. Chow test Results

Effects Test	Statistic	d.f.	Prob
Cross-section F	61.451908	(14, 56)	0.0000
Cross-section Chi-square	209.626596	14	0.0000

The output in [Table 4](#) proves that the Cross-section Chi-square and Cross-section F probability values are 0.0000, which is significantly less than the significance level of 0.05. This research is better suited to the FEM rather than the CEM, hence H₀ is rejected.

Hausman Test

In choosing between the REM and the FEM, the Hausman test was run after the Chow test. The REM is supported by H₀, but the FEM is supported by H_a.

Table 5. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob
Cross-section Random	59.223734	4	0.0000

The Cross-section REM has a probability value of 0.0000, as seen in [Table 5](#). If the p-value is under 0.05, we may reject H₀. These results show that, statistically speaking, FEM is the superior choice over REM.

Panel Regression Analysis

The FEM was found to be the best method for predicting the link between the independent variables and firm value based on the selection models tests (Chow and Hausman tests). [Table 6](#) summarizes the findings of the regression analysis that was conducted utilizing the FEM technique.

Table 6. FEM Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.52848	1.646465	7.001958	0.0000
ROA	-1.561306	0.902810	-1.729385	0.0892
CSR	-0.574764	0.439967	-1.306382	0.1968
IO	-13.47594	2.241176	-6.012886	0.0000
IC	0.635737	0.559041	1.137191	0.2603
R-squared	0.970032	F-statistic		100.7035
Adjusted R-squared	0.960399	Prob(F-statistic)		0.000000

After estimating the panel data using FEM, the following equation is created:

$$Y = 11.528 - 1.561X1it - 0.574X2it - 13.475X3it + 0.635X4it + \epsilon it$$

Profitability, CSR disclosure, institutional ownership, and independent commissioners are the four independent factors that explain 97% of the variance in firm value (Tobin's Q) within the F&B industry, based on an Adjusted R-squared value of 0.960399. The remaining 3% can be explained by aspects not included in this research methodology. The model's remarkable explanatory ability is shown by its high R² value.

The correlations between the firm value and independent variables are shown in [Table 6](#), which presents the results of the hypothesis testing. The F-statistic value (100.7035) with a sig. level of 0.0000 (< 0.05) supports H1, which states that independent commissioners, profitability, CSR, and institutional ownership all impact business value significantly. Consequently, H1 is accepted. Taken as a whole, these findings point to the fact that the independent factors influence the value.

Furthermore, the second hypothesis (H2) shows that profitability contributes insignificantly to firm value, as indicated by the t-value (-1.729385) and significance value (0.0892 > 0.05), which indicates the rejection of H2. This study suggests that during the 2020-2024 period, higher profit levels did not always result in higher market valuation in this sector. In contrast, the third hypothesis (H3) reveals that CSR disclosure shows no meaningful impact on firm value, as shown by a degree of sig. of 0.1968 (> 0.05), thus leading to the rejection of H3.

Moreover, H4 demonstrates institutional ownership had a negative significant influence on firm value, as shown by the t-value (-6.012886) and significance value (0.0000 < 0.05). While the relationship is statistically significant, the negative direction of the coefficient leads to the rejection of H4 (which hypothesized a positive effect). In the meantime, the t-statistic of 1.137191 and the significance value of 0.2603 (> 0.05) indicated independent commissioners have no direct statistical correlation with company value outcomes. As a consequence, H5 is rejected.

DISCUSSION

H1: “Simultaneous Effect of Profitability, CSR, Institutional Ownership, and Independent Commissioners on Firm Value”

The empirical findings show that independent commissioners, institutional ownership, CSR disclosure, profitability, and business value are all significantly impacted at the same time. The F-statistic of 100.7035, with a significance level 0.0000 < 0.05, supports this conclusion and allows us to accept H1. These two effects on the same signal imply that capital market investors use a mix of financial and non-financial metrics to value a business, rather than relying on a single metric alone. The high explanatory power, represented by an Adjusted R² of 96%, confirms that this set of variables provides a very strong and comprehensive foundation for investors to assess the success and future prospects of F&B companies ([Oktary, 2025](#)).

Furthermore, the collective significance of these variables reinforces the idea that research is a systematic investigation process that provides a holistic view of corporate dynamics ([Subhaktiyasa, 2024](#)). When profitability is presented alongside transparent CSR disclosure and a robust governance structure, it creates a more credible signal to the market. Even though some variables might not be significant individually, their

presence within the corporate reporting framework reduces information asymmetry. This collective signaling mechanism is crucial for companies in defensive sectors, like F&B, to maintain market confidence amidst the economic fluctuations observed during the 2020-2024 period.

H2: “Profitability and Firm Value”

A sig. value of 0.0892 (> 0.05) shows that profitability has no discernible impact on firm value. Therefore, H2 is rejected. Consistent with previous findings, this result indicates that profitability does not always affect business value in the sector examined (Kristanti, Nurhayati et al., 2024). This result may indicate that, during the 2020–2024 period, investors placed less emphasis on short-term profitability as a primary valuation factor. One explanation could be that investors prioritized long-term resilience and cash flow stability over short-term financial performance during the post-pandemic recovery phase (Novianti et al., 2024). In addition, profitability may not always be perceived as a positive signal if it is achieved through cost-cutting strategies that could hinder long-term growth (Ferdila et al., 2023). However, since this study does not directly measure investor preferences or behavioral factors, this interpretation should be approached with caution.

H3: “CSR and Firm Value”

With a sig. value of 0.1968 (> 0.05), the findings demonstrate that CSR disclosure has no discernible impact on business value. H3 is therefore rejected. This finding indicates that CSR disclosure has not been fully considered by investors as a determining factor in firm valuation, which is consistent with previous findings (Putri et al., 2024). This result would suggest that financial performance is still more important to investors in Indonesia's food and beverage industry than non-financial disclosures. One possible explanation is that the level of CSR disclosure may not fully reflect the quality or impact of sustainability initiatives. Sometimes, rather than being seen as a strategic value driver, CSR reporting is seen as a component of regulatory compliance (Putri & Lastanti, 2024). However, this study does not directly assess the depth or effectiveness of CSR implementation, and therefore, this interpretation should be treated with caution.

H4: “Institutional Ownership and Firm Value”

The findings show that institutional ownership significantly lowers business value, with a negative coefficient and a significance value of 0.0000 (< 0.05). H4 is therefore disregarded. This result is in line with earlier research showing a negative correlation between institutional ownership and firm value (Fatine & Amanah, 2024), but contrasts with studies emphasizing the monitoring role of institutional ownership (Jullia & Finatariani, 2024). This result may indicate that excessively high institutional ownership could lead to ownership concentration, which may influence investor perception negatively. One possible explanation is that dominant institutional shareholders may exert strong control over corporate decisions, potentially raising concerns among minority shareholders (Yonathan & Apriwenni, 2025). However, it is important to note that this study does not directly measure liquidity or expropriation risk. Therefore, the negative relationship observed may reflect potential concerns related to ownership concentration, rather than confirming these mechanisms directly.

H5: “Independent Commissioners and Firm Value”

The results reveal that the proportion of independent commissioners has no direct statistical relationship with firm value (p-value 0.2603 > 0.05), leading to the rejection of H5. This finding aligns with previous studies that revealed no significant effect (Laiya et al., 2023). This result may suggest that the presence of independent commissioners is not always perceived as a value-enhancing governance mechanism by investors. One possible explanation is that the effectiveness of independent commissioners depends

more on their actual monitoring role, expertise, and involvement rather than their proportion alone (Kristanti, Riyadh et al., 2024). However, this study does not directly assess the quality or effectiveness of board oversight. Therefore, this interpretation should be considered as a possible explanation rather than a definitive conclusion.

CONCLUSION

This research investigated how profitability (ROA), institutional ownership, CSR, and independent commissioners influence firm value (Tobin's Q) within the F&B sector listed on the IDX from 2020 to 2024. The analysis indicates that these four variables simultaneously have a significant influence on firm value. It seems that investors in the capital market consider a variety of factors, including financial outcomes and corporate governance processes, when deciding how much a company is worth. The high explanatory power of the model confirms that these factors are essential indicators for assessing the success and future prospects of firms in this defensive sector.

Profitability, CSR disclosure, and independent commissioners have no discernible impact on business value. During the 2020-2024 period, higher profit levels and non-financial disclosures did not necessarily translate into increased market confidence, potentially due to the post-pandemic economic recovery phase, where investors prioritized long-term resilience over short-term gains. The most important finding is that business value is significantly reduced when institutional ownership is present. The high concentration of institutional shares in the F&B sector appears to be perceived as a risk by market participants, possibly due to concerns regarding stock liquidity and potential expropriation by dominant shareholders.

Overall, the study demonstrates that firm value in the F&B industry is significantly shaped by the dynamics of ownership structure rather than transparency or profit margins alone. Valuation is influenced by the interaction of institutional dominance and broader market sentiments. These findings imply that for F&B companies, maintaining an optimal balance of institutional control and ensuring effective governance oversight is more critical for enhancing market reputation than merely meeting minimum regulatory compliance or increasing current asset returns.

LIMITATION

There are a number of limitations to this study that should be noted. First, the results may not be as applicable to other industries because the sample is restricted to F&B businesses that are listed on the IDX. Second, the observation period is restricted to 2020–2024, which would not adequately reflect long-term patterns or various economic circumstances. Third, this study only examines a limited set of variables, namely profitability, CSR disclosure, institutional ownership, and independent commissioners, which may not fully explain variations in firm value. Future research is encouraged to expand the sample to include companies from different sectors to improve generalizability. In addition, extending the observation period beyond 2024 may provide a more comprehensive understanding of long-term corporate performance and governance dynamics. Further studies may also incorporate additional variables such as firm size, capital structure, liquidity, dividend policy, and macroeconomic factors to provide a more holistic analysis. Moreover, alternative proxies for firm value, such as PBV or PER, can be considered to enrich future analysis.

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DECLARATION OF CONFLICTING INTERESTS

The authors hereby declare no financial, professional, or commercial affiliations that may be interpreted as a conflict of interest were present during the conduct of this study. There are no competing interests to disclose regarding the methodology, findings, or publication of this study.

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