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ENHANCING FINANCIAL PERFORMANCE THROUGH ESG, CORPORATE GROWTH, AND GREEN INNOVATION: THE MODERATING ROLE OF AUDIT QUALITY

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ABSTRACT : This study aims to analyze the effects of Environmental, Social, and Governance (ESG), corporate growth, and green innovation on financial performance, as well as the role of audit quality as a moderating variable. The sample consists of 40 food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The data were analyzed using panel data regression. The results show that ESG and corporate growth have positive and significant effects on financial performance. Conversely, green innovation does not have a significant effect because its economic benefits have not yet been directly realized due to high implementation costs, the need for research funding, and regulatory constraints. Audit quality is proven to strengthen the effects of ESG and corporate growth on financial performance, but it does not moderate the effect of green innovation. Thus, audit quality enhances the credibility of ESG- and growth-related information but has not yet been able to overcome the economic barriers associated with the implementation of green innovation.This study is limited to food and beverage companies during the 2021–2024 period and to the use of specific measurement indicators for financial performance and corporate growth. Future research is recommended to use more recent periods, expand the research scope, and include additional variables such as good corporate governance and the Debt-to-Asset Ratio (DAR).
KEYWORDS: *ESG, corporate growth, green innovation, financial performance, audit quality.*

I. INTRODUCTION

Indonesia's economy experienced a relatively consistent recovery during the 2021–2024 period following the COVID-19 pandemic. National economic growth was recorded at 3.69% in 2021, increased to 5.31% in 2022, reached 5.05% in 2023, and remained stable at 5.03% in 2024. This recovery was primarily supported by increased household consumption, investment, and the performance of the manufacturing industry. Within the manufacturing industry, the food and beverage industry was the subsector that made the largest contribution to manufacturing value added. In 2024, this subsector accounted for 36.44% of the total value added generated by the manufacturing industry. This substantial contribution confirms the strategic position of the food and beverage industry in supporting national economic growth.

On the other hand, the food and beverage industry continues to face various challenges, including inflation, rising raw material prices, exchange rate fluctuations, and increasingly intense business competition. These changes in macroeconomic conditions have the potential to affect the financial performance and firm value of food and beverage companies listed on the Indonesia Stock Exchange (IDX). Boubaker et al. (2018:372) define financial performance as the results achieved by a company's management in effectively carrying out the function of managing the company's assets over a specific period. Financial performance is needed to measure and evaluate the company's level of success based on the financial activities it has undertaken. Such evaluation generally focuses on the company's ability to generate profits and maintain sustainable growth. Therefore, measuring financial performance involves analyzing various financial indicators and company financial statements.

Information on financial performance is beneficial to investors, management, and other stakeholders. Through this information, various parties can assess the company's financial health, evaluate its ability to achieve its objectives, identify areas requiring improvement, and manage risks more effectively. In addition to financial performance, environmental, social, and governance (ESG) aspects have become increasingly important in corporate activities. ESG relates to the impact of corporate activities on economic, social, and environmental dimensions. The implementation of ESG encourages companies to conduct their operations responsibly by taking the interests of all stakeholders into account. Broadly speaking, ESG encompasses environmental, social, and governance considerations that may affect a company's ability to implement its business strategy and create long-term value.

The ESG Reporting Guide published by NASDAQ in 2019 explains that ESG disclosure can be used to assess the extent to which a company demonstrates responsibility toward environmental, social, and governance issues. Accordingly, a company's orientation is not limited to profit achievement but also includes concern for the planet and society. Although ESG is often categorized as a nonfinancial factor, the manner in which a company manages ESG issues may generate measurable financial consequences. Previous studies have produced inconsistent findings regarding the relationship between ESG and financial performance. Sari and Widiatmoko (2023) found that ESG affects financial performance; however, gender diversity does not strengthen the effect of ESG on ROA. Ningwati and Putri (2023) stated that ESG disclosure has a positive and significant effect on ROA. Similar findings were reported by Xu and Zhu (2024), who found that ESG performance positively affects corporate performance as measured by ROA. In contrast, Nisa et al. (2023) stated that ESG disclosure has no effect on a company's financial performance. Meanwhile, Zahid et al. (2022) found that ESG has a negative and significant effect on financial performance, as measured by ROA. This finding supports the trade-off hypothesis, which suggests that investment in ESG activities may increase a company's operating costs.

Zelmanovitz (2021:109) states that growth represents changes in a company's total assets, whether increases or decreases, over a specific period or one year. Firm value, as reflected in stock market value, is strongly influenced by investment opportunities. Growth also reflects a company's ability to maintain its position amid developments in the economy and the industry in which it operates. In operational activities, assets serve as resources used by a company to generate output. The greater the assets owned by a company, the greater its potential operating results. Nevertheless, high growth also increases the company's need for funding sources.

Emanuel and Rasyid (2019) explain that profit growth can be analyzed through the sales growth rate within a particular segment to evaluate profitability. The sales growth rate is calculated by comparing sales at the end of the period with sales in the previous year (Kennedy et al., 2013). Green innovation has objectives similar to those of conventional innovation, but it places greater emphasis on reducing negative environmental impacts. The implementation of green innovation can improve product quality, productivity, cost efficiency, market opportunities, and a company's economic performance. In addition, this type of innovation can create competitive advantages and encourage companies to process production waste into products that generate added value and profits (Agustia et al., 2019).

In practice, green innovation is implemented through the development of environmentally friendly processes and products. These efforts include saving energy during the production process, reducing the use of raw materials, and utilizing energy efficiently. Such efficiency measures can help companies reduce production costs. Xie et al. (2019), Dewi and Rahmaningsih (2020), Suryani and Dianawati (2018), and Lin et al. (2019) demonstrate that green innovation has a positive effect on financial performance. Audit quality is also a relevant factor in assessing the reliability of financial information. Ansel and Torfing (2022:365) explain that audit quality is related to an auditor's ability to identify and report violations found within an accounting system to the client. According to Kamil Omoteso (2016:54), audit quality is an important indicator that ensures the audit process is conducted consistently in accordance with professional standards and applicable legal provisions. High audit quality can also reduce auditors' exposure to legal liability.

Widyadi and Widiatmoko (2023) state that good audit quality can increase investors' confidence in the information disclosed by a company. According to Phan et al. (2020), companies that use the services of Big Four public accounting firms tend to demonstrate better financial conditions. Accredited audit firms play a role in ensuring that audited financial statements are presented reliably, transparently, and meaningfully because they comply with applicable quality and auditing standards.

Based on the foregoing discussion, a research gap remains regarding the effects of ESG, growth, and green innovation on financial performance. Therefore, this study reexamines the relationships between these three variables and financial performance by incorporating audit quality as a moderating variable. The study focuses on food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. Accordingly, the title of this study is "The Influence of ESG, Growth, and Green Innovation on Financial Performance, Moderated by Audit Quality, in Food and Beverage Companies during the 2021–2024 Period."

II. LITERATURE REVIEW AND HYPOTHESIS

Agency theory, as proposed by Jensen and Meckling (1976), suggests that the separation of ownership and management between shareholders as principals and managers as agents may create conflicts of interest. Shareholders delegate decision-making authority to managers, who are responsible for managing the company and reporting their performance through financial statements (Sagala & Siagian, 2021). Such conflicts may arise because managers tend to pursue higher profits to obtain greater incentives, whereas shareholders may prefer lower profit levels to achieve tax efficiency (Putra & Suprasto, 2021). Consequently, financial performance represents an important measure of corporate quality and is commonly assessed through financial statement analysis, particularly profitability ratios that reflect a company's effectiveness and efficiency in generating profits (Saifi, 2019; Erna & Sutama, 2018). Freeman's (1984) stakeholder theory emphasizes that corporate responsibility extends beyond shareholders to all parties that affect or are affected by corporate activities. These stakeholders include consumers, creditors, suppliers, governments, employees, and society. Because corporate sustainability depends substantially on stakeholder support, companies must establish and maintain constructive relationships with their stakeholders (Ghozali & Chariri, 2020). One way companies demonstrate this responsibility is through the disclosure of Environmental, Social, and Governance (ESG) practices. ESG disclosure indicates that companies are concerned not only with profit generation but also with social welfare and environmental sustainability, consistent with the triple bottom line concept (Jonathan & Sinaga, 2022).

Legitimacy theory, developed by Dowling and Pfeffer (1975), argues that companies require social legitimacy to sustain their business operations. Legitimacy is achieved when corporate activities conform to prevailing social norms, values, and expectations (Jonathan & Sinaga, 2022). ESG implementation and disclosure therefore provide an important mechanism through which companies communicate the social and environmental impacts of their operations.

ESG disclosure provides investors and other stakeholders with additional information about corporate performance that is not fully captured in financial statements. It also enhances transparency and supports strategic decision-making (Nugroho & Hersugondo, 2022). Moreover, ESG disclosure may improve corporate profitability (Triyani et al., 2020). Several studies have reported a positive relationship between ESG and profitability or Return on Assets (ROA) (Bodhanwala & Bodhanwala, 2018; Climent, 2018; Velte, 2019; Sari & Widiatmoko, 2023; Ningwati & Putri, 2023; Xu & Zhu, 2024). In contrast, Nisa et al. (2023) found that the relationship was statistically insignificant. Accordingly, the first hypothesis is formulated as follows:

H1: ESG has a positive and significant effect on financial performance.

Profit growth reflects a company's ability to preserve and improve its economic condition. It also indicates operational success and may be used to predict future corporate performance (Kasmir, 2012; Maurien & Ardana, 2019). In addition, profit growth can serve as a measure of profitability by reflecting increases in sales across periods (Emanuel & Rasyid, 2019; Kennedy et al., 2013). Although previous studies have reported no significant effect of growth on financial performance (Likha & Fitria, 2019; Suryani, 2020; Febriyanti & Sulistyowati, 2021), this study proposes the following hypothesis:

H2: Growth has a positive and significant effect on financial performance.

Green innovation involves the development of environmentally friendly products or processes through the efficient use of resources and energy. By adopting green innovation, companies may reduce operating costs, increase profits, and improve their financial performance (Agustia et al., 2019; Küçükoğlu & Pınar, 2015). Previous findings also support the positive contribution of green innovation to financial performance (Xie et al., 2019; Dewi & Rahmaningsih, 2020; Suryani & Dianawati, 2018; Lin et al., 2019). Therefore, the third hypothesis is stated as follows:

H3: Green innovation has a positive and significant effect on financial performance.

External audit quality may enhance the reliability of financial reporting, transparency, and corporate governance. The size and reputation of public accounting firms, particularly the Big Four, are frequently used as proxies for audit quality because large audit firms have stronger incentives to preserve their independence, reputation, and compliance with rigorous auditing standards (Angelo, 1988; Bacha et al., 2020). Nevertheless, the effect of ESG on financial performance may vary according to audit quality. Zahid et al. (2022) suggest that ESG activities may increase corporate costs, meaning that the relationship between ESG and financial performance may depend on the quality of external auditing. Accordingly, the fourth hypothesis is formulated as follows:

H4: Audit quality moderates the effect of ESG on financial performance.

Audit quality may also influence the relationship between growth and financial performance. Large and reputable auditors, particularly the Big Four, are more likely to apply rigorous audit procedures and standards (Angelo, 1988; Bacha et al., 2020). These practices can enhance the reliability of financial information, transparency, and corporate governance. Sales growth reflects a company's ability to maintain its economic position and represents an indicator of operational success. It may also be used to predict future corporate growth (Kasmir, 2012; Maurien & Ardana, 2019). Sales growth is generally measured by comparing sales across periods and can be used to evaluate corporate profitability (Emanuel & Rasyid, 2019; Kennedy et al., 2013). Based on this argument, the fifth hypothesis is proposed:

H5: Audit quality moderates the effect of growth on financial performance.

Audit quality is also expected to strengthen or weaken the relationship between green innovation and financial performance. Public accounting firms with strong competence, large scale, and a strong reputation tend to provide higher-quality audits because they seek to preserve their independence and reputation by applying rigorous auditing standards (Angelo, 1988; Bacha et al., 2020). High-quality audits can improve the reliability of financial reporting, transparency, corporate governance, and financial performance. The adoption of green innovation enables companies to develop environmentally friendly products or processes while using resources and energy more efficiently. This strategy can reduce operating costs, increase profits, and improve financial performance (Agustia et al., 2019; Küçükoğlu & Pınar, 2015). Several studies have found that green innovation has a positive effect on financial performance (Xie et al., 2019; Dewi & Rahmaningsih, 2020; Suryani & Dianawati, 2018; Lin et al., 2019). Therefore, the final hypothesis is formulated as follows:

H6: Audit quality moderates the effect of green innovation on financial performance.

III. RESEARCH METHODS

The research design employed in this study is hypothesis testing, which constitutes a systematic process for determining whether a hypothesis should be accepted or rejected based on the parameters of the population under investigation (Sugiyono, 2019). In this study, hypothesis testing is conducted to analyze the effects of the independent variables on financial performance. The independent variables comprise ESG, measured using the proxy published by NASDAQ in 2019; corporate growth, measured using the growth ratio; and green innovation and audit quality, each measured using a dummy variable coded 1 and 0. Meanwhile, financial performance, as the dependent variable, is measured using Return on Assets (ROA). The study examines food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

1. Performance finance

The dependent variable in this study is financial performance, measured using Return on Assets (ROA). Boubaker et al. (2018) explain that financial performance reflects management's achievements in effectively managing the company's assets over a specific period. Financial performance is measured to assess the company's efficiency and effectiveness in generating profits, as well as to evaluate its financial development and prospects (Nurudin, 2018).

$$ROA = \frac{Laba\ Bersih}{Total\ Asset}$$

2. ESG

Independent variables are variables that influence or cause changes in other variables. In this study, the independent variables comprise Environmental, Social, and Governance (ESG), corporate growth, and green innovation. ESG encompasses the environmental, social, and corporate governance aspects that support business strategies while contributing to long-term corporate value creation. According to the ESG Reporting Guide published by NASDAQ (2019), ESG disclosure reflects a company's responsibility, which is not solely oriented toward profit generation but also demonstrates concern for environmental sustainability (planet) and social well-being (people).

Table 3.1 Indicators points evaluation disclosure ESG

Environmental (E)		Social (S)		Corporate Governance (G)	
E1.	GHG Emissions	S1.	CEO Pay Ratio	G1.	Board Diversity
E2.	Emissions Intensity	S2.	Gender Pay Ratio	G2.	Board Independence
E3.	Energy Usage	S3.	Employee Turnover	G3.	Incentivized Pay
E4.	Energy Intensity	S4.	Gender Diversity	G4.	Collective Bargaining
E5.	Energy Mix	S5.	Temporary Worker Ratio	G5.	Supplier Code of Conduct
E6.	Water Usage	S6.	Non-Discrimination	G6.	Ethics & Anti-Corruption
E7.	Environmental Operations	S7.	Injury Rate	G7.	Data Privacy
E8.	Climate Oversight/Board	S8.	Global Health & Safety	G8.	ESG Reporting
E9.	Climate Oversight/Management	S9.	Child & Forced Labor	G9.	Disclosure Practices
E10.	Climate Risk Mitigation	S10.	Human Rights	G10.	External Assurance

Source: NASDAQ ESG Reporting Guide 2.0 2019

Formulation calculation Environment, Social, Governance Disclosure Index (ESGDI) is as following:

$$ESGDI_{j} = \frac{\Sigma X\_Yi}{N_{j}} \times 100\%$$

Information:
ESG DI $_{i}$ = ESG Disclosure Index (ESG DI)
N $_{i}$ = Number of items for company This ≤ 36
X $_{j}$
Score 1 : Information A little just only narrative;
Score 2 : Narrative Comprehensive; and
Score 3 : Narrative Comprehensive, Tables, Graphs, and Images

3. Growth

Growth company is an ability company to increase assets and develop activity operational (Miranda, 2014). Growth companies become important for management and investors because they reflect opportunity investment, development business, as well as potential improvement and future returns. Measurement growth company done use formula:

$$Growth = \frac{Laba\ Bersih\ (t) - Laba\ Bersih\ (t-1)}{Laba\ Bersih\ (t-1)}$$

4. Green Innovation

Green innovation is a strategy company to support development sustainable through implementation technologies, systems, and practices that aim to reduce impact on the environment (Putri Fabiola & Khusnah, 2022; Dewi & Rahmaningsih, 2020). Implementing innovation green can increase productivity and create market opportunities. According to Agustia et al. (2019), measurement green innovation uses an index consisting of four indicators with method dummy variables, namely value 1 if indicator expressed and the value is 0 if None.

Table 3.2 Indicators points evaluation green innovation disclosure

Variables	Indicator
Green Innovation	Product use materials that are not cause pollution and not dangerous (material friendly environment)
	Use wrapping friendly products environment (example : paper and plastic only in amount A little)
	Component or material in the production process can recycled repeat or reconditioned
	production process use technology new For reduce energy, water and waste

5. **Audit Quality**

According to Ansel and Torfing (2022), audit quality is the auditor's ability to find and report violations in a system accountancy client. Auditor competence in identifying error presentation report finance can increase trust holder shares. According to Widyadi and Widiatmoko (2023), audit quality is measured using a dummy variable, namely value 1 for companies audited by an accounting firm Public Big Four and a value of 0 if None.

Based on results selection use purposive sampling method, as follows is samples used in the study This.

Table 3.2 Selection Sample Study

No	Criteria	No Fulfil Criteria	Fulfil Criteria
1	Sector Companies food and drinks listed in PT Indonesia Stock Exchange 2021-2024 which conveyed sustainability report and annual report during period study	0	42
2	Sector Companies food and drinks listed in PT Indonesia Stock Exchange in general consecutive 2021-2024	24	18

3	Sector Companies food and drinks listed in PT Indonesia Stock Exchange 2021-2024 which is in the report report information about variables research (ESG, growth, green innovation, audit quality, ROA)	8	10
	Companies that meet criteria		10
	Total research data of 10 companies X 4 Years (2021-2024)		**40**

Source: Indonesia Stock Exchange, Processed data (2026)

Analysis statistics descriptive used for give description characteristics of research data through mark minimum, maximum, mean, and standard deviation at each variable's research. Analysis results statistics descriptive presented in the table following.

Table 3. 3 Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	S.D
ESG	40	0.744	0.900	0.823	0.047
GR	40	-0.994	1,272	0.099	0.503
GI	40	0.500	1,000	0.975	0.095
KA	40	0.000	1,000	0.400	0.496
ROA	40	0.001	1,309	0.141	0.220

Source: Indonesia Stock Exchange, Processed data (2026)

IV. ANALYSIS AND DISCUSSION

4.1 Analysis Panel Data Regression

It is known that FEM has been selected 2 (two) times, namely in the Chow Test and the Hausman Test. Thus it can be concluded that from three models (Common Effect Model, Fixed Effect Model and Random Effect Model), Fixed Effect Model is more Good in interpreting panel data regression for answer this study.

Table 4.1 Panel Data Regression Test Results

Dependent Variable: ROA				
Method: Panel Least Square				
Date: 08/15/2026 Time: 10:01				
Sample: 2021 2024				
Periods included: 4				
Cross-section included: 10				
Total panel (balanced) observation: 50				
Variabel	Coefficient	Std. Error	t-Statistic	Prob
C	0.031	0.053	2.902	0.030
X1_ESG	0.015	0.019	2.855	0.007
X2_GR	0.023	0.039	2.517	0.005
X3_GI	0.150	0.719	0.209	0.834
X4_ESG*KA	0.040	0.011	3.406	0.001
X5_GR*KA	0.066	0.031	3.217	0.005
X6_GI*KA	-0.661	0.414	-1.596	0.114
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.798	Mean dependent var		0.030
Adjusted R-squared	0.628	S.D. dependent var		0.125
S.E. of regression	0.095	Akaike info criterion		-1.622
Sum squared resid	0.705	Schwarz criterion		-0.796
Log likelihood	124.833	Hannan-Quinn criter.		-1.287
F-statistic	5.517	Durbin-Watson stat		1.190
Prob(F-statistic)	0.000			

Source: Eviews 12 Output, Processed Data

Based on table 4.1 it can be seen that Fixed Effect Model panel data regression test results own mark coefficient constant as big as 0.031 , value coefficient regression ESG positive as big as 0.015 , value coefficient regression positive growth as big as 0.023 , value coefficient regression positive green innovation as big as 0.150 , value coefficient regression audit quality * ESG positive as big as 0.040, value coefficient regression audit quality * positive growth as big as 0.066, value coefficient regression audit quality *green innovation negative of -0.661. So that obtained equality regression multiple as following:

ROA 0.031 = 0.015 ESG + 0.023 GR + 0.150 GI + 0.040 KA*ESG + 0.066 KA*GR - 0.661 KA*GI + e

4.2 F Test (Effect of Simultaneous)

The F-test is conducted to examine whether the independent variables (X) have a simultaneous effect on the dependent variable (Y). The results are presented in the following table.

Table 4.2 F Test Results

F-statistic	5,517
Prob(F-statistic)	0.000

Source: Eviews 12 Output, Processed Data

Based on the F-test results, the Prob(F-statistic) value is 0.000, which is less than 0.05. Therefore, the model is statistically significant, indicating that ESG, corporate growth, green innovation, and audit quality—along with their interaction effects—jointly influence the financial performance of food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

4.2.1 Coefficient of Determination

Coefficient determination (R^2) is used for measure how much Far model capabilities explain variation variables dependent.

Table 4.3 Coefficient Values Determination

R-squared	0.798
Adjusted R-squared	0.628

Source: Eviews 12 Output, Processed Data

Based on Table 4.3, the coefficient of determination (R-squared) is 0.798, indicating that ESG, corporate growth, and green innovation, together with audit quality and its moderating effects, explain 79.8% of the variation in the financial performance of food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The remaining 20.2% is explained by other factors not examined in this study.

4.3. t-test (Effect Partial)

The results of the partial t-test are presented in the table below,

4.4 t-test

Variabel	Prediksi	Coefficient	t-Statistic	Prob	Result
C		0.031	2.902	0.030	
ESG	+	0.015	2.855	0.007	H1 Diterima
GR	+	0.023	2.517	0.005	H2 Ditolak
GI	+	0.150	0.209	0.834	H3 Diterima
ESG*KA	+	0.040	3.406	0.001	H4 Diterima
GR*KA	+	0.066	3.217	0.005	H5 Ditolak
GI*KA	+	-0.661	-1.596	0.114	H6 Diterima

Source: Eviews 12 Output, Processed Data

4.3.1 Influence of ESG on Financial Performance

The results indicate that ESG has a positive and significant effect on financial performance. These findings demonstrate that the disclosure and implementation of ESG practices contribute to improving a company's financial performance. Previous studies generally show that ESG tends to influence financial performance; however, the strength of this relationship may vary depending on the industry sector, the specific ESG dimensions examined, the quality of implementation, and the company's overall condition (I. Artikel et al., 2025). From the perspective of Agency Theory, ESG disclosure can reduce information asymmetry and conflicts of interest by increasing managerial transparency and accountability. This argument is supported by findings indicating that the aggregate ESG score and its social dimension can improve corporate financial performance. Meanwhile, Legitimacy Theory suggests that ESG practices enable companies to obtain greater trust and acceptance from investors, regulators, and the general public. Such legitimacy may enhance corporate reputation, facilitate access to financing, and strengthen financial stability (Inova Fitri Siregar et al., 2025).

Positive evidence has also been identified in the mining sector, where ESG disclosure increases ROA (Eko Prayitno et al., 2024). Similarly, research involving companies from various sectors shows that the social dimension of ESG has a positive effect on both ROA and ROE (Nurafifah Nurafifah et al., 2025). Sari and Widiatmoko (2023) also found that ESG affects financial performance, while Ningwati and Putri (2023) reported that ESG disclosure has a positive and significant effect on ROA. In addition, Xu and Zhu (2024) demonstrated that ESG performance positively affects corporate financial performance as measured by ROA. Therefore, ESG is more likely to improve financial performance when it is implemented in an integrated and transparent manner and aligned with the characteristics of the relevant industry.

4.3.2 Influence of Growth on Financial Performance

The findings show that corporate growth has a positive and significant effect on financial performance. Profit growth represents a ratio that reflects a company's ability to maintain its economic position amid developments in the economy and within its business sector (Kasmir, 2012:107). It also reflects the outcome of investments and operational activities undertaken in previous periods, which can subsequently serve as a basis for predicting future growth. Maurien and Ardana (2019) explained that profit growth calculations are used to evaluate a company's past operational performance and to predict its future growth and achievements. From the perspective of Agency Theory, positive growth indicates that management has effectively allocated resources, increased sales, and generated profits for shareholders. Accordingly, growth can be regarded as an indicator of managerial success in creating corporate value.

Legitimacy Theory further explains that increases in profit and sales may strengthen a company's acceptance among investors, creditors, and other stakeholders because they demonstrate the company's ability to fulfill economic expectations. Thus, growth reflects not only an improvement in internal performance but also an increase in stakeholder confidence and corporate sustainability. Emanuel and Rasyid (2019) stated that profit growth constitutes an analytical measure that can be used to evaluate profitability within the sales segment. The growth rate is generally calculated by comparing sales at the end of the current period with sales generated in the previous year (Kennedy et al., 2013). Empirical evidence from Likha and Fitria (2019) confirms that profit growth affects financial performance. Similar conclusions were reported by Suryani (2020) and Febriyanti and Sulistyowati (2021), who found that corporate growth has a significant effect on financial performance.

4.3.3 Influence of Green Innovation on Financial Performance

The results indicate that green innovation does not have a significant effect on financial performance. The implementation of green innovation may not immediately influence changes in corporate performance because its economic benefits can be constrained by several factors, including high production costs, the absence of mandatory regulations, and the need for additional research and development funding. Moreover, recycling processes and other environmentally friendly production activities often require specialized expertise and technology. In this study, financial performance is measured using the Return on Assets (ROA) ratio. A company is considered to have strong performance when it is able to generate greater profits through the effective and efficient utilization of its assets. Consequently, when green innovation does not affect financial performance, the adoption of environmentally friendly technologies has not yet generated sufficient benefits to increase corporate profitability.

Companies therefore need to consider additional factors that may support the successful implementation of green innovation so that the resulting economic benefits can be increased. Stakeholder Theory explains that companies are expected to disclose their social and environmental activities in order to maintain their long-term sustainability. Companies that implement green product innovation and green process innovation may more easily obtain public legitimacy because they are perceived as demonstrating concern for environmental issues. These practices can contribute positively to corporate sustainability (Chen & Chang, 2013). Nevertheless, environmentally friendly production processes generally require substantial investment. The resulting increase in production costs may lead to higher product selling prices, which can reduce consumer purchasing interest. This condition may explain why green innovation does not yet have a significant effect on financial performance. This finding is consistent with the research of Bella Reffanda Haryono and Henny Wirianata (2025), which also found that green innovation does not significantly influence financial performance.

4.3.4 Influence of ESG on Financial Performance Strengthened by Audit Quality

The results demonstrate that audit quality strengthens the effect of ESG on financial performance. This finding indicates that the positive relationship between ESG and financial performance becomes stronger when ESG information is supported by a high-quality audit. According to audit theory, the effectiveness of an external audit depends substantially on audit quality (Kausar et al., 2016; Knechel et al., 2013). Several characteristics have been examined as indicators of auditor competence, including the size of the audit firm. Companies are expected to fulfill their responsibilities toward stakeholders by disclosing ESG-related information. This view is consistent with Stakeholder Theory, which emphasizes that corporate responsibility extends beyond the interests of the organization itself. Profit is not the sole objective of a company; companies are also expected to contribute to community welfare and preserve environmental sustainability. Thus, corporate performance should be understood through the triple bottom line, which encompasses profit, people, and planet (Jonathan, H. & Sinaga, 2022).

High-quality audits improve the credibility, reliability, and transparency of ESG information. As a result, stakeholders can evaluate a company's environmental, social, and governance practices with greater confidence. This enhanced credibility may strengthen corporate reputation, stakeholder trust, and access to external resources, thereby increasing the potential for ESG practices to improve financial performance.

4.3.5 Influence of Growth on Financial Performance Strengthened by Audit Quality

The results show that audit quality strengthens the effect of corporate growth on financial performance. This finding suggests that the positive relationship between growth and financial performance is more pronounced when a company's financial information is examined by a high-quality auditor. In particular, companies audited by Big Four public accounting firms may provide more credible information regarding their growth and financial performance. Audit theory states that the effectiveness of an external audit depends on audit quality (Kausar et al., 2016; Knechel et al., 2013). One of the characteristics commonly used to assess audit quality is the size of the audit firm. In line with this view, DeAngelo (1988) emphasized that audit quality tends to increase with the size and reputation of the audit firm. Well-established auditors are motivated to produce high-quality audits in order to protect their reputation and audit-market capital while maintaining their independence from clients (Bacha et al., 2020). Recent research also indicates that clients of Big Four accounting firms tend to demonstrate stronger financial conditions (Phan et al., 2020).

Profit growth is a ratio that reflects a company's ability to maintain its economic position amid economic developments and competition within its business sector (Kasmir, 2012:107). Sales growth reflects the outcomes of investments and operational activities undertaken in previous periods and can be used to predict future growth. Maurien and Ardana (2019) stated that growth calculations are useful for evaluating past operational achievements and forecasting future corporate performance. Furthermore, Emanuel and Rasyid (2019) explained that sales growth is an analytical measure used to assess profitability within the sales segment. The sales growth rate is calculated by comparing sales at the end of the current period with sales recorded in the previous year (Kennedy et al., 2013). Accordingly, high audit quality can increase the credibility of growth-related information and reduce information asymmetry between management and stakeholders. Reliable information enables stakeholders to assess the company's growth more accurately, thereby strengthening the positive contribution of growth to financial performance.

4.3.6 Influence of Green Innovation on Financial Performance Strengthened by Audit Quality

The findings indicate that audit quality does not significantly moderate the relationship between green innovation and financial performance. In other words, audits conducted by Big Four public accounting firms do not strengthen the effect of green innovation on financial performance. The absence of a moderating effect may be attributed to the economic and operational barriers associated with green innovation. Although audit quality can improve the credibility and reliability of corporate information, it cannot eliminate the high costs of environmentally friendly production, the lack of mandatory regulations, or the substantial research and development funding required to implement green technologies. Therefore, the presence of a high-quality auditor does not necessarily enable green innovation to generate immediate improvements in profitability.

When green innovation does not have a direct effect on financial performance, the implementation of environmentally friendly technologies may not yet be sufficient to increase corporate profits. Companies must therefore consider other supporting factors, such as technological readiness, consumer demand, regulatory incentives, production efficiency, and the availability of adequate funding. Stakeholder Theory emphasizes that companies should disclose their social and environmental activities to maintain stakeholder support and ensure long-term corporate sustainability. The implementation of green product innovation and green process innovation may help companies obtain legitimacy from the public because these practices demonstrate environmental responsibility (Chen & Chang, 2013). However, the high costs associated with environmentally friendly production may increase product prices and consequently reduce consumer demand. These cost-related constraints may explain why audit quality is unable to strengthen the relationship between green innovation and financial performance.

V. CONCLUSION

Based on the research findings, ESG has a positive and significant effect on financial performance. This indicates that the implementation and disclosure of ESG practices can contribute to improvements in corporate financial performance. Corporate growth also has a positive and significant effect on financial performance, suggesting that increased growth may enhance the company's financial outcomes. In contrast, green innovation does not significantly affect financial performance. The economic benefits generated by green innovation may not be realized immediately because of high implementation costs, substantial research funding requirements, and regulatory considerations. The findings further demonstrate that audit quality strengthens the effects of ESG and corporate growth on financial performance but does not strengthen the effect of green innovation on financial performance. Therefore, audit quality plays an important role in enhancing the credibility of ESG and corporate growth information; however, it has not been able to overcome the economic constraints associated with the implementation of green innovation.

Research Limitations, this study has several limitations. First, the research is limited to food and beverage companies observed during the 2021–2024 period. Consequently, the findings may not fully represent the most recent conditions or developments in other industrial sectors. Second, ROA and corporate growth were measured using a single measurement approach. This condition may lead to the dominance of a particular variable and cause other variables to appear statistically insignificant.

Suggestions, future research is recommended to use a more recent observation period so that the findings can better reflect current conditions. Subsequent studies may also incorporate additional variables, such as Good Corporate Governance (GCG) and the Debt-to-Asset Ratio (DAR). The inclusion of GCG would provide a broader assessment of how the implementation of sound governance principles within a company contributes to the development of financial performance and supports the establishment of a transparent, reputable, and trustworthy company for its shareholders and other stakeholders. In addition, DAR can describe the extent to which a company relies on debt to finance its assets. In this regard, DAR may provide an indication of the financial risk faced by the company as a result of its use of debt. The inclusion of these variables is expected to support more comprehensive future research.

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