Implications of Corporate Social Responsibility (CSR) on the Financial Performance of Companies Receiving the Sustainability Reporting Award (SRA)

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Abstract

The purpose of this study is to test or analyze the financial capacity of the company's use of corporate social responsibility. This measurement of social responsibility is carried out based on the General Reporting Initiative or often called GRI which is used in testing. Explanatory research with a quantitative approach aims to analyze a theory that is used to find out whether the previous test hypothesis is accepted or rejected. Companies that have joined the Winner of Sustainability Reporting Awards (SRA) have a total of 32 companies as the sample population for observational testing that publish their sustainability review activities clearly and are listed on the Indonesia Stock Exchange in the 2015-2018 period. Purposive sampling where there are 17 companies described in the test so that the sample used for 4 years becomes 68 samples as a means of observational testing. Descriptive analysis and inferential analysis describe 2 systems for examining research evidence tests. Comparison of data translation methods applies classical assumption testing and hypothesis testing. The conclusion from this test is expected to be able to have the accuracy of research data if Corporate Social Responsibility (CSR) does not significantly affect Return On Assets (ROA), Corporate Social Responsibility (CSR) does not significantly affect Return On Equity (ROE), Corporate Social Responsibility (CSR) has no significant effect on Price book Value (PBV).

Keywords: Corporate Social Responsibility (CSR), Return On Assets (ROA), Return On Equity (ROE), Price book value (PBV).

1. Introduction

As the growth of various businesses now results in the emergence of various new companies that join to compete in the business world. Apart from this, the company should know that the industry is not only able to earn margins, the industry also needs to control the social consequences for the public for the activities carried out by the company. Therefore, there is an attitude of responsibility and obligation for companies to observe the interests of the community. That is why the management must carry out corporate social and responsibility (CSR). The positive impact of implementing social responsibility can create profit savings so as to increase profits. With continuous CSR disclosure, it can increase the company's good name (Elisabeth et al., 2018). Where this is one of the positive signs the company provides stakeholders or shareholders. Stakeholders give a good influence such as trust and make production results produce something big achievement for the company so that it can increase company profits.

Developing the quality and good name of the company, the use of CSR can be more useful for the company if more and more people are aware that the company is carrying out these practices. The motive for implementing CSR communication can vary from one company to another. In order for every company to continue to carry out its social responsibilities properly, it is necessary to enact PT Law no. 40 of article 74 of 2007, states an absolute obligation that cannot be avoided for everyone who has a business in realizing social and environmental responsibility. Social responsibility Responsibility is not a difficult thing to do or something that can harm the company. CSR determination actually has a good impact on the company, but until now there are still many companies that do not have awareness of the benefits of establishing CSR. The performance of financial statements is not the only way to make economic decisions for the company, but it requires a clear source of social information that must be reported internally in annual details (Siboro et al., 2018). Industries that determine CSR can be seen in the sustainability reporting awards as a means of guidance

regarding the financial, environmental and social aspects of the community.

According to research (Maryanti and Fithri 2017) in his research stating that CSR holds a relevant positive control of the company's financial capacity, the situation proves that if the company's image increases, it can be ascertained that public confidence in the company will increase, research stating that CSR holds a relevant positive control of the company's financial capacity, the situation proves that if the company's image increases, it can be ascertained that public confidence in the company will increase. According to research (Adhiwardana and Daljono 2013) states that CSR does not have an absolute impact on earning power due to unstable financial conditions. Based on the statement of the framework motif above which encourages researchers to have an attraction to research "The Influence of Corporate Social Responsibility on the company's financial performance (study on the Winner of Sustainability Reporting Award (SRA) company on the Indonesia Stock Exchange 2015-2018)".

2. Literature Rievew

2.1. Corporate Social Responsibility
Revealed the measurement of CSR using the CSRI (Corporate Social Responsibility Disclousure Index, based on this observation the information used was based on the General Reporting Initiatives (GRI) ((Walker 1992))

$$CSRIJ = ij\ nj$$

Information :
CSRIj : Corporate Social Disclosure Index j Perusahaan
Nj : Number of items for company j, Nj = 91
Xij : 1 = if item i is disclosed; 0 = if item I is not disclosed. Therefore 0<CSDI>1

2.2. Return On Asset

Manufacturing companies listed on the IDX make observations where these activities show the impact of the close relationship of Corporate Social Responsibility on profitability and interrelated corporate image. CSR measurement is carried out by applying the Corporate social Disclosure index in this observation and based on the CSR disclosure indicators of global reporting initiatives (GRI). The results of the research show that the influence of the level of responsibility has

an impact on companies with low ROA profiles (Kamaludin, 2010). The success of corporate responsibility has an impact on the stock price and ROE of high profile and low profile companies. (Suciwati, 2016).Stated that the size of this ratio compares the level of achievement of the company's net profit and the results obtained from all assets owned by the company (Sungkono,2019). Formula :
  OA = Net Profit After Tax x 100% Total Assets

2.3. Return On Equity

If investors invest the first thing they see from all the existing fundamental ratios is the Return On Assets ratio. So, ROE is referred to as the most attractive comparison value to investors (Kusuma, 2013). The ratio shows the value of a company. If the value of the ROE ratio is higher, it means that the picture of the company is also increasing, if that happens, there will be a desire for prospective investors to invest their shares in the company.. The assessment of whether or not a share value is appropriate is measured by how interested investors are in the company (Hidayati and Saifi, 2019). If the return obtained is higher, it can be ascertained that the position of the owner of the company is getting better. Formula :
  ROE = Net Profit After Tax x 100% Total Equity

2.4. Price Book Value

The company's market price can be seen from the company's value, where investors really need decisions in investing (Carter, 2021). Formula :

PBV= Share Price/ Equity (Book Value of Shares)

The use of social responsibility for many large companies is currently able to provide a large increase in financial performance gains because many industries use CSR planning disclosures to explain an increase in the real value of shares where investors are interested in investing and investing. For company owners and investors, this will be a concern for increasing profits in the company. Manufacturing companies listed on the IDX made observations which showed the impact of the close relationship of Corporate Social Responsibility on profitability and interrelated corporate image. CSR measurement is done by applying the Corporate social Disclosure index in this observation and based on the CSR disclosure indicators of global reporting initiatives (GRI). The results of the

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research show that the influence of the level of responsibility has an impact on companies with low ROA profiles (Economy and March, 2011). The success of corporate responsibility has an impact on the stock price and ROE of high profile and low profile companies .

Return On Equity Represents the distribution of net sales profit to equity and ROE in the form of a percentage (%). If the ROE describes the calculation of the difference in results close to 1, then it states the effectiveness and efficiency of implementing the company's equity in obtaining profits, but if the company is less than optimal in controlling existing capital effectively and efficiently, the ROE results are stated as 0. Investors invest the first time seen from all the existing fundamental ratios is the Return On Assets ratio (Gantino,2016). So, ROE is referred to as the most attractive comparison value to investors. The ratio shows the value of a company. If the value of the ROE ratio is higher, it means that the picture of the company is also increasing, if that happens, there will be a desire for prospective investors to invest their shares in the company.

The use of CSR in the company becomes a company activity to get targets in a short or prolonged time. The financial factor is not a company decision that is the basis for the benchmark, but what is more important is the social influence factor of the company's environment in society. Based on these conditions, the disclosure of corporate social responsibility is closely related to sustainable development and continuous expansion which has a lasting effect on the company. The implementation of CSR resulted in an increase in the company's productivity described in the stock price of the company's profits which became the benchmark for growers shares that invest in the company. "Previous research that examined (Cheng and Christiawan, 2011) proved that CSR has a good (positive) influence on the values of the companies that implement it".

3. Method

Analytical testing is carried out by applying a quantitative approach because it is an accurate and systematic form of testing. In this observation using the form of explanatory research (Explanatory Research). The companies that are the population in this test are companies in the 2015-2018 winner of sustainability reporting awards (SRA) which are joined by 32 companies. This study uses purposive sampling which is a purposive sample selection, and has 19 companies as the sample. The overall research sample that was observed was 76 companies listed on the Indonesia Stock Exchange on an ongoing basis during the 2015-2018 period.

Definition of Research Variables
The research variables used for testing trials are as follows:
1. Independent variable (free), namely Corporate Social Responsibility (CSR) = X1
2. The dependent variable (bound), namely the company's financial performance consists of:
a) ROA = Y1 b) ROE= Y2 c) PBV=Y3
Normality Test, Is a form seen based on the observation of a trial of data where it can be shown that the distribution of data values has a normal effect or vice versa does not show any effect at all. Coefficient of determination (R2), Measurements made using the measurement of the R2 coefficient are common and simple ways that are carried out in research and test how much the role of the dependent variable on the independent variable.Partial Test (t Test),
Observations were applied using the t test which saw whether there was an effect of the independent factor and the influence of the dependent factor partially .

4. Results and Discussion
4.1 Results
4.1.1 Descriptive Statistic

Based on the data of 68 companies that became the research sample, it is known that the minimum, maximum and average values of each variable, both independent and dependent variables, are as follows:

Table 1. Descriptive Statistic

	N	Minimum	Maximum	Mean	StD
CSR	68	.076923	.428571	.25630252	.076380881
ROA	68	.003445	.717195	.15028415	.185665825
ROE	68	.006711	3.082147	.45886742	.639874340
PBV	68	8.000000	6.293100E4	4.64292647E3	1.058159376E4
Valid N	68				

Source: SPSS 17 Data Results

Table 1 describes the descriptive statistics of the figures above for a total representative of 68 industries studied with details including: 1) the minimum number of CSR variables is r..076923 by PT Bank Danamon Indonesia, Tbk in 2015, the maximum number reached .428571 PT Bank Bukopin, Tbk in 2018, the mean value is .25630252 and the standard deviation is 0.76380881; 2) the minimum number owned by the ROA variable is r .003445 by PT Bank Central Asia, Tbk in 2017, the maximum value is .717195 with a mean value of .15028415 PT Bank Bukopin, Tbk in 2016 and a standard deviation value .185665825; 3) The minimum ROE variable number reached 0.006711 PT Bank Rakyat Indonesia, Tbk in 2017 and the maximum number

reached 3.082147 PT Bank Negara Indonesia Tbk in 2018 with a mean of .45886742 and a standard deviation of .639874340; 4) The PBV variable has a minimum value of 8,000,000 PT Bank Bukopin Tbk in 2015 and a maximum number of 6,293,000,000,000 at PT Unilever, Tbk in 2016 with a mean number of 4,642,92647,000 and a standard deviation of 1,058159,376,000.

4.1.2 Hypothesis Test
4.1.2.1 Determination Coefficient Test (R^2)

The coefficient of determination is used to test the goodness of fit of the regression model, which can be seen from the value of R Square.

Table 2. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	,133[a]	,018	,003	1,40844

Dependent Variable : LN_ROA
Output SPSS 17

Table 3. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	,073[a]	,005	-,010	1,32219

Dependent Variable : LN_ROE
Output SPSS 17

Table 4. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	,006[a]	,000	-0,15	1,49369

Dependent Variable : LN_PBV
Output SPSS 17

The results of Ajusted R2 square reached 0.03 for ROA -0.010 for ROE and -0.015 for PBV. This means 03%, -10%, -15% of the variation of the dependent variable CSR that can be explained by the independent variables ROA, ROE, PBV, the remaining 72% (100%-28%) is explained by

other variables, the rest of the variables tested, for example, net income.

4.1.2.2. Simultanly Hypothesis Testing (F Test)

Simultaneous effect tests are used to determine whether independent variables affect the dependent variables together or at the same time.

Table 5. Anova[b]

	Model	Sum of Square	Df	Mean Square	F	Sig
1	Regression	2,344	1	2,344	1,182	,281[a]
	Residual	130,925	66	1,984		
	Total	133,269	67			

LN_CSR
b.Variabel Dependen : LN_ROA

Table 6. Anova[b]

	Model	Sum of Square	Df	Mean Square	F	Sig
1	Regression	,0623	1	0,623	,356	,553[a]
	Residual	115,381	66	1,748		
	Total	116,004	67			

LN_CSR

b.Variabel Dependen : LN_ROE

Table 7. Anova[b]

	Model	Sum of Square	Df	Mean Square	F	Sig
1	Regression	,005	1	,005	,002	,963[a]
	Residual	147,254	66	2,231		
	Total	147,258	67			

LN_CSR

b.Variabel Dependen : LN_PBV

According to information data table 5,6 and 7, the F test after the above transformation shows that the Fcount value for LN ROA is 1.182 with a significant level of 0.281. Compared to Ftable about 2.75 and a significant level of about 0.05. The application of the final value if Fcount < Ftable or significant 1.182 < 2.75 and 0.281 > 0.05 means that if H0 is accepted Ha is rejected, it explains that ROA simultaneously has no effect (positive) for CSR variables that join the Sustainability Reporting Award and are listed on the IDX in 2015-2018. Fcount value for LN ROE 0.356 is relevant to the significance level of 0.553. Meanwhile, the Ftable value is 2.75 so that the significant value is 0.05. It is also explained that if Fcount < Ftable or significant 0.356 < 2.75 and 0.553 > 0.05, which means that if H0 is accepted, Ha is rejected, it means that ROE simultaneously has no effect on CSR in the Sustainability is tested separately from each independent variable.

Reporting Award companies listed on the IDX in 2015-2018. Fcount value for LN PBV 0.002 with a significant level of 0.963. Compared, Ftable is 2.75 with a significant value of 0.05. The results state that if Fcount < Ftable or significant 0.002 < 2.75 and 0.963 > 0.05 that H0 is accepted Ha is rejected, it means that PBV according to simultaneous has no effect on CSR of Sustainability Reporting Award companies listed on the IDX in 2015-2018.

4.1.2.3 Partial Hypothesis Testing (T Test)

In some statistical tests with a critical t value (critical value) at df = (n-k), where n is the number of samples and k is the number of independent variables including constants. It can be seen from table 8,9 and 10. that the partial regresiion coefficient

Table 8. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std.Error	Beta		
1	(Constant)	-2,057	,674		-3,050	,003
	LN CSR	,500	,460	,133	1,087	,281

a. Dependent Variabel : LN_ROA

Table 9. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std.Error	Beta		
2	(Constant)	-1,235	,633		-1,951	,055
	LN CSR	,258	,432	,073	,597	,553

a. Dependent Variabel : LN_ROE

Table 10. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std.Error	Beta		

| 3 | (Constant) | -7,425 | ,715 | | 10,381 | ,000 |
| | LN CSR | ,023 | ,488 | ,006 | ,046 | ,963 |

a. Dependent Variabel : LN_PBV

Table 8,9 and 10, T table the value of 0.05 for the probability for the number of samples 68 which is about 1.66757. Therefore, partially (t test) has results from hypothesis testing that can be described. The t-test has calculated the results of the ROA variable, the tcount value is 1.087 with a significant number of 0.281, while the T-table result is 1.66757 with a significant number of 0.05. Then the conclusion is the value of tcount < ttable (1.087 < 1.66757), with a significant number 0.281 > 0.05 then H0 is accepted or Ha is rejected, meaning that partially the ROA variable has no significant and significant effect on CSR for Sustainability Reporting Award companies listed on the 2015-2018 BEI. The t-test resulted in the calculation of the ROE variable, the t-value obtained 0.597 with a significant number of 0.553, while the number of T-tables was around 1.66757 with a significant number of 0.05. It can be concluded if the number of Tcount < T table (0.597 < 1.66757), with a significant value of 0.553 > 0.05, thus H0 is accepted or Ha is rejected, meaning that the ROE variable has no partial and significant effect on CSR for Sustainability Reporting Awards companies listed on the IDX. 2015-2018. The t-test results in the calculation of the PBV variable, the value of tcount obtains a result of 0.046 and a significant number of 0.963 while the number of T table is 1.66757 and a significant number is 0.05. So the conclusion is that the results of tcount < ttable (0.046 < 1.66757), the acquisition of a significant number of 0.963 > 0.05, so H0 is accepted or Ha is rejected, meaning that the PBV variable does not have a partial and significant impact on CSR for companies that obtain SRA listed on the BEI in the period 2015-2018 time.

4.2 Discussion
4.2.1 The Effect of Corporate Social Responsibility on ROA

Observation results are consistent in research where it is said that there is no effect Positive CSR on ROA occurs in this analytical test so that there is no significant effect on both manufacturing companies and non-manufacturing companies on the IDX. Other information contained in the current test is that the relationship between social responsibility and return on assets has the same goal, meaning that if the company increases significantly the amount of CSR disclosure, the higher the result or value of the ROA will be. However, the fact is that the results obtained are far from the expected results because there is no significant presence of this CSR disclosure. This test gets different results if CSR has an influence on ROA studied by research (Chen, 2008). Companies in which the holder controls some information or news about the use of CSR that will increase those who invest in acting with that information. The process of disclosing company activities related to CSR can provide a good atmosphere for stakeholders as well as a place for "market" trade transactions about the company's performance in the future. Research shows that Indonesia's capital market trading is currently following developments in international market trade, and CSR is already a decision taken by investors when investing.

4.2.2 The Effect of Corporate Social Responsibility on ROE

From the disclosure of responsibility, there is no significant result of ROE variable This is because in the sampling of this study there is no difference or not to separate any type of industry in the company. In conducting research, industries involved in banking, mining, gas, construction, and telecommunications are used. In this study, it is considered as a way or process of CSR, there is no influence on the company's ROE variable because the price of merchandise is getting weaker which can lead to a decrease in the selling price index level which has an impact on business/organizational profits and will affect profits. Good performance has an impact on better company margins as well, seen from financial reports indicating a trend of good things to stimulate the desire of the most important parties, investors to invest in the company's shares (Munawarah and Hayati, 2019). But on the other hand, investors also do not only focus on CSR disclosure information to invest, but where the state of the company has a maximum level of profit within the company, the company considers that it is not necessary to report circumstances that can hinder news or news about the success of the company's earnings. profitability is not good, the company expects people who use its financial reporting to see or understand the "good news" system of how the company works. This observation is in line with the test studied by (Bernard 2017) social responsibility does not have a significant effect on the company's financial

reporting system specifically for ROE. The results of this test state that the process of how the company's financial system works that is carried out by ROE is not only confirmed by CSR activities, but related to other variables that are different from before.

4.2.3 The Influence of Corporate Social Responsibility on PBV

This observation explains that there is no significant effect on PBV in a partial test companies that joined the Winner of Sustainability Reporting Awards (SRA) and were listed on the IDX for the year (2015-2018). In companies that have a fairly high PBV, it is explained that investors will not necessarily provide cash returns that prioritize dividends. In making investment decisions, not all investors use the company's PBV information. However, even though the company explains the higher PBV increase, investors do not think about getting an increasing dividend. The results of this study do not agree that previous research (Primady and Wahyudi,2015) stated that Corporate Social Responsibility (CSR) had a good (positive) significant effect on Price Book Value (PBV) and statistical testing of the results of the hypothesis was accepted.

5. CONCLUSION

In accordance with the accuracy of the SPSS data, the study of observational tests carried out by researchers which can be stated if the tests carried out still do not meet the standards and affect each variable. However, even so, each company has carried out its social responsibility activities well.

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