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Амірул БАХАР
Університет Шривіджая, м. Палембанг, Індонезія

ЮСНАІНІ
Університет Шривіджая, м. Палембанг, Індонезія

Тертіарто ВАХИЙДІ
Університет Шривіджая, м. Палембанг, Індонезія

Вплив розкриття інформації про корпоративну соціальну відповідальність на фінансові показники (емпіричне дослідження на прикладі виробничих компаній цементної промисловості Індонезії)

Анотація. *Сьогодні все суспільство стурбоване забрудненням навколишнього середовища та соціальними проблемами, які можна вирішити, принаймні частково, шляхом виявлення, вимірювання, розкриття та оцінки взаємодії бізнесу та навколишнього середовища. В процесі своєї діяльності компанія несе відповідальність не тільки перед власниками капіталу, але й також перед працівниками, постачальниками, споживачами, державними органами та іншими зацікавленими сторонами, а тому вона повинна збалансувати свої інтереси щодо прибутку із рівнем соціальної відповідальності. Мета даного дослідження – надати емпіричні докази щодо впливу розкриття інформації про корпоративну соціальну відповідальність на фінансові показники діяльності підприємств цементної промисловості в Індонезії з належним корпоративним управлінням як контрольною змінною. Корпоративна соціальна відповідальність вимірюється за допомогою індексу корпоративної соціальної відповідальності, тоді як фінансові показники діяльності корпорацій використані в дослідженні це: коефіцієнт Тобіна, рентабельність активів, рентабельність власного капіталу та рентабельність чистого прибутку. Об'єктом цього дослідження є вибірка компаній цементної промисловості, акції яких котуються на Індонезійській фондовій біржі, дослідження охоплює дані за 2015-2019 роки. Дані, використані у цьому дослідженні, є вторинними даними, отриманими за допомогою обробки щорічних звітів публічних компаній. Результати показали, що розкриття корпоративної соціальної відповідальності позитивно впливає на фінансові показники діяльності підприємств цементної промисловості в Індонезії. Тому компаніям потрібно активніше розкрити інформацію про свої показники у галузі охорони навколишнього середовища. Потреба суспільства у розкритті інформації про соціальну та екологічну відповідальність є фактором, що позитивно впливає на підвищення ефективності роботи цементної промисловості в Індонезії.*

Ключові слова: *соціальна відповідальність підприємств, належне корпоративне управління, рентабельність активів, рентабельність власного капіталу, рентабельність чистого прибутку.*

Amirul BAHAR[1]
Sriwijaya University, Palembang, Indonesia

YUSNAINI[2]
Sriwijaya University, Palembang, Indonesia

Tertiarto WAHYUDI[3]
Sriwijaya University, Palembang, Indonesia

The Effect of Corporate Social Responsibility Disclosure on Financial Performance (Empirical Study on Manufacturing Companies Cement Sector in Indonesia)

Abstract. *Today whole society is concerned about the environment pollution and social problems that can be addressed, at least in part, by identifying, measuring, disclosure and assessing the interactions between business and the environment. Doing its business, the company has a responsibility not only to the owners of capital (stockholders),*

[1] **Amirul BAHAR**, Faculty of Economics, Sriwijaya University, Palembang, Indonesia.
ORCID 0000-0002-3900-2252

[2] **YUSNAINI**, Faculty of Economics, Sriwijaya University, Palembang, Indonesia.
ORCID 0000-0003-4153-9582

[3] **Tertiarto WAHYUDI**, Faculty of Economics, Sriwijaya University, Palembang, Indonesia.
ORCID 0000-0003-4056-5105

but also has responsibilities to the employees, suppliers, customers, government agencies and other stakeholders. So, the company must always balance the interests of profit with social responsibility. This study aims to analyze and provide empirical evidence about the effect of disclosure of Corporate Social Responsibility on the financial performance of cement sector companies in Indonesia with Good Corporate Governance as a control variable. Corporate Social Responsibility is measured using the 2016 Global Reporting Initiative G4 Corporate Social Responsibility index, while corporate financial performance is measured by Tobin's Q, Return on Assets, Return on Equity and Net Profit Margin. The object in this study is a sample of cement sector companies listed on the Indonesia Stock Exchange with a study time period of 2015-2019. The data used in this study are secondary data obtained through annual reports of public companies. The results showed that Corporate Social Responsibility has a positive effect on the financial performance of cement sector companies in Indonesia. Therefore, companies need to disclosure their performance in in environmental preservation. The community's need for social and environmental responsibility disclosure is a factor that causing a good performance enhancement effect to the cement industry in Indonesia.

Keywords: *corporate social responsibility, good corporate governance, return on asset, return on equity, net profit margin.*

1. Introduction

Pollution is one of the biggest problems in the world, based on data from the World Health Organization (WHO). Nearly 4.2 million people worldwide die every year due to air pollution during 2016-2018. Worldwide, ambient air pollution is estimated to cause about 16% of the lung cancer deaths, 25% of chronic obstructive pulmonary disease (COPD) deaths, about 17% of ischaemic heart disease and stroke, and about 26% of respiratory infection deaths. According to Brunekreef, who examined the level of pollution caused by motorized vehicles in the Netherlands, air pollution will have an adverse effect on human health (De Hartog et. al., 1997). In China, the air is so polluted that it has caught the public's attention. In winter, northern cities, such as Beijing, often experience concentrations of tiny toxic particles exceeding safe levels. In March 2014, China's Prime Minister, Li Keqiang, even declared a “war” against pollution, stating that efforts would be focused on “eliminating obsolete energy producers and industrial plants”.

Air pollution in Indonesia is one of the largest in the world. Jakarta as the capital city has become a city with an unhealthy air. Based on visual water data of the Ministry of Environment and Forestry, the level of air pollution in major cities of Indonesia in 2019 is mostly in an unhealthy position with an Air Pollution Standard Index (ISPU) value of more than 101 (South Tanggerang City – ISPU 137, Batam City – ISPU 101, Pontianak City – ISPU 129, Palembang City – ISPU 147, Jambi City – ISPU 142, Pekanbaru City – ISPU 238 (KLKH data 18 September 2019). According to the Meteorology, Climatology and Geophysics Agency (BMKG), vehicle pollution, construction, and the dry season are the main causes of worsening air in Jakarta, Indonesia.

Wawan states that the biggest cause of air pollution during the 1971-1995 vulnerability lies in the chemical processing industry, such as coal, cement, oil, iron and steel (Hermawan, 2003). In the development of a company, an initial public offering on the stock exchange can generate capital for the company in accordance with the sale of shares on the stock exchange; this will be used by the company in developing its business or fulfilling its obligations. In terms of business development, the company adheres to the theory of egoism, where in this case the company develops its business for the benefit of the company itself so that it gets bigger and expects profits in the future, based on the egoism theory the company will issue a little social responsibility (CSR) for the results of its business development in manufacturing, such as increasing factory capacity or building new factories, which will increase the level of air pollution in the production area.

One of the main growth areas in accounting in the last five years is “Accounting for the environment” (Mathews, 1997) which has generated great public interest. Managers, the media, politicians and the public are concerned about the environment and, therefore, social problems that can be addressed, at least in part, by identifying, measuring and (possibly) assessing the interactions between business and the environment.

Companies in achieving goals will always interact with their environment. Companies need investors or creditors to meet the required funds, the government for business legality and the community as consumers. So, doing its business, the company has a responsibility not only to the owners of capital (stockholders), but also has responsibilities to the employees, suppliers, customers, government agencies, other institutions, which are called stakeholders. The company must always balance the interests of profit with social responsibility. If the company's activities have an impact on the environment, the company should be responsible for the consequences that arise, so that the impact does not cause disasters and losses to the social environment. The form of corporate responsibility towards its environment is a form of corporate social responsibility. Accounting is a service activity, which functions to provide quantitative data, especially those of nature finance from an economic business entity that can be used in making economic decisions among various alternatives (APB Statement No. 4). Social accounting is the identification, measurement and analysis of the economic and social consequences between a company and its environment.

2. Literature Review and Hyphotesis

2.1 Legitimacy Theory

Legitimacy theory is based on the concept of an implicit social contract between the social system and society (Erdanu & Sudarno, 2010). Institutions need this theory to achieve goals that are in line with society at large. According to Gray et al. (Erdanu & Sudarno, 2010). The basic principle of this theory is that if society realizes that the organization operates as a value system in accordance with the community value system, then the organization or company will continue to exist.

Legitimacy theory recommends that companies ensure that their activities and performance are acceptable to society. The company uses its annual report to describe its impression of environmental responsibility, so that it can be accepted by the community.

2.2 Egoism Theory

Egoism theory is one of the ethical theories (Rachel, 2004). In Rachel's ethical theory, there are several theories about the human point of view in addressing things, namely, Egoism, Utilitarianism, Rights, Deontology, Virtue and Theoretical Ethics.

The influential figure and proponent of the theory of egoism James Rachel argued that the theory of egoism is a concept of human thought in which all actions are based on self-interest-oriented desires. In this theory, humans can act in terms of making sacrifices for something, but these sacrifices will end up in the interests of the person himself. According to this theory, there is no action that puts the interests of others first, but will lead to its own interests.

2.3 Hypothesis

The hypothesis proposed in this study are:

H_0: CSR disclosure has a negative effect on company performance;

H_1: CSR disclosure has a positive effect on company performance.

3. Research Methods

The object in this study is a set of cement manufacturing companies in Indonesia which are listed on the Indonesia Stock Exchange. In this study, the standard sampling method was used for sampling. The data used in this study are secondary data. Data obtained through annual reports of public companies listed on the Indonesian stock exchange with a period of 5 years between 2015-2019 which will then be processed through SPSS, through several classical tests and hypothesis testing. This research model is as follows:

$$Y = \alpha + \beta 1CSRI + \beta 2GCG + e$$

4. Measure

The independent variable in this study is company performance as measured by Tobin's Q as a measure in assessing financial performance. The value of financial ratios is generated through a comparison of financial instruments which are measured as follows:

$$Tobin's\ Q = \frac{MVE+DEBT}{Total\ Asset}$$

The authors also conducted additional tests on the 3 financial ratio variables including:

1. *Return On Asset* (ROA), with formula:

$$ROA = \frac{Net\ Income}{Total\ Asset}$$

2. *Return On Equity* (ROE), with formula:

$$ROE = \frac{Net\ Income}{S\ \ are\ \ older's\ Equity}$$

3. *Net Profit Margin* (NPM), with formula:

$$Net\ Profit\ Margin = \frac{Net\ Profit}{Sales} * 100\%$$

In this study, the dependent variable is CSR disclosure using the Global Reporting Initiative index.

The GRI calculation formula is as follows:

$$CSRI = \frac{\sum i}{ni}$$

Information:

CSRI: CSR Index;

$\sum i$: The number of items disclosed by the company;

ni : The number of items disclosed according to GRI.

In this study, the authors included one of the control variables to control the relationship between the independent variable and the dependent variable which was influenced by other factors. In this study, the control variable is Good Corporate Governance (GCG). The control variable is measured using a self-assessment of the composite value given to each disclosure in the annual report with the indicators:

1. Number of Meetings of the Board of Commissioners and the Board of Directors;
2. Number of Committees under the Board of Commissioners;
3. Diversification.

The more the number of indicators mentioned above, the better the company's GCG value.

5. Result and Discussion

For first the authors carried out the classical assumption test by performing the normality test, heteroscedaticity, and multicollinearity test with the following results:

Table 1

Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.38652846
Most Extreme Differences	Absolute	.192
	Positive	.192
	Negative	-.075
Test Statistic		.192
Asymp. Sig. (2-tailed)		.200[c]

Based on table 1 above, it can be seen that the asymptotic significance of each variable exceeds 0.05. In detail, this proves that the data to be processed is normally distributed.

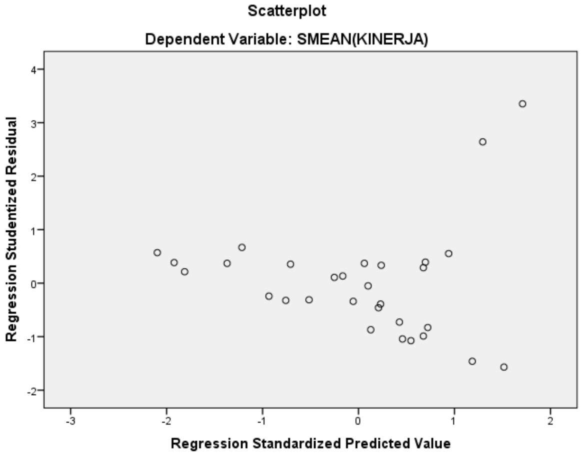

Figure 1. **HeteroskedastisityTest**

Based on the Figure 1, it can be seen that if the points are drawn randomly, they will appear at the bottom and top of the 0 and Y axis. Thus, it can be concluded that there is no heteroscedasticity in this study which means that the regression model is feasible to use.

Tabel 2

Multicollinierity Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.132	1.310		1.628	.115		
	GCG	-.179	.070	-.492	-2.555	.017	.778	1.285
	CSRI	6.494	3.022	.414	2.149	.041	.778	1.285

a. Dependent Variable: SMEAN(KINERJA)

Based on the table above, the multicollinearity test results show that the VIF value is smaller than 10 and with a tolerance value not lower than 0.10. So it can be concluded that this data does not occur multicollinearity in the relationship between Performance, GCG and CSRI.

Tabel 3

t Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.132	1.310		1.628	.115		
	GCG	-.179	.070	-.492	-2.555	.017	.778	1.285
	CSRI	6.494	3.022	.414	2.149	.041	.778	1.285

a. Dependent Variable: SMEAN(KINERJA)

Based on the table 3 above, it can be seen that the sig-t value is less than the significant level of 0.05, namely 0.017 and 0.041, which means that the independent variable GCG (as a control variable) and CSRI individually (partially) have an effect on the dependent variable on the Company's financial performance.

From table 3 above, the following equation can be obtained:

$$Y = 2.132 + 6{,}494X + 0.179 + e$$

This shows that every increase of 6.494X (CSR Disclosure) and other variables are considered constant, then Y (Financial Performance) will increase by 1 (one), and every 0.179X increase (GCG) and other variables are considered constant then Y (Financial Performance) will increase by 1 (one).

Tabel 4

Correlation Test
Correlations

Control Variables			CSRI	SMEAN(KINERJA)	GCG
-none-[a]	CSRI	Correlation	1.000	.182	.471
		Significance (2-tailed)	.	.336	.009
		Df	0	28	28
	SMEAN(KINERJA)	Correlation	.418	1.000	-.297
		Significance (2-tailed)	.036	.	.111
		Df	28	0	28
	GCG	Correlation	.471	-.297	1.000
		Significance (2-tailed)	.009	.111	.
		Df	28	28	0
GCG	CSRI	Correlation	1.000	.382	
		Significance (2-tailed)	.	.041	
		Df	0	27	
	SMEAN(KINERJA)	Correlation	.382	1.000	
		Significance (2-tailed)	.041	.	
		Df	27	0	

a. Cells contain zero-order (Pearson) correlations.

Based on table 4, it can be seen the correlation or relationship between variable X and variable Y, as well as the relationship between the two after a partial correlation test with the GCG control variable is carried out. From table 4, it is known that the correlation value of CSR to Financial Performance before the inclusion of the control variable (GCG) is 0.418 (positive) with a sig value. 0.036 < 0.05. So, it can be concluded that there is a strong relationship between CSR and Financial Performance.

Based on the table 4, it can be seen that the correlation value has changed to 0.382 (weak) with a significance value below 0.05, this shows that there is a relationship between CSR and Financial Performance with GCG as a control variable. The correlation value for each of the Financial Performance variables changes after the inclusion of the GCG control variable. This shows that CSR is not the only variable that can determine financial performance, because there are other variables related to financial performance, one of which is GCG.

6. Conlcusions

Based on the test results of the effect of CSR disclosure on company performance using the Tobin's Q measurement, it was found that the results of the variables have a significant effect with a strong correlation. The t-test value is 0.041 < 0.05. This result supports the hypothesis of this study which states that CSR disclosure has an effect on company performance as measured by Tobin's Q in the Cement Sector Manufacturing Company in Indonesia. Companies with better CSR disclosure have a great influence on company performance. This is in line with the Legitimacy Theory, which allows companies to pay more attention to social and environmental activities and more in terms of disclosure so that they get legitimacy from the community and improve their performance.

The results of this test are in accordance with previous research conducted by Titisari (2008) and Maqbool and Hurrah (2020) which states that the greater the disclosure of the company's CSRI, the more it can boost the company's performance. The company's performance will increase with the trust of the community, so that the brands sold by the company can be well received by the community.

The Cement Industry is an industry that is very vulnerable to environmental issues (Hermawan, 2003). Therefore, companies need to improve their performance in in environmental preservation of the plant and production area. The community's need for social and environmental responsibility disclosure is a factor that causing a good performance enhancement effect to the cement industry in Indonesia.

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