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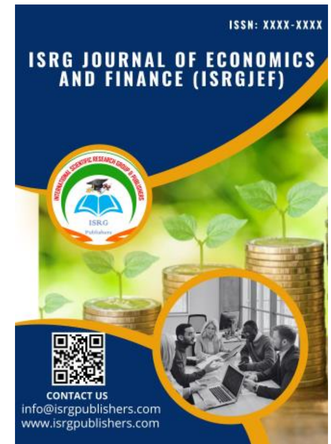

The Influence of Company Size in Moderating the Effect of Enterprise Risk Management (ERM) and Corporate Social Responsibility (CSR) Disclosures on Corporate Performance

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Abstract

In a dynamic business environment, companies must not only achieve short-term profitability but also sustain long-term value to stay competitive. This study aims to analyze the impact of Enterprise Risk Management (ERM) and Corporate Social Responsibility (CSR) disclosure on company performance, with firm size as a moderating variable. The research focuses on 32 companies consistently listed in the LQ45 index on the Indonesia Stock Exchange between 2019 and 2023, resulting in 160 data points. The sample was selected using a purposive sampling method, with data collected through secondary documentation studies. Data analysis employed multiple linear regression and hypothesis testing to examine relationships between variables. The findings indicate that both ERM and CSR disclosure significantly and positively impact company performance. Additionally, firm size was found to moderate the relationship between ERM, CSR disclosure, and company performance. However, future research could explore alternative or additional moderating variables to further strengthen the understanding of these relationships. A limitation of the study is that the LQ45 index consists of large companies selected based on liquidity, market capitalization, and sector representation. The heterogeneity across industries results in uneven disclosure practices due to varying focuses and approaches. These results contribute to the literature on risk management and corporate sustainability, while offering practical insights for companies to enhance their value creation strategies.

Key Words: CSR, Company Performance, Enterprise Risk Management, Company Size.

INTRODUCTION

In the rapidly changing dynamics of business, entities face competitive pressure demanding the ability to maintain sustainable value. Corporate value is crucial for a business entity as investors perceive such companies to have strong reputations. This is because a high corporate value reflects positive performance prospects for the future. Corporate value has become one of the key metrics used by investors in making investment decisions (Ross et al., 2015:133). It mirrors how investors assess the success level of a company, which is closely related to its performance. Losing competitive market strength may lead to a decline in financial performance, negative perceptions from stakeholders, and even the risk of corporate failure due to a lack of financial resources. Such conditions may cause companies to lose investor confidence, potentially leading to bankruptcy as funding becomes insufficient (Lestari, 2022).

Performance assessments through financial ratios are often influenced by the accounting methods applied. As a result, performance may appear satisfactory but does not reflect actual growth. In this era, companies are responsible not only to shareholders but also to all stakeholders involved (Susmonowati, 2018). Accurate performance assessments support quality decision-making, accountability, and provide long-term prospects for companies.

This study employs the concept of Economic Value Added (EVA) as an alternative method to measure value-based performance. EVA is regarded as an indicator of the economic value added by a company through its management strategies and activities. According to Young and O'Byrne (2001:5), EVA compares the financial returns of a company's capital to its capital costs. EVA serves as an effective communication tool to promote value creation, enhance corporate performance, and strengthen the relationship between companies and capital markets. Additionally, EVA calculates the true economic profit of a company within a specific period, which significantly differs from accounting-based profits. EVA represents the residual profit after deducting the capital costs incurred to generate such profit. A positive EVA indicates that the company has successfully created value, while a negative EVA shows no economic value has been added.

Currently, companies with high liquidity are considered highly promising entities. The LQ45 Index is one of the primary stock indices on the Indonesia Stock Exchange (IDX), comprising 45 selected stocks that are favored by investors for their liquidity and reduced risk. The LQ45 Index includes companies chosen based on liquidity, market capitalization, and representation across specific industrial sectors. The selection and composition of this index are periodically evaluated by Indonesia's capital market authorities to reflect current market conditions and ensure the index remains relevant as a representation of leading stocks.

Despite being chosen and known as highly liquid entities with active trading activities that attract investors, findings from this study reveal that several companies within this index experienced a decline in Economic Value Added (EVA). This condition indicates that while these companies possess liquidity advantages, some are unable to create economic value during specific periods. The table below illustrates that although these companies are listed in a reputable index, not all can maintain optimal corporate performance.

Table 1

Data EVA Sampling Of LQ 45 Companies

Company	Year	EVA (In Rupiah)
PT Indofood Sukses Makmur Tbk	2020	951.891.890.024.241.000
	2021	751.749.337.826.023.000
PT Indofood CBP Sukses Makmur Tbk	2020	536.098.655.577.202.000
	2021	473.841.983.662.451.000
PT Industri Jamu dan Farmasi Sido Muncul Tbk	2020	45.640.129.520.424.200
	2021	20.584.248.884.793.000

Data source processed by the researcher (2023)

Annual reports are one of the main tools used by entities to provide both financial and non-financial information to investors. This document not only serves as a foundation for investors in making investment decisions but also represents the management's accountability in the resource management of the business entity. The process of preparing the annual report involves a crucial aspect: the completeness of disclosure. This completeness plays a key role in providing a clear picture of the overall condition of the business entity. According to Shad et al. (2019), business entities aiming to achieve a high level of sustainability need to reassess whether they are capable of managing risks and meeting the expectations of stakeholders. Support from stakeholders can be obtained by paying attention to the satisfaction of all parties involved, including the community and the environment surrounding the business entity.

Business entities need to report information that can serve as a reference for stakeholders in making decisions. Relying solely on financial information is not sufficient to assess a business entity comprehensively. Non-financial information reporting is also necessary as a basis for decision-making. The disclosure of non-financial information indicates that the business entity provides additional information to stakeholders, such as reports on enterprise risk management (ERM) and the implementation of corporate social responsibility (CSR).

According to Shad et al. (2019), Enterprise Risk Management (ERM) plays a crucial role in supporting the sustainable development of an organization or business entity through the processes of risk identification, measurement, and management, including risks related to sustainability aspects. This can also ensure the sustainability of the business entity and build trust among stakeholders. A study by Damayanti & Venusita (2022) shows a positive influence between the reporting of Enterprise Risk Management (ERM) and the performance of business entities.

The implementation of Corporate Social Responsibility (CSR) in Indonesia is regulated through Law No. 40 of 2007, Article 74, Paragraph 1, regarding Limited Liability Companies. This provision emphasizes the company's obligation to pay attention to both social and environmental concerns. In other words, companies are required to address social and environmental issues arising from their operational activities. A study by Rahmawardani & Muslichah (2020) on the impact of corporate social responsibility (CSR) on financial performance found that CSR has a positive effect.

The larger the size of a business entity, the more information it is expected to disclose. This is because the scale of a business entity

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is typically accompanied by higher demands for transparency in disclosing information compared to smaller entities (Firmansyah et al., 2021). The size of a business entity moderates the implementation of CSR and ERM, with larger entities having greater capacity to allocate resources. Research shows that as a business grows, the number of risks it faces also increases, both from internal and external factors (Firmansyah, Sihombing, et al., 2020; Firmansyah, Utami, et al., 2020). The size of a business entity is associated with more complex risks and greater responsibilities to various stakeholders. However, the increased disclosure of information related to risks and responsibilities indicates that management is making efforts to manage risks effectively, ensuring transparency and compliance.

THEORETICAL FRAMEWORK AND HYPOTHESIS FORMULATION

This research adopts signaling theory as its theoretical foundation, based on the views of Spence (1973) in the development of signaling theory. Spence argued that signals conveyed in the labor market relate to economic indicators, which function to reduce information asymmetry. In this context, managers are responsible for delivering these signals. CSR activities send signals about the social and ethical responsibility of a business entity, which can enhance its reputation and public trust. Furthermore, ERM sends a signal regarding the entity's ability to manage risks effectively, which is crucial for attracting investors and maintaining long-term stability. The combination of these signals helps business entities build trust and value in the eyes of stakeholders.

In addition to signaling theory, this study is also grounded in agency theory. Agency theory explains the relationship between a business entity and the business practices it undertakes. According to Jensen & Meckling (1976), the agency relationship contract involves one or more parties hiring another party to provide services in their interest, with the delegation of some decision-making authority. Thus, this theory highlights the interests of each party within the business entity to achieve shared goals.

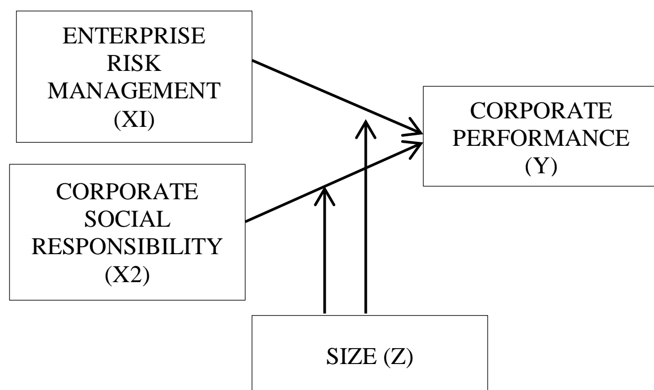

Figure 1: Theoretical Framework

The Impact of Enterprise Risk Management (ERM) on Company Performance

Based on agency theory, the implementation of ERM enhances transparency by providing a framework to systematically identify, measure, and manage risks. As a result, information asymmetry is reduced, and shareholders can have greater confidence that management is making the right decisions (Saeidi et al., 2021). ERM allows business entities to manage risks more effectively, which, in turn, can improve the entity's operational and financial performance. This performance improvement occurs because good risk management helps the entity avoid or mitigate the negative impacts of risks, enabling the business entity to achieve its strategic goals more efficiently.

Studies conducted by Jurdi & AlGhnaimat (2021), Raya et al. (2023), and Anis & Sekarini (2023) show that ERM has a positive and significant impact on business entity performance.

H1 : The disclosure of Enterprise Risk Management (ERM) has a positive impact on company performance.

The Impact of Corporate Social Responsibility on Company Performance

According to agency theory, through the implementation of CSR, business entities can build a positive reputation in the eyes of the public and other stakeholders. A good reputation enhances public and investor trust, which can positively impact the business entity's performance and stock value (Nirino et al., 2020). CSR encompasses actions by business entities aimed at creating a positive impact on society, such as sustainable business practices, philanthropic activities, environmental awareness, and high ethical standards (Saputro, 2023).

Studies conducted by Adnyani et al. (2020), Siregar & Safitri (2019), and Khodijah & Huda (2024) show that CSR has a positive and significant impact on business entity performance.

H2 : The disclosure of Corporate Social Responsibility (CSR) has a positive impact on company performance.

The Impact of Company Size in Moderating the Influence of Enterprise Risk Management (ERM) Disclosure on Company Performance

Large business entities face more risks and complexities compared to smaller business entities. Management in large entities may encounter greater challenges in managing various types of risks, which can lead to conflicts of interest between management and shareholders (Damayanti & Venusita, 2022).

ERM helps large business entities manage risks in a more systematic and integrated way. With ERM, large entities can identify, assess, and manage risks more effectively, which ultimately improves the performance of the business entity and protects the interests of shareholders.

A study by Ticoalu et al. (2021) shows that company size can moderate the effect of ERM on financial performance.

H3 : Company size can strengthen the positive effect of Enterprise Risk Management (ERM) disclosure on company performance

The Impact of Company Size in Moderating the Influence of Corporate Social Responsibility (CSR) Disclosure on Company Performance.

Large business entities that effectively implement CSR programs can reduce information asymmetry by increasing transparency and CSR reporting. Comprehensive CSR reports help ensure that shareholders and other stakeholders have equal access to information about the business entity's CSR efforts, thus enhancing trust and business performance (Nabila & Wuryani, 2021).

A study by Khodijah & Huda (2024) states that company size does not moderate the impact of CSR on business performance. However, this study examines the effect of company size on LQ45 companies, so different results are expected.

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H4 : Company size can strengthen the positive effect of Corporate Social Responsibility (CSR) disclosure on company performance.

RESEARCH METHOD

Enterprise Risk Management (ERM) Disclosure

ERM disclosure is used in this study as an independent variable (X1). According to COSO, Enterprise Risk Management is a process that involves management, the board of directors, and other personnel within an organization. This process is applied within the context of strategy and encompasses the entire organization, with the goal of identifying events that may affect the organization, managing risks within the organization's tolerance, and providing reasonable assurance regarding the achievement of organizational objectives (Safitri & Rufaedah, 2020).

In this study, the ERM variable is measured using ERM disclosure indicators, based on the ERM disclosure format from the study by Adissa & Septiani (2022), which includes 108 items across eight components. Each ERM item disclosed in the annual report of the business entity is assigned a score of 1, while undisclosed items are assigned a score of 0. After obtaining the score for each item, the scores are summed and calculated using the following formula to obtain the total disclosure for each business entity.

$$ERMDI = \frac{\Sigma \text{The disclosed items}}{108 \text{ Items}}$$

Corporate Social Responsibility (CSR) Disclosure

The researcher uses CSR as an independent variable (X2). Corporate Social Responsibility (CSR) is known as an approach where entities incorporate social concerns into their business activities and interactions with stakeholders, based on the principles of partnership and voluntarism (Ridwan & Nirwansyah, 2023).

CSR measurement uses the reporting items from the Global Reporting Initiative (GRI) standards, which include two aspects: 59 indicators (general standards) and 77 indicators (specific standards). The total number of indicators is 136, used to compile a sustainability report. The general standards module includes GRI-102 and GRI-13, while the specific standards module covers GRI-200, GRI-300, and GRI-400 (https://www.globalreporting.org/). The CSR formula is adopted based on the study by Gumanti et al. (2021).

$$CSR = \frac{\Sigma X_{ij}}{\text{n}} \times 100\%$$

Company Performance

In this study, the dependent variable used is EVA (Economic Value Added). EVA is a new approach to measuring business entity performance by considering the fair expectations of owners or shareholders. Unlike conventional performance measures, the EVA concept can be analyzed independently without requiring comparison with similar business entities or trend analysis (Fiyanto et al., 2022). Business entity performance is measured using the EVA formula as outlined in the study by Fiyanto et al. (2022).

EVA = NOPAT – *Capital Charge*

Company Size

In this study, the moderating variable used is business entity size. Business entity size refers to the scale or magnitude of a business, typically depending on factors such as asset size and revenue, market share, number of employees, or other relevant indicators. Business entity size can vary widely across industries and sectors, ranging from small businesses with minimal resources to large multinational entities with a significant market presence and extensive operations (Rahma & Ghozali, 2021). In this study, the approach used to measure business entity size is the logarithm of the total assets owned by the business entity. Business entity size (size) reflects the scale of the business entity through its total assets (Ayasha & Yohanes, 2023).

$Size = Ln\ (Total\ Aset)$

Population and Sample

The population in this study includes all entities listed on the Indonesia Stock Exchange that have consistently been part of the LQ 45 index during the period from 2019 to 2023. During this observation period, a total of 67 entities were nominated in the LQ 45 index of the Indonesia Stock Exchange.

The sample selection in this study is based on the purposive sampling method, which considers specific characteristics in the selection of samples (Sugiyono, 2018:82).

The parameters used in the sample selection are as follows:

1. Business entities listed in the LQ 45 index on the Indonesia Stock Exchange during the period from 2019 to 2023.
2. Business entities that have consistently been part of the LQ 45 index consecutively throughout the observation period from 2019 to 2023.

Data Analysis Method

In this study, simple regression is used to measure the effect of independent variables on the dependent variable. Furthermore, Moderated Regression Analysis (MRA) is applied to analyze the impact of the moderating variable and determine the moderating characteristics. The following regression equation is used:

$$EVA = \alpha + \beta 1ERM + \beta 2CSR + e$$

$$EVA = \alpha + \beta 1ERM + \beta 2CSR - \beta 3SIZE - \beta 4ERM.SIZE + \beta 5CSR.SIZE + e$$

Description :

EVA : Business Entity Performance

α : Constant

β : Slope or regression coefficient

ERM : Enterprise Risk Management

CSR : Corporate Social Responsibility

SIZE : Company Size

e : Error term, which represents the level of estimation error in the study

According to Jogiyanto (2014), there are two methods to determine the moderating effect. The first method is by comparing the increase in R^2 in the regression model that includes the moderating variable, independent variable, and dependent variable, against the model that only includes the independent and dependent variables. If there is an increase in R^2, it indicates that the moderating variable plays a role in influencing the relationship between the independent and dependent variables. The second method is by examining the significance of the interaction coefficient with respect to the variable Y. If the interaction coefficient is significant, it means that the moderating variable affects the relationship between the independent and dependent variables. Solimun (2010) also classifies moderating variables into four types, namely:

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Table 2

Classification of Moderating Variables

No	Moderating Type	Coefficient
1	Pure Moderating	*β1 Non Significant* *β2 Significant*
2	Quasi Moderating	*β1 Significant* *β2 Significant*
3	Homologizer Moderating	*β1 Non Significant* *β2 Non Significant*
4	Predictor Moderating	*β1 Significant* *β2 Non Significant*

Source: Solimun (2011)

According to Solimun (2011), moderating variables can be classified into four types: pure moderating, quasi moderating, homologizer moderating, and predictor moderating.

RESEARCH FINDINGS AND DISCUSSION

Sample Description

The population of the study consists of entities included in the LQ 45 index on the Indonesia Stock Exchange during the period 2019–2023. The sample selection was conducted using the purposive sampling method based on the following criteria:

Table 3

Sample Selection Criteria

No	Sample Criteria	Total
1	Companies Listed in the LQ 45 Index of the Indonesia Stock Exchange During the 2019–2023 Observation Period	67
2	Companies Indexed in LQ 45 on the Indonesia Stock Exchange, but Not Consistently Listed in the LQ 45 Index Throughout the 2019–2023 Period.	(35)
	Total Companies that Meet the Research Sample Criteria	32
	Research Year	5
	Final Sample Size	160

Data source processed by the researcher (2023)

Descriptive Statistical Analysis

Table 4

Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std Deviation
EVA	160	33,490	43,790	39,27519	2,281349
ERM	160	0,685	0,963	0,82582	0,063853
CSR	160	0,679	0,993	0,83449	0,073521
SIZE	160	24,181	35,315	31,78389	1,696337

Source: SPSS 26 Output, Data Processed

Table 4 presents the output of the analysis for the study variables. The analysis of Economic Value Added (EVA) shows that the business performance of entities in the LQ45 index is mostly positive, with an average value of 39.27 (equivalent to IDR 594 trillion). The lowest EVA, 33.49 (PT Sumber Alfaria Trijaya Tbk, 2021), was due to the impact of the COVID-19 pandemic, although the business entity still showed resilience through revenue growth and store expansions. In contrast, the highest EVA, 43.79 (PT XL Axiata Tbk, 2020), was influenced by a 37% increase in new consumers in the data services sector due to mobility restrictions. The standard deviation of 2.28 indicates low data variation and relatively uniform performance.

The disclosure of Enterprise Risk Management (ERM) by business entities in the LQ45 index shows significant variation, with the lowest value of 0.685 from PT Indofood CBP Sukses Makmur Tbk (2019) and the highest value of 0.963 from PT Indah Kiat Pulp & Paper Tbk (2023). The average ERM disclosure score is 0.82, with a standard deviation of 0.06, indicating a uniform distribution. The physical control disclosure, which is the least disclosed indicator, was only recorded as 31% disclosed across the entire population. This variation is influenced by differences in industry sector focus, such as the banking sector, which emphasizes data security and regulation, while the logistics and energy sectors focus more on physical security. Most business entities in the LQ45 index have successfully implemented ERM effectively.

The disclosure of Corporate Social Responsibility (CSR) by business entities in the LQ45 index shows significant variation, with the lowest value of 0.67 from PT Surya Citra Media Tbk (2019), which disclosed only 67% of the required CSR items. This is due to the media and telecommunications sector's focus on broadcasting through TV channels like SCTV and Indosiar, with less environmental impact in this sector. In contrast, PT Aneka Tambang Tbk (2022-2023) recorded the highest value of 0.99, with 99.3% of the expected items disclosed. Overall, the average CSR score is 0.83 with a standard deviation of 0.07, indicating that most business entities in the LQ45 index have applied CSR practices effectively and uniformly. The least disclosed indicator is the Management Approach Evaluation, with a reporting rate of 59%. Sector differences influence the level of CSR reporting among business entities.

The company size (Size) variable shows significant variation, with the lowest score of 24.18 (IDR 31.73 billion) from PT Aneka Tambang Tbk (2020) and the highest score of 35.31 (IDR 2.17 trillion) from Bank Mandiri (2023). Both are classified as large enterprises according to Law No. 20 of 2008. The average size score for business entities is 31.78 (IDR 63.73 trillion), indicating that the majority of entities in the LQ45 index fall into the large enterprise category, with substantial financial strength. The standard deviation of 1.69, which is smaller than the average, suggests that the size of business entities in the LQ45 index is uniform and stable.

The Coefficient of Determination Results

Based on the data analysis using SPSS 26, the coefficient of determination test yielded an R Square value of 0.613, or 61.3%. This indicates that the independent variables X1 (ERM) and X2 (CSR) can explain 61.3% of the variation in the dependent variable Y, measured through the EVA analysis. Meanwhile, the remaining 38.7% is influenced by other variables not included in this study.

Hypothesis Testing Results
Table 5

Simple Regression Results and MRA Test

Hypothesis	T calculated	T table	Sig	Decision
H1	4,426	1,975	0,000	Accepted
H2	3,281	1,975	0,009	Accepted
H3	3,369	1,975	0,001	Accepted
H4	2,838	1,975	0,008	Accepted
F Hitung = 10,229 **Sig.F = 0,000**				

Source: SPSS 26 Output, Data Processed

Regression Equation

Based on the regression analysis output, the following model equation is obtained:

EVA = 53,932 + 21,970 ERM + 105,077 CSR + 2,902 SIZE + 5,821 (ERM_SIZE) + 3,397 (CSR_SIZE) + e

Interpretation of Results

The Impact of Enterprise Risk Management (ERM) Disclosure on Corporate Performance

The findings indicate that ERM disclosure has a positive and significant impact on the performance of companies listed in the LQ45 stock index. This suggests that the greater the ERM disclosure, the better the company's performance. This statement is supported by Zout et al. in the study by Adissa & Septiani (2022), which aligns with signaling theory. Transparent disclosure of ERM practices sends a positive signal to investors and stakeholders, indicating that the company is capable of effectively managing risks. This increased trust can drive higher market valuations, facilitate easier access to capital, and lower capital costs.

From an agency theory perspective, greater ERM disclosure also helps reduce agency problems by improving management transparency and accountability. When managers openly report risks and their mitigation strategies, shareholders gain confidence that their interests are being protected. These findings are consistent with previous studies by Shaleh & Kurniasih (2021), Jurdi & AlGhnaimat (2021), and Anis & Sekarini (2023), which concluded that ERM disclosure positively contributes to corporate performance.

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

The findings of the study reveal that CSR disclosure has a positive and significant impact on the performance of companies listed in the LQ45 stock index. This indicates that increased CSR disclosure can contribute to enhanced corporate performance. According to signaling theory, transparent CSR reporting sends a positive message to stakeholders such as investors, customers, and communities, reaffirming the company's commitment to social responsibility and sustainability. This signal not only strengthens the company's image and brand but also attracts the interest of customers and investors who are concerned with social and environmental issues.

From an agency theory perspective, greater CSR disclosure enhances managerial transparency and accountability, thereby helping to reduce the misalignment between the interests of managers and business owners. When managers openly report on CSR activities and their impacts, stakeholders can better understand the extent to which the company is fulfilling its social responsibilities and ensure that managerial actions align with the long-term interests of the company. These findings are consistent with previous studies by Adnyani et al. (2020), Nirino et al. (2020), and Siregar & Safitri (2019), which also found that CSR disclosure has a positive and significant impact on corporate performance.

Moderating Effect of Company Size on the Relationship Between Enterprise Risk Management (ERM) and Corporate Performance

The findings reveal that company size can moderate the impact of ERM on the performance of companies listed in the LQ45 index. This moderation falls under the category of quasi-moderation, where company size not only influences the relationship between ERM and corporate performance, but also directly affects corporate performance. Larger companies have financial and operational advantages that enable the more integrated and strategic implementation of ERM. From the signaling theory perspective, company size affects how ERM is perceived by external stakeholders, such as investors and creditors. Larger companies typically have superior resources to demonstrate solid risk management, thereby increasing trust and fostering a positive market perception. Better ERM implementation in larger entities also signals to the market that the company has a strong management system in place and is prepared to face risks, which ultimately has a positive impact on corporate performance.

From the agency theory perspective, company size also moderates the impact of ERM on performance by reducing the potential conflicts between owners (principals) and management (agents). In large companies, conflicts of interest between shareholders and management tend to be more complex due to the greater distance between the two parties. Proper ERM implementation helps ensure that management executes risk management strategies in line with the shareholders' goals, reducing agency costs (the costs associated with conflicts of interest between agents and principals). With effective ERM, companies can create stronger oversight mechanisms to control management decisions, ensuring that the risks taken by management are properly controlled and align with the interests of the company's owners.

However, this study has limitations as the LQ45 index includes companies from diverse sectors with different risks and characteristics. For instance, the financial sector is more focused on market risks, while the manufacturing sector faces operational risks. This heterogeneity makes the study's results challenging to generalize. Therefore, further research is needed to explore the interaction between company size and ERM in specific sectoral contexts. These findings support the study by Ticoalu et al. (2021), which concluded that company size strengthens the relationship between ERM and corporate performance.

Moderating Effect of Company Size on the Relationship Between Corporate Social Responsibility (CSR) and Corporate Performance

The study's findings indicate that company size can moderate the impact of CSR on the performance of companies listed in the LQ45 index. This moderation falls under the category of quasi-moderation, where company size not only strengthens the relationship between CSR and corporate performance but also has a significant direct effect on corporate performance. Larger companies tend to have advantages in implementing CSR

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strategically and comprehensively, supported by greater financial and operational resources.

According to signaling theory, CSR reporting by larger companies sends a strong signal to stakeholders that the business prioritizes not only financial aspects but also is committed to positive social and environmental impacts. This signal enhances market trust, strengthens the company's reputation, and contributes to its financial performance.

From the agency theory perspective, larger companies face greater external pressures from governments, investors, and consumers to fulfill their social responsibilities. With broader operational scales, larger businesses are capable of implementing significant CSR programs, adding value and reducing social and regulatory risks. However, limitations arise within the context of the LQ45 index, which includes companies from various sectors with different CSR challenges and focuses. For example, the energy sector tends to focus on managing environmental impacts, while the financial sector emphasizes public education. This heterogeneity makes the impact of CSR on performance non-uniform across sectors, indicating the need for further research to explore this dynamic in sector-specific contexts.

These findings align with the study by Siregar & Safitri (2019), which concluded that company size strengthens the influence of CSR on corporate performance.

CONCLUSION

This study aims to examine the role of company size in strengthening or weakening the impact of ERM and CSR disclosures on the corporate performance of companies listed on the IDX and consistently included in the LQ45 index during the 2019–2023 period. The findings of this study reveal that ERM disclosures have a positive and significant impact on corporate performance, while CSR disclosures also exert a positive and significant influence on corporate performance. Additionally, company size plays a moderating role in strengthening the relationship between ERM disclosures and corporate performance, as well as between CSR disclosures and corporate performance.

However, this study has several limitations. The first limitation is that the LQ45 index includes companies from various sectors with different risk characteristics and challenges, which may result in varying findings across sectors. Secondly, company size is categorized as a quasi-moderator, which, while strengthening the relationship, does not fully demonstrate the strength of an ideal moderator variable.

Based on the conclusions and limitations discussed, several suggestions for future studies are provided. It is recommended that future researchers explore other factors that may affect corporate performance, such as earnings management or independent commissioners. Furthermore, it is suggested to consider more potent moderating variables, such as internal control (IC) or corporate governance, which have greater potential to provide a significant moderating effect on corporate performance.

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