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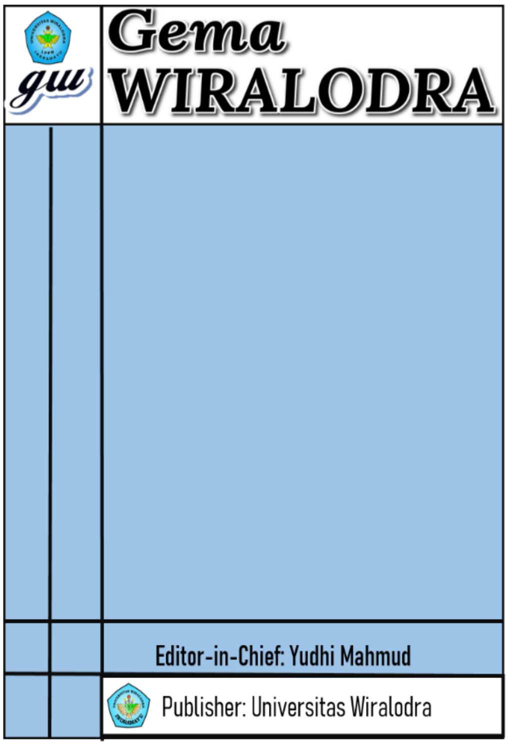

The Effect of Corporate Sustainability Performance Moderated by Liquidity, Stock Price Volatility, Institutional Ownership, And Concentrated Ownership On Profitability

Reny Eryda[a*], Febria Nalurita[b]
[a*]Trisakti University, Faculty of Economics and Business, Indonesia, renyeryda234@gmail.com
[b] Trisakti University, Faculty of Economics and Business, Indonesia, febria.nalurita@trisakti.ac.id

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The Effect of Corporate Sustainability Performance Moderated by Liquidity, Stock Price Volatility, Institutional Ownership, And Concentrated Ownership On Profitability

Reny Eryda[a], Febria Nalurita[b]
[a]Trisakti University, Jakarta, Indonesia, renyeryda234@gmail.com
[b]Trisakti University, Jakarta, Indonesia, febria.nalurita@trisakti.ac.id

***Correspondence: renyeryda234@gmail.com**

Abstract
This research needs to be done to develop previous studies by adding other variables, especially non-economic variables. This study aims to analyze corporate sustainability performance (CSP) controlled by company size and leverage variables on profitability moderated by liquidity, concentrated ownership, stock price volatility, institutional ownership in consumer goods companies listed on the IDX from 2018 to 2022. This study adds institutional ownership and concentrated ownership as moderating variables as well as company size and the use of debt (leverage) or loans as control variables. The sample withdrawal method in this study used a purposive sampling method of 37 companies with a total sample size of 185 with the regression results of the fixed effect model equation, and random effect. The results of this study indicate that there is no significant effect of CSP on profitability, liquidity moderates the effect of CSP on profitability, stock price volatility does not moderate the effect of CSP on profitability, concentrated ownership does not moderate the effect of CSP on profitability, institutional ownership moderates the effect of CSP on profitability and there is a significant effect of company size and debt use on profitability. Managerial implications to increase CSP and probability, the company's efforts include increasing the liquidity ratio, being more careful in taking debt and must ensure the company's ability to cover the debt. In addition, it seeks to improve performance, innovate and be responsive and sensitive to reading market opportunities.
Keywords: Corporate sustainability performance (CSP), concentrated ownership, institutional ownership; stock price volatility; profitability.

1. Introduction

Sustainability is considered to bring competitive advantage in the business world (Taha et al., 2023). According to scientists, the concept of sustainability in business is mostly related to corporate sustainability performance (CSP) (Dyllick and Muff., 2016). On the other hand, business performance adopts the concept of sustainability as a dimension of financial, environmental, and social performance (Morgan et al., 2021). Siregar's research (2022) found that profitability and Taha et al, (2023) found that liquidity has a positive effect on sustainability reporting, and CSP has a significant effect on profitability; liquidity and volatility moderate CSP on profitability (Taha et al., 2023). Therefore, this research aims to analyze CSP controlled by firm size and leverage on profitability, mediated by liquidity, concentrated ownership, stock price volatility, institutional ownership in consumer goods companies listed on IDX BEI.
Judging from the increase in a number of shares of consumption issuers, especially primary consumption in 2024 is estimated to tend to be positive or rebound. The movement is supported by several supporting factors including expectations of sales development amid potential monetary policy easing and an inflation rate below 3% which can boost consumer spending growth. The fast moving consumer goods industry sector consists of consumer non-cyclicals and consumer cyclicals. Consumer non-cyclicals are referred to as primary consumer goods that are anti-cyclical in nature, meaning that the industry's performance is not affected by changes in fluctuations and unstable economic cycles with an increase in goods or services such as the collection of basic foodstuffs or other goods to meet basic individual needs. Meanwhile,

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consumer cyclicals, known as the secondary consumer goods industry, are cyclical, meaning that there is a proportional correlation between the level of demand for goods or services in company activities and the economic growth of the country, for example in the field of construction or sightseeing (Ermawati., 2023).

In general, previous research focused on the economic sector. Thus this research is expected to fill this gap to increase understanding of the research variables that have been determined, the authors are interested in developing about **"The influence of CSP moderated by Liquidity, Stock price Volatility, Institutional Ownership, and Concentrated Ownership on Profitability".**

2. Literature Review

Profitability

The higher the company's capability to earn profits, the higher the return expected by investors. According to Hasan et al., (2022) the probability ratio is a ratio measuring how much the company's capability to earn profits is related to the value of sales, assets and own capital. Profitability is understood from various aspects not only in theoretical concepts as a strategic basis for corporate management planning. Understanding the aspects that impact profitability reduces risk and maintains financial stability, and swiftly implements appropriate action (Aldboush et al., 2023). Aspects of profitability include company size, company efficiency, liquidity (Nguyen and Nguyen., 2020), market power, company growth (Lim and Rokhim., 2021).

Corporate Sustainability Performance (CSP)

Organizational guidelines in building cooperation with multinational companies and declaring principles about social policies that have an impact on corporate sustainability (Amoah et al., 2020). Corporate sustainability recognizes that increasing company profitability is the most important thing, to achieve sustainable development to align the needs of economic growth through environmental protection, social justice, and equality, which ultimately brings economic benefits and provides benefits for stakeholders and shareholders (Alsayegh et al., 2022). Therefore, it is important for the business world to have social awareness, especially for companies that in the process of their activities have a negative impact on the environment, employees and society (Farhan et al., 2023).

Liquidity

Liquidity ratio is divided into several parts (Kasmir., 2018) namely current ratio, quick ratio, cash ratio, cash turnover and inventory to net working capital. The research study of Taha et al., (2023) shows that the company's sustainability performance has an influence on profitability (ROA) through liquidity in stock price volatility.

Stock Price Volatility

Stock Price Volatility is used by investors in assessing the risk of the impact of the possibility of loss or profit in a certain period. This means that the level of investor confidence affects the ups and downs of stock price volatility due to the movement of new information that arises (Wandira er al., 2023). The high value of stock volatility is used to gain profits in a short time. The speed of stock price movements indicates that the frequency of stock trading in the issuer is relatively active, as well as the possibility of uncertainty (Yulinda et al., 2020). This consideration encouraged Taha et al. (2023) to further examine stock price volatility as a moderating variable.

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Concentrated Ownership

Concentrated ownership supports management to disclose more about risk management. When ownership is concentrated, there will be one party controlling the management of the company, so the agency conflict that arises will be different. One way to prevent asymmetric information is to provide signals in the form of positive and reliable information related to the company's financial statements to outside parties. This can reduce information on the uncertainty of the company's potential in the future in order to increase the credibility and success of the company. Positive and valuable information is expected to bring a reaction from the market to the information announced and received by the market (Herlambang and Hapsari., 2023). Concentrated ownership plays an important role in reducing agency conflicts that occur between managers and shareholders. A high level of sustainable business disclosure can attract investors, especially concentrated ownership (Putra., 2023).

Institutional Ownership

Institutional ownership has a significant influence on dividend decisions (Bataineh., 2020, Elmagrhi et al., 2017). Hasan et al., (2021) prove the reciprocal effect between institutional ownership. Other findings in the context of emerging markets show that high family ownership and low protection of minority shareholders, expand the understanding of how ownership structure has an influence on dividend policy, especially in Pakistan. It was also found that dividend policy decisions are centered on certain ownership types such as family ownership, institutional ownership and others (Farooq., 2022).

Firm Size

Companies with large sizes have strong total assets, as well as being an attraction for investors in investing with the benchmark of having good business continuity. Firm Size has a positive and significant effect on stock returns (Dwialesi and Darmayanti, 2016). Firm Size is expressed as total assets, where the higher the total assets of the company, the greater the size of the company. The stronger the assets, the more invested capital increases (Sondakh., 2019). Firm Size companies bring greater profitability opportunities (Alduais et al., 2022). Firm Size describes the total assets of the company. Companies with large sizes and high total assets have their own attractiveness for investors with considerations and indications that these companies tend to have good business sustainability (Maziyyah et al., 2022). Large companies with large total assets will invest higher capital so that they have the potential to increase the company's capability to generate profits (Maziyyah et al., 2022).

Leverage

Details of the measurement of each research variable are described and displayed in the first table of variable measurements above. Leverage is the level of the company's capability in managing assets to increase shareholder returns in both the short and long term. Excessive debt repayment can pose a risk because it is categorized as extreme leverage, namely a condition where the company is plunged into large debt and it is difficult to extricate itself from its debt (Soleman et al., 2022). Leverage is the total debt ratio as measured using the debt to equity ratio. The larger the loan used by the company, the higher the interest paid (Cicmil, 2023).

Conceptual Framework

To maintain business excellence in the long term, companies always try to increase company value. Normatively, the company's goal regarding financial decisions is to maximize the company's profitability. Empirical studies related to the determining aspects of profitability have mixed results, causing *research gaps from* one *research* to another (Cicmil, 2023). It is

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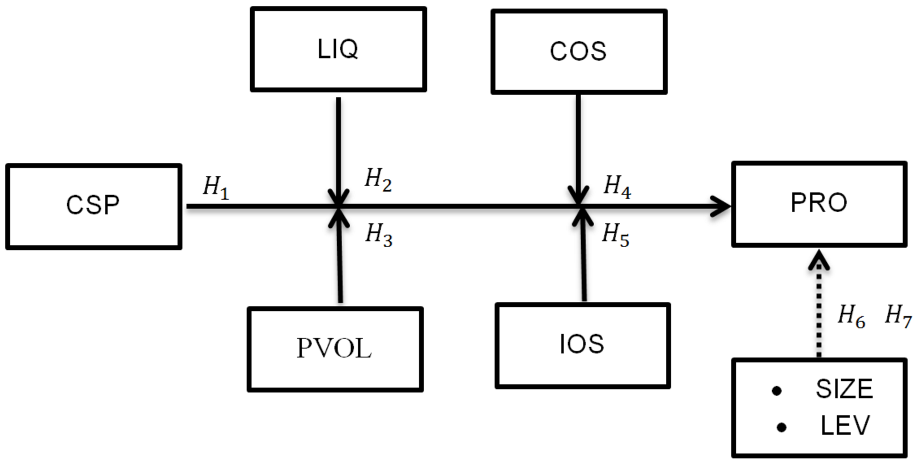
also revealed that sustainability activities moderate the effect of *leverage* and *firm size* on profitability. To improve understanding of the variables that have been determined, the authors are interested in developing a conceptual framework referring to the research of Taha *et al,* (2023) which is used as the main source of articles by adding the variables *firm size, leverage, concentrated ownership* and *institutional ownership* from supporting journals referring to the results of research In Bataineh's research, (2021) revealed that institutional share ownership has a positive influence on dividend policy. The conceptual framework in this study is as follows.

Figure 1

The effect of CSP moderated by *Liquidity*, *Stock price Volatility*, *Institutional Ownership,* and *Concentrated Ownership on Profitability*



Hypothesis Development

Companies are encouraged to create capital ethically and sustainably to maintain *financial* and *nonfinancial* alignment of stakeholders. Empirical studies by Yilmaz et al. (2022) have proven the relevance of non-financial value and the positive impact of CSP on profitability. Empirically, most of them prove that sustainability activities increase revenue and provide a better competitive advantage through better management of relationships with stakeholders. In addition, increasing sustainability aspects also aims to increase legitimacy (Yilmaz et al., 2022). The positive influence of CSP and profitability helps the company's acceptance from stakeholders and potential investors (Hardiningsih et al., 2020). ROA is a measure of profitability that is used to measure the company's ability to generate profits by utilizing the assets owned by the company. ROA is used by investors to get an overview of the rate of return on investment in a company (Amartiya and Minan., 2022). The research findings of Setiawan and Suwaidi (2022) show that the larger the size of the company, the greater the growth and assets owned by the company, which in turn will have an impact on the company's profitability. So the hypothesis proposed in this study is as follows;

H1: There is an effect of *corporate governance performance* on *profitability*

It was found that there is a positive influence between CSP and financial performance (Al Shehhi *et al*., 2018). Other research reveals that sustainable growth rates and liquidity have a significant influence on profitability (Manulang and Hutabarat, 2020). The findings of Siregar, (2022) indicate that profitability and liquidity have a positive influence on sustainability reporting. Furthermore, Hatane and Soewarno (2022) state that sustainable reports implemented by companies can increase company profitability and liquidity. Ajide and Aderemi (2014) in Taha *et al.*, (2023) state that liquidity management has an influence on corporate sustainability. So the research hypotheses proposed in this study are;

H2. Liquidity moderates the effect of CSP on profitability

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Several empirical studies show that strong *stock price volatility is* one of the aspects that illustrate the credibility of stocks, which brings positive developments to the profitability of the company (Taha *et al., 2023).* Galindo Mannequin *et al.* (2021) stated that the positive influence between *Eco-Efficiency and Stock Market Volatility*. *Eco-efficient* reactions can improve financial statement performance by increasing wealth generation and reducing the volatility of financial assets listed on the stock exchange. It was found that there is a significant effect of ESG on *Stock price Volatility* (Shakil.,2022). Another research study states that there is an indirect effect of CSP on profitability moderated by *Stock price Volatility* (Taha et al., 2023). Based on this description, the research hypothesis proposed in this study is as follows

H3. *Stock price Volatility* moderates the effect of CSP on profitability

Companies controlled by concentrated ownership have a responsibility to shareholders and maintain corporate accountability, so that detailed information is provided regarding the company (Abbas et al., 2021). The research study by Crisostomo et al. (2013) in Ylimaz et al. (2023) proves that concentrated ownership moderates the influence between CSP and profitability. In the business world, *concentrated ownership* has a positive or negative effect between CSP and *profitability*, of course this argument is influenced by the views of controlling shareholders and minority shareholders. There is a positive relationship between CSP and *concentrated ownership* (Sufian and Zahan et al 2013 in Yilmaz et al., 2022), It is also revealed that ownership concentration has an influence on CSR activities and financial performance. On the contrary, CSR activities in the environment have a negative influence on financial performance with excessive control. In contrast, CSR activities related to the community have a positive influence on financial performance with lower excess control. Based on these findings, the proposed research hypothesis is;

H4: *Ownership concentration* moderates the effect between CSP and *profitability*

It was also revealed that companies with lower institutional ownership significantly improved financial performance for the following year after sustainability reporting (Whetman., 2018). The role of CSP as a preventive strategy used to adapt to institutional gaps and deficiencies in developing countries. There is a view that it is better to fill the institutional void in order to examine the way the company makes strategies and tries to utilize institutional weaknesses as an evaluation of its differences with others, it is also mentioned that institutional investors are concerned about the sign of dividend legitimacy (Rama., 2022). Governance mechanisms in developing countries are more directed towards analyzing the moderating function of institutional ownership to provide an understanding of how to use CSP and corporate financial performance (Yilmaz et al., 2022). This means that there is an indirect effect of institutional ownership on CSP and profitability. Then the hypothesis is proposed as follows;

H5: *Institutional ownership* moderates the effect between CSP and profitability

The larger the size of the company, the easier it is for the company to obtain sources of funds from internal including external (pramana and mustanda, 2016). the greater the size of the company, the greater the company's obligation in sustainability activities. In addition, companies conduct sustainable business in order to improve their positive image and gain social legitimacy from each stakeholder. These findings are supported by Margono and Gantino, (2021) which state that sustainability activities moderate the effect of *firm size* on *profitability*. So the hypothesis proposed in this study is as follows:

H6: There is an influence between *firm size* on *profitability*

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Information owners convey all forms of information on the state of the company that are useful for investors to assist in deciding whether or not to invest using information signals. Information signals are used to describe financial conditions in the form of financial statements, these signals are also a form of information related to activities carried out by management to achieve the owner's expectations, namely by maximizing profits (Setiawan and Suwaidi., 2022). In addition to using signal theory, several empirical studies related to company performance, leverage and company size. Company performance is measured using profitability (ROA). The *return on asset* ratio describes the company's profit level, and the company's ability to generate profits by utilizing the assets owned by the company. In addition, ROA is also used by investors to get an overview of the rate of return on investment carried out by the company (Amartiya and Minan., 2022). So the hypothesis proposed in this study is as follows:

H7: There is an influence between *Leverage* on *profitability*

3. Method

The variables and measurements applied in this research are intended to evaluate the relationship between independent variables and control variables to the dependent variable. The variables that are the object of this research are Corporate Sustainability Performance, Firm Size, Leverage, Liquidity, Stock Price Volatility, Concentrated Ownership, Institutional Ownership and Profitability (ROA).

This research includes associative research because it has a form of causal relationship or causality with the aim of analyzing the influence between the independent variable is Corporate Sustainability Performance, the control variable is firm size and leverage, the moderating variable consists of Liquidity, Stock Price Volatility, Concentrated Ownership, Institutional Ownership and the dependent variable is Profitability (ROA). With measurement details as follows:

Table 1
Identification and Measurement of Research Variables

Variable Type	Variable Name	Symbol	Variable Measurement	Reference
Variabel Dependent	Profitability	PRO	Net income to total assets	Yilmaz et al., (2022)
Variabel Independent	Corporate Sustainability Performance	CSP	If the the study finds relevant information in the annual report, it is ‘1’ and ‘0’ otherwise	Taha et al., (2023)
Variabel Moderasi	Stock price volatility	PVOL	$PVOL = \sqrt{\frac{1}{n}\sum \ln\left(\frac{Ht}{Lt}\right)^2}$	Wandira dan Saputra., (2023)
	Ownership concentration	COS	% of concentrated ownership	Yilmaz et al., (2022)
	Institutional ownership	IOS	% of institutional ownership	Yilmaz et al., (2022)
		LIQ	$QR_{it} = \frac{CA_{it} - INV_{it}}{CL_{it}}$	Taha et al., (2023)

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	Liquidity			
Variabel Control	Firm Size	SIZE	Size=Ln (Total Aset)	Herlambang dan Hapsari., (2023)
	Leverage	LEV	$\frac{\textit{Total debt}}{\textit{total assets}}$	Yilmaz et al., (2022)

Details of the measurement of each research variable are described and displayed in the first table of variable measurements above.

Sampling Method

The data and information used in this study are secondary data. The sample in this study comes from information obtained from the company's financial statements or *annual reports of* companies listed on the Indonesia Stock Exchange which are accessed through the Indonesia Stock Exchange website (www.idx.co.id) as well as the official websites of companies that are research samples on the Indonesia Stock Exchange (IDX) between 2018 and 2022. The sample withdrawal method in this study used a purposive *sampling* method. Secondary data collection techniques by taking information from sources that have published the data. Data sources were taken from the Indonesia Stock Exchange website (https://www.idx.co.id/) and the websites of the companies sampled.

Research Regression Model

The research method in accordance with the title of this research can be systematically described as follows:

Model 1:$ROA_{it} = \beta_0 + \beta_1\, CSP_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \varepsilon_{it}$ (1)

Model 2: $ROA_{it} = \beta_0 + \beta_1\, CSP_{it} + \beta_2 LIQ_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 CSP_{it} x LIQ_{it} + \varepsilon_{it}$ (2)

Model 3: $ROA_{it} = \beta_0 + \beta_1 CSP_{it} + \beta_2 PVOL_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 CSP_{it} x PVOL_{it} + \varepsilon_{it}$ (3)

Model 4: $ROA_{it} = \beta_0 + \beta_1 CSP_{it} + \beta_2 COS_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 CSP_{it} x COS_{it} + \varepsilon_{it}$ (4)

Model 5: $ROA_{it} = \beta_0 + \beta_1 CSP_{it} + \beta_2 IOS_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 CSP_{it} x IOS_{it} + \varepsilon_{it}$ (5)

Table 2
Chow Test Results

Description	Model 1	Model 2	Model 3	Model 4	Model 5
Chi-square probability	0.0000	0.0000	0.0000	0.0000	0.0000

Source: *e-view 9* output

Based on the table above, it is known that the *Chi-square* probability is 0.0000 where the value is smaller than the significance level or α (0.05). thus Ho is rejected, so it is said that the regression equation in this study uses a *fixed effect* model and the next test is Hausaman testing.

Table 3
Hausman Test Results

Description	Model 1	Model 2	Model 3	Model 4	Model 5
Chi-square probability	0.8809	0.8497	0.7985	0.7343	0.9224

Source: *e-view 9* output

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Based on the table above, it is known that the *Chi-square* probability is greater than 0.0000. Thus Ho is rejected, so it is said that the regression equation results in this study use a *random effect* model and proceed to the *Lagrange Multiplier* Test.

Table 4
Lagrange Multiplier Test Results

Description	Model 1	Model 2	Model 3	Model 4	Model 5
Chi-square probability	0.0000	0.0000	0.0000	0.0000	0.0000

Source: *e-view 9* output
Based on the table above, it is known that the *Chi-square* probability is 0.0000 where the value is smaller than the significance level or α (0.05). Thus Ho is rejected, so it is said that the regression equation results in this study use a *random effect* model. From the model testing results, it can be concluded that the *random effect was* chosen for the five models in this study.

Data Analysis Method
Descriptive Statistics
Based on the descriptive statistical data collected, data analysis is made according to the calculation of the average and percentage, thus the descriptive average value, maximum value, minimum value and standard deviation are described.
Table 5
T Test Results – Models 1 through 5

	Model 1	
Variable	Coefficient	Prob.
CSP	0.011445	0.7756
SIZE	0.012089	0.0080
LEV	-0.195292	0.0000
C	-0.214228	0.0902
	Model 2	
Variable	Coefficient	Prob.
CSP	-0.083304	0.1707
LIQ	-0.035313	0.0345
SIZE	0.011325	0.0136
LEV	-0.204794	0.0000
CSP_LIQ	0.059774	0.0389
C	-0.130696	0.3241
	Model 3	
Variable	Coefficient	Prob.
CSP	0.136288	0.2390
PVOL	0.062789	0.5029
SIZE	0.010867	0.0169
LEV	-0.189329	0.0000
CSP_PVOL	-0.179590	0.2620
C	-0.223350	0.1189
	Model 4	

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Variable	Coefficient	Prob.
CSP	-0.084927	0.3808
CONS	-0.083101	0.3473
SIZE	0.011838	0.0089
LEV	-0.192509	0.0000
CSP_COS	0.161992	0.2815
C	-0.159009	0.2515

Model 5		
Variable	Coefficient	Prob.
CSP	0.242726	0.0441
IOS	0.164383	0.0518
SIZE	0.012430	0.0081
LEV	-0.200452	0.0000
CSP_IOS	-0.282110	0.0422
C	-0.355590	0.0161

Source: *e-view 9* output

Table 6
F Test Results

Description	Model 1	Model 2	Model 3	Model 4	Model 5
F-statistic	1.946.933	1.264.067	1.295.427	1.208.596	1.232.228
Prob (F-statistic)	0.000000	0.000000	0.000000	0.000000	0.000000

Source: *e-view 9* output

Based on the calculation of the F-test on the *random effect* estimation results, it is known that the probability value of F is 0.0000 <0.05 so it can be concluded that the independent variables used together have a significant effect on the independent variables and regression is feasible.

Table 7
Coefficient of Determination Test Results

Description	Model 1	Model 2	Model 3	Model 4	Model 5
Adj R Squared	0.231438	0.240308	0.245194	0.231508	0.235281

Source: *e-view 9* output

4. Results and Discussion

Descriptive Statistical Analysis

Descriptive statistics explain the characteristics of the data to be used in the study as seen from the minimum, maximum, average, and standard deviation values. The dependent variable is profitability with ROA proxy. While the independent variables are *Corporate Sustainability Performance*, *Size* and *Leverage* and the moderating variables are stock price volatility, liquidity, institutional ownership and concentrated ownership. The following are the descriptive statistical results of the data used in the study.

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Tabel 8
Descriptive Statistics

Variable Symbol	Mean	Maximum	Minimum	Std. Dev.
ROA	0.0628	0.2905	-0.2032	0.0730
CSP	0.5863	0.8649	0.2973	0.1363
SIZE	295.261	349.598	266.469	17.463
LEV	0.4437	10.561	0.0002	0.2190
LIQ	18.418	114.287	0.0363	19.738
PVOL	0.7380	12.060	0.3403	0.1845
IOS	0.7946	0.9992	0.0000	0.2545
CONS	0.5895	0.9303	0.1614	0.2228

Source: *e-view 9* output

The data used in this study for each variable amounted to 185 data obtained from 37 companies multiplied by the observation year period for (5 years), namely from 2018 to 2022.

1. Profitability variable, the average value is 0.0628 with a standard deviation of 0.0730. The maximum value for the ROA variable is 0.2905, namely at HM Sampoerna Tbk in 2018. In addition, the minimum value is -0.2032, namely at PT Kino Indonesia Tbk in 2022.
2. Corporate Sustainability performance variable, the average value is 0.5863 with a standard deviation of 0.1363. The maximum value is 0.8649 at PT H.M. Sampoerna Tbk in 202. The lowest value is 0.2973, namely at PT BISI Internasional Tbk in 2019.
3. Size variable, the average value is 29.5261 with a standard deviation of 1.7463. The maximum value is 34.9598, namely at PT Delta Djakarta Tbk in 2018. While the minimum value is 26.6469 at PT Dharma Samudera Fishing Industries Tbk in 2020.
4. The leverage variable, the average value is 0.4437 with a standard deviation of 0.2190. The maximum value is 1.0561, namely at Tunas Baru Lampung Tbk in 2019 and the minimum value is 0.0002 PT Delta Djakarta Tbk in 2018.
5. The liquidity variable has an average value of 1.8418 with a standard deviation of 1.9738. The maximum value is 11.4287, namely at 11.4287 in 2021 and the minimum value is 0.0363, namely at PT Buyung Poetra Sembada Tbk in 2020.
6. The variable stock price volatility (PVOL) average value is 0.7380 with a standard deviation value of 0.1845. The maximum value is 1.2060, namely at PT Supra Boga Lestari Tbk in 2021, while the minimum value is 0.3403 at PT Delta Djakarta Tbk in 2022.
7. The institutional ownership variable (IOS) average value is 0.7946 with a standard deviation of 0.2545. The maximum value is 0.9992, namely at PT Japfa Comfeed Indonesia Tbk in 2022 and the minimum value is 0, namely at PT Wismilak Inti Makmur Tbk in 2020.
8. The ownership concentration variable (CONS) average value is 0.5895 with a standard deviation of 0.2228. The maximum value is 0.9303 at PT Akasha Wira International Tbk in 2021 and the lowest value is 0.1614 at PT Wismilak Inti Makmur Tbk in 2020.

Table 9
T Test Results

Hypothesis	Coefficient	Sig	Decision
H1: There is an effect of CSP on profitability	0.011445	0.775 6	H1

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			Rejected
H2. Liquidity moderates the effect of CSP on profitability	0.059774	0.0389	H2 Supported
H3. Stock price Volatility moderates the effect of CSP on profitability	-0.179590	0.2620	H3 Rejected
H4: Ownership concentration moderates the effect between CSP and profitability	0.161992	0.2815	H4 Rejected
H5: Institutional ownership moderates the effect between CSP and profitability	-0.282110	0.0422	H5 Supported
H6: There is an influence between firm size on profitability	0.012089	0.0080	H6 Supported
H7: There is an influence between Leverage on profitability	-0.195292	0.0000	H7 Supported

Source: *e-view 9* output

H1 There is an effect of *corporate governance performance* on *H2*

The results of testing the first hypothesis show that CSP has no significant effect on corporate profitability. Empirically, it is mostly proven that sustainability activities increase revenue and provide a better competitive advantage through better management of relationships with stakeholders. However, it turns out that the results of this study are not in line with previous research because the form of reporting and sustainability performance is still voluntary and not too binding on companies in Indonesia so that it can be a factor that causes CSP to have no influence on company profitability. This study is not in line with research conducted by Yilmaz et al. (2022) and Amartiya and Minan, (2022) which show that CSP has an influence on profitability.

H2 *Liquidity* moderates the effect of CSP on profitability

The results of testing the second hypothesis show that liquidity has a moderating effect on the effect of CSP on profitability. This shows that high liquidity will increase or strengthen the effect of CSP on profitability. when the company's liquidity is high, this condition allows the company to make additional investments which will ultimately result in a positive increase in profitability (Huang *et al.*, 2011 in Taha *et al.*, 2023) and when the company reports that the company is a sustainable company, high liquidity will increase this effect. Other findings indicate that profitability and liquidity have a positive influence on sustainability reporting (Siregar, 2022).

H3 *Stock price volatility* moderates the effect of *corporate sustainability performance* (CSP) on profitability

Stock price volatility in testing the third hypothesis is shown to have no moderating effect on the effect of CSP on profitability. This shows that *Stock price Volatility* is not a factor that can strengthen or weaken the influence of CSP on Profitability. Some empirical studies show that strong *Stock price Volatility* as one aspect that illustrates the credibility of stocks, which brings positive developments to the profitability of the company (Taha *et al., 2023).*

H4 *Ownership concentration* moderates the influence between CSP (*Corporate Sustainability Performance*) and profitability.

The results of hypothesis testing show that concentrated ownership has no moderating effect on the effect of CSP on profitability. Companies controlled by concentrated ownership have a responsibility to shareholders and maintain corporate accountability, so the information provided is detailed regarding the company (Abbas et al., 2021). The results of this study are not in line with research conducted by Zahan et al 2013 in Yilmaz et al., 2022) which states that there is a positive relationship between CSP and *concentrated ownership.*

H5 *Institutional ownership* moderates the influence between CSP (*Corporate Performance Sustainability* and profitability).

The fifth hypothesis shows that *Institutional ownership* moderates the influence between CSP and profitability. In other words, it can be said that *institutional ownership* is a factor that can strengthen or weaken the influence of CSP and profitability. Institutional ownership is an ownership in the form of shares owned by various institutions or institutions, such as insurance companies, investment companies, banks, and other institutions (Sandy & Lukviarman, 2015).

H6 There is an influence between *firm size* on *profitability*

The sixth hypothesis shows that *firm size* has a positive and significant effect on profitability. This can happen because companies with larger sizes The larger the size of the company, the easier it is for the company to obtain sources of funds from internal including external (pramana and mustanda, 2016). This research is in line with research conducted by Wulandari and Wiksuana, (2017) which states that there is an effect of *firm size* on *profitability.*

H7 There is an effect of *Leverage* on *profitability*

The results showed that *leverage* has a negative and significant effect on profitability where this shows that high leverage will reduce the company's profitability, because a high level of *leverage* will have a high risk which is characterized by a greater cost of debt. The results of this study are in line with research conducted by Widhi and Suarmanayasa (2021) which shows the effect of leverage on profitability.

5. Conclusion

Based on the results of the previous analysis, it can be concluded that there is no significant effect of *CSP* on profitability*;* *Liquidity* moderates the effect of CSP on profitability; *Stock Price Volatility* does not moderate the effect of CSP on profitability; *Concentration of ownership* does not moderate the effect of CSP on profitability; *Institutional ownership* moderates the effect of CSP on profitability*;* There is a significant effect of *Size* on profitability*;* There is a significant effect of *leverage on profitability*.

6. Implications

The results showed that the *liquidity* variable was able to moderate the relationship between CSP and profitability. *institutional ownership* variable was able to moderate the relationship between CSP and profitability, *Size* has a significant effect on profitability, and *leverage* has a significant effect on profitability. The benefits of managerial implications for some decision makers are for Management, to increase CSP and probability, the company continues to strive to increase the company's liquidity ratio. And be more careful in taking debt, ensure the company's ability to cover debt, continue to strive to improve performance and innovate and be responsive and sensitive in reading new market opportunities; For Investors, Disclosure of

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company size and leverage has a significant impact on profitability, providing an overview to investors regarding making the right investment for the acquisition of additional assets that can show the performance of the company so that the profits generated are greater, also pay attention to the size of the company. Another thing is that investors need to pay attention to how the company's leverage ratio is to help make wiser decisions in providing capital for corporate financing.

7. Limitations and Suggestions

This study itself has limitations, namely that it was only conducted on *consumer goods* companies listed in banks and only tested the variables of *CSP*, *Size*, *Leverage* and also liquidity and ownership as moderators of the *profitability variable*. Suggestions for future research are to consider conducting similar research in other industries such as in other manufacturing industries and to consider conducting similar research by adding other variables such as *political connection* (Tarmizi, 2022).

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