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THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ON THE FINANCIAL PERFORMANCE OF NON-CYCLICAL AND BASIC MATERIALS CONSUMER COMPANIES

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ABSTRACT

This study aimed to examine the influence of corporate social responsibility (CSR) activity disclosure on the financial performance of Consumer Non-Cyclical and Basic Material sector companies registered in IDX from 2015-2019. Financial performance was measured using Return on Asset, Return on Equity, and Net Profit Margin, as well as sales growth, size, and leverage as control variables. The population comprised 123 companies of Consumer Non-Cyclical and Basic Materials. This study used the purposive sampling method appropriate to the predetermined criteria to select 39 companies within 5 years, resulting in 195 observations. The data obtained from the Indonesia Stock Exchange from 2015 to 2019 were analyzed using multiple linear regression with E-views 9. The results of the first regression partially showed that CSR disclosure positively and significantly influences Return on assets. The second regression partially indicated that CSR disclosure positively and significantly influences Return on Equity. Similarly, the third regression partially showed that CSR disclosure positively and significantly impacts Net Profit Margin. CSR disclosure, Sales Growth, Firm Size, and Leverage significantly affect Return on Asset, Return on Equity, and Net Profit Margin in Consumer Non-Cyclicals and Basic Material sector companies listed in IDX in 2015-2019.

INTRODUCTION

The community carefully assesses a company's social impact through its activities. This promotes companies to pay attention to and overcome their social impacts. A good company should focus on profit and care about the environment. Therefore, Corporate Social Responsibility (CSR) solves environmental problems by collaborating with employees, customers, creditors, shareholders, and the community (Sakti, 2017).

Sari et al. (2016) stated that companies cannot be separated from the role of stakeholders in their business activities. They should implement CSR activities to provide benefits to all stakeholders. A business that does not positively contribute to the environment will be negatively impacted, causing its survival to depend on stakeholders' support. Stronger stakeholders increase the company's adaptability. Moreover, CSR disclosure is part of the dialogue between the company and stakeholders.

Sakti (2017) stated that CSR activities are closely related to the company's survival ability. These activities maintain and improve the company's reputation and image and increase access to resources and markets. Additionally, CSR activities improve stakeholder relations and increase employee morale and productivity, company profits, and reward opportunities.

CSR development is also influenced by the increasing environmental damage caused by production processes worldwide, including in Indonesia. Environmental damage encompasses deforestation, air and water pollution, and impacts on the climate. Subsequently, the Indonesia Law No. 40 of 2007 concerning Limited Liability Companies requires companies related to natural resources to fulfill their social and environmental obligations. Articles 15 and 34 of Investment Law no. 25 of 2007 stated that the companies not implementing CSR would be subject to written warnings, cancellation and freezing of business activities, and revocation of activity permits.

Parengkuan (2017) stated that CSR activities are an investment for the company's growth and sustainability. These activities are not a political tool and a means of cost but as corporate profits. CSR ensures that the companies' activities and decisions are based on financial factors as well as the present and future social and environmental impacts. Implementing CSR is expected to improve the company's performance by attracting investors. Therefore, companies with social concerns could use CSR information as a competitive advantage.

Simaremare and Gaol (2018) stated that performance measures a company's success in generating profits. Good performance is fundamental because it reflects the company's ability to manage and generate its resources. Furthermore, donations of materials or resources intended for CSR affect the company's profitability, which shows the success in utilizing opportunities and resources. Profitability is the effectiveness of each company's overall production process measured by the ability to generate profits from sales, assets, and equity (Sari et al., 2016).

Sakti (2017) reported that implementing CSR could increase profitability, improve performance, and boost the company's reputation. CSR information in the company's annual report is used as a reference for investors in carrying out investment activities and identifying companies with good performance. Companies with high social responsibility have reliable and quality management that supports better performance.

This study replicates Prasetyo and Meiranto (2017), with the only difference in the dependent variable, sample, and company sector. The dependent variables used by Prasetyo and Meiranto (2017) included ROA, ROE, and EPS, while this study used ROA, ROE, and NPM. Furthermore, the previous study was conducted between 2013-2015, while this present study used data for the 2015-2019 period. They analyzed manufacturing companies, while this study examined Consumer Non-Cyclicals and Basic Materials companies.

LITERATURE REVIEW

Stakeholder Theory

Freeman (1984) stated that companies cannot be separated from the role of stakeholders in their business activities. They should implement CSR activities to provide benefits to all stakeholders. A business that does not positively contribute to the environment will be negatively impacted, its survival to depend on stakeholders' support. Stronger stakeholders increase the company's adaptability. Moreover, CSR disclosure is part of the dialogue between the company and its stakeholders.

Stakeholders have the choice to control or influence the use of the company's economic resources. Therefore, stakeholders' power is determined by their influence over resources. This power could limit the use of limited economic resources, including capital and labor, and access to influential media that regulate or control the company. Additionally, it could influence the company's consumption of goods and services (Gunawan & Yuanita, 2018).

Proper CSR implementation increases the company's productivity because stakeholders believe the company cares about environmental and social issues. Therefore, stakeholders try to support all CSR activities to meet the requirements without violating the law (Sakti, 2017).

Signaling Theory

Signaling theory explained how the company recognizes the existence of external parties and their interests in the company. Every activity carried out by the company impacts employees, suppliers, investors, government, consumers, and the community. These activities generate the attention and interest of stakeholders, specifically investors and potential investors as owners of company capital. Therefore, the company should provide reports as information to interested parties (Spence, 1973).

Signaling theory showed that CSR activities provide added value to the company through its reports, indicating the management’s success or failure. When the company does not provide this information, stakeholders treat it as an organization with no additional reports. For this reason, every company must disclose the information in its financial statements to be considered better than with no reports. Companies present complete information to gain a good name and attract investors (Gunawan & Yuanita, 2018).

The CSR disclosure report provides additional information about the company's activities. This is also related to the marketing strategy that creates a company’s positive image of caring for the environment. Disclosure of information about sustainable CSR implementation is a positive signal to companies. It helps the market assess the share value of companies that care about CSR activities. The more the company cares about CSR, the greater the stock market evaluation, which influences the return on each share. It is a sign that the company provides regulation-based and additional information to stakeholders. This motivates companies to disclose CSR in their financial statements to show they are better. Therefore, the signal theory emphasized that companies strive to provide complete information to gain a better reputation that attracts investors (Sari & Azizah, 2019).

Legitimacy Theory

Legitimacy theory explained that CSR activities make a company acceptable and minimize community conflicts. The company should ensure that every activity is appropriate to legal requirements and applies to the community. A difference or discrepancy in the value perception would threaten the company's legitimacy (Deegan, 2004).

The discrepancy in value perception between the community and the company is called the legitimacy gap. This gap influences the company’s ability to carry out its business activities. The company monitors and identifies these values to minimize the possibility of gaps between the company and the community. However, it is not easy to eliminate the legitimacy gap's existence and magnitude. To gain legitimacy, the company should carry out social and environmental activities with accounting implications in publicly disclosing annual reports. This enables the company to convince stakeholders that its activities are acceptable and synchronous using applicable habits (Lastanti & Salim, 2018).

Hasmi & Rukmana (2018) stated that legitimacy provides insight into the company's strong CSR disclosure mechanism for the environment and social media, reducing the legitimacy gap. Legitimacy theory could be a reference in making a good corporate strategy, specifically in positioning itself among stakeholders or the community. A company with legitimacy is accepted by the community. Therefore, proper CSR disclosure enables the company to be accepted by the community, improving financial performance and profits.

Corporate Social Responsibility (CSR)

CSR is a business activity that balances or integrates economic, environmental, and social aspects by considering shareholders' profitability expectations. It is a corporate responsibility to stakeholders to act ethically by increasing positive social, economic, and environmental impacts to achieve sustainable development goals (Ahyani & Puspitasari, 2019). Therefore, CSR is the obligation of an organization or company to participate in protecting and improving community welfare. It is responsible for social and environmental affairs in its location (Gantino, 2016).

This study used the CSR disclosure of the Global Reporting Initiative (GRI) Standard 2016. GRI comprises 17 economic, 32 environmental, and 40 social disclosure items. CSR disclosure studies use content analysis, which codes and classifies similar texts into different categories depending on certain criteria. The specified information item disclosed in the annual report is given a score of 1. When not disclosed, the item is given a score of 0 (Gantino, 2016).

Financial Performance

The profitability ratio is a financial measuring instrument that describes the company's ability to generate profits. Analysts and investors also use this ratio to measure and evaluate a company's ability to generate a profit from sales, assets, and equity income (Aisyah et al., 2017).

1) ***Return on Assets (ROA)***

Rhamadana and Triyonowati (2016) defined ROA as a ratio that measures the return on a company's assets. It also measures the company's effectiveness in managing its assets. An improvement in asset productivity increases the ROA results. This indicates that the company uses its assets effectively to obtain net profits, attracting more investors because of increased dividends. Therefore, the higher interest of investors improves the stock price. The increasing ROA also positively impacts the company's accounting activities because it measures the efficiency of the capital used. This enables the company to know the risks and financial position. The ratio is calculated using the following formula:

$$\boxed{\text{ROA} = \frac{\text{Net profit}}{\text{Total Assets}}}$$

2) ***Return on Equity (ROE)***

ROE is a ratio that measures profit after tax or net income using the company's capital. This ratio shows the efficiency of the own capital use. Higher ROE results indicate that the company is using its capital effectively, improving the owner's position (Suciwati et al., 2016). The calculation of ROE is profit after tax divided by equity, formulated as follows:

$$\boxed{\text{ROE} = \frac{\text{Net profit}}{\text{Equity}} \text{ X } 100\%}$$

3) *Net Profit Margin (NPM)*

NPM is a profitability ratio used to calculate the net profit margin on sales (Kasmir (2017). Higher NPM results imply effective production, operations, and sales management. NPM measures a company's ability to convert IDR generated from sales into net income. Therefore, companies with relatively high net profit ratios survive a difficult environment. It is calculated as follows:

$$\boxed{NPM = \frac{\text{Net profit}}{\text{Sale}} \text{ X } 100\%}$$

Table 1 shows previous studies on preparing the exploratory framework.

Table 1: Previous studies

No	Name, Year and Title	Variables & Data Analysis Techniques	Conclusion
1	Prasetyo and Meiranto (2017), The effect of CSR on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange in 2013-2015.	Independent: CSR Dependent: ROE, ROA, and EPS Data analysis technique: multiple linear regression.	CSR disclosure positively influences ROA and ROE. However, it does not significantly affect EPS
2	Gantino (2016), The effect of CSR on the financial performance of manufacturing companies listed on the IDX for the period 2008-2014.	Independent: CSR Dependent: ROE, ROA dan PVB Data analysis technique: simple linear regression	CSR disclosure has a positive effect on ROE, ROA, and PVB.
3	Utami (2017), The influence of CSR on the financial performance of high-profile publicly traded companies in Indonesia.	Independent: CSR Dependent: ROE, ROA, and NPM Control: Firm Size and DER Data analysis technique: multiple linear regressions.	Disclosure of CSR, Firm Size and DER has a positive and significant effect on ROA, ROE, and NPM.
4	Ahyani & Puspitasari (2019), The effect of CSR on the financial performance of property and real estate companies listed on the IDX in 2013-2017.	Independent: CSR Dependent: ROA, ROE, and NPM Data analysis technique: simple linear regression.	CSR positively influences the company's financial performance as measured by ROA, ROE, and NPM.
5	Suciwati et al. (2016), The influence of CSR on financial performance.	Independent: CSR Dependent: ROA and ROE Data analysis technique: simple linear regression.	CSR disclosure has a significant effect on ROA and ROE.
6	Sari & Azizah (2019), The influence of CSR on the company's financial performance (Study on the Agricultural sector listed on the IDX for 2016-2018).	Independent: CSR Dependent: ROA, ROE, and NPM	CSR has a significant effect on ROA, ROE, and EPS.
7	Sakti (2017), The effect of CSR disclosure on the financial performance of mining sector companies listed on the Indonesia Stock Exchange for the period 2012-2015	Independent: CSR Dependent: ROA, ROE, EPS, and Profit Margin Data analysis technique: linear regression.	CSR disclosure has no significant effect on ROA & ROE, but a significant effect on EPS and Profit Margin

No	Name, Year and Title	Variables & Data Analysis Techniques	Conclusion
8	Simaremare & Gaol (2018), The effect of CSR disclosure on the financial performance of food and beverage companies listed on the IDX.	Independent: CSR Dependent: ROA and Net Profit Margin Data analysis technique: simple linear regression.	Corporate CSR disclosures have a significant effect on Net Profit Margin but are not significant to ROA
9	Muawanah & Hayati (2019) Analysis of Corporate Social Responsibility and Company Value: Impact of Contextual Variables	Independent: CSR Dependent: Company value Control: Company size, market share, leverage, and company growth. Data analysis technique: simple and multiple linear regression.	The effect of CSR on firm value is negative. The control variable MBVA as a proxy for growth and market value influences firm value. Control variables Size and DER Leverage proxy do not affect firm value.

Source: Created by researchers from various journals, 2021

Previous studies on the effect of CSR disclosure on financial performance showed inconsistent results. Some disclosures significantly and positively affected financial performance, while others did not. According to Prasetyo & Meiranto (2017), Gantino (2016), Utami (2017), and Ahyani and Puspitasai (2019), CSR disclosure positively influences financial performance measured by ROA and ROE. Suciwati et al. (2016) and Sari and Azizah (2019) showed significant results on ROA and ROE. However, Sakti (2017) and Simaremare and Gaol (2018) showed that CSR disclosure has no significant effect on financial performance measured by ROA and ROE. This shows that studies using the NPM ratio to measure financial performance showed good influence. Utami (2017), and Ahyani and Puspitasai (2019) confirmed positive results, while Sakti (2017), and Simaremare and Gaol (2018) showed significant results.

This study explained the research framework as follows:

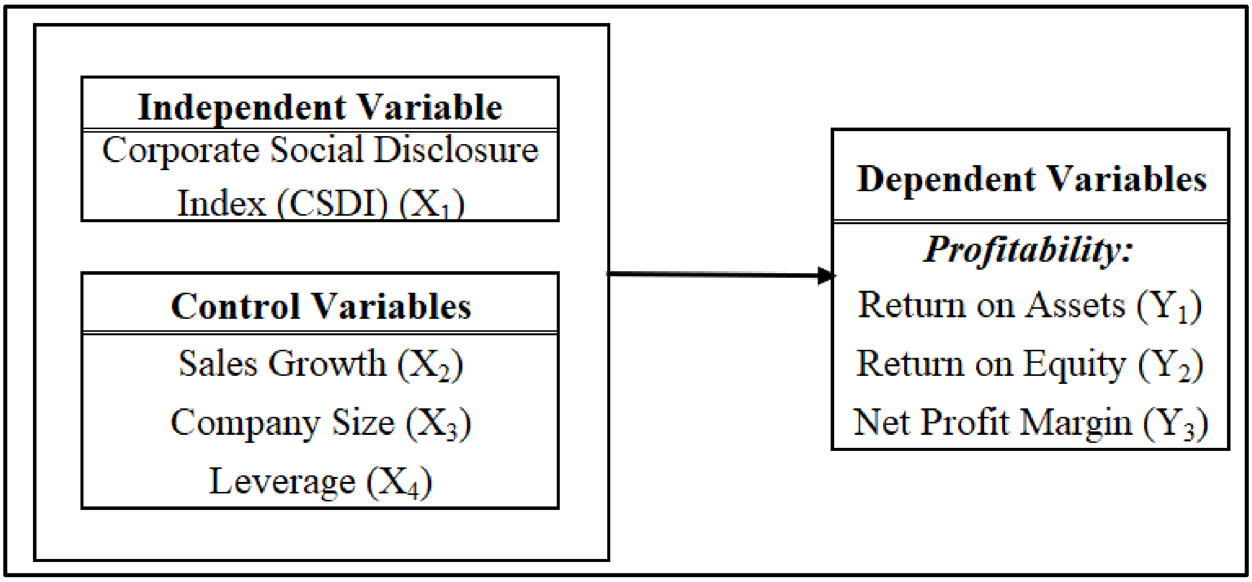

Figure 1: Research Framework

Hypothesis

Companies carrying out CSR activities are viewed positively by stakeholders. They implement CSR indirectly based on the aspects, interests, and needs of employees as the most valuable assets. For instance, companies train or attract experts to improve employee performance. The company is positively impacted by higher employee productivity in creating innovative products to drive sales and profits. Additionally, CSR activities facilitate the ease of licensing company activities. Increased operational activities and sales increase the company's profits (Prasetyo & Meiranto, 2017).

The increase in ROA, ROE, and NPM means the costs incurred by the company for CSR programs are used effectively to ensure high profitability. Disclosure of information about the company's CSR program also increases profitability. A well-managed CSR program improves a company's reputation and contributes to its long-term existence. This theory is supported by previous studies, where CSR disclosure on financial performance measured using ROA and ROE profitability ratios shows good results. According to Prasetyo and Meiranto (2017), Gantino (2016), and Ahyani and Puspitasai (2019), CSR disclosure positively influences financial performance measured by ROA and ROE. Suciwati et al. (2016) and Sari and Azizah (2019) also showed significant results on ROA and ROE. Therefore, the following hypotheses were:

H_1: CSR disclosure positively influences company profitability.

a) CSR disclosure positively influences ROA.
b) CSR disclosure positively influences ROE.
c) CSR disclosure positively influences NPM.

METHOD

The study population comprised 123 Consumer Non-Cyclicals and Basic Materials companies listed on the IDX (website) for the 2015-2019 period selected using the purposive sampling method. Table 2 shows the criteria used in determining the sample:

Table 2: Determination of Sample

No	Sample selection criteria	Total
1	All Consumers: Non-Cyclicals and Basic Materials companies listed on the IDX during 2015-2019.	123
2	Consumers Non-Cyclicals and Basic Materials companies listed on the IDX during 2015-2019, who did not issue financial reports during the period of study.	(19)
3	Consumers Non-Cyclicals and Basic Materials companies listed on the IDX in the study year, who did not publish and disclose CSR information in their annual reports.	(15)
4	Consumers Non-Cyclicals and Basic Materials companies suffered a loss during the period of study.	(43)
5	Consumers Non-Cyclicals and Basic Materials companies that did not report financial statements in the form of IDR in the period of study	(7)
Number of companies used as samples		**39**

Source: Processed secondary data, 2021

The criteria obtained 39 companies as the study sample examined within five years, resulting in 195 observations.

Documentation techniques were used to collect secondary data from the Consumer Non-Cyclicals and Basic Materials sector companies' annual and financial reports on the IDX. CSR disclosure was assessed using content analysis. Each disclosed item was given a score of 1, while 0 was assigned to an undisclosed item (Gantino, 2016).

Variables were operationalized using the following definitions as mentioned in table 3:

Table 3: Variable Operational Definition

No	Variable	Indicator	Measurement	Source
1	***Independent variable:*** Corporate Social Responsibility (CSR)	*Corporate Social Disclosure Index* (CSDI)	$CSDIj=\frac{\sum xij}{Nij}$	Riana (2017)
2	***Dependent variable:*** Financial performance as measured by Profitability Ratio	ROA ROE NPM	$ROA=\frac{\text{Net Profit}}{\text{Total assets}}\times 100\%$ $ROE=\frac{\text{Net profit}}{\text{Equity}}\times 100\%$ $NPM=\frac{\text{Net Profit}}{\text{Sale}}\times 100\%$	Rhamadana et al. (2016) Suciwati et al. (2016) Kasmir. (2016)
3	***Control variable:*** Company size, Sales growth, and Leverage	Sales Growth Company Size Leverage	$g=\frac{SI\text{-}SO}{SO}$ x 100% *Size = Ln Total Asset* $LEV=\frac{\text{Total liability}}{\text{Equity}}\times 100\%$	Muawanah & Hayati, (2019)

Data was analyzed using descriptive analysis, estimation model, classical assumption, and hypothesis testing, including F-test, t-test, and R^2 test, using the E-Views program. The regression equation model is as follows:

$$ROA = \beta 0 + \beta 1\ CSDI + \beta 2\ GROWTH + \beta 3\ SIZE + \beta 3\ LEV + \varepsilon \text{ (Model 1)}$$
$$ROE = \beta 0 + \beta 1\ CSDI + \beta 2\ GROWTH + \beta 3\ SIZE + \beta 3\ LEV + \varepsilon \text{ (Model 2)}$$
$$NPM = \beta 0 + \beta 1\ CSDI + \beta 2\ GROWTH + \beta 3\ SIZE + \beta 3\ LEV + \varepsilon \text{ (Model 3)}$$

Description:

CSDI = *Corporate Social Disclosure Index*
ROA = *Return on Asset*
ROE = *Return on Equity*
NPM = *Net Profit Margin*
Sales Growth = Sales Growth
SIZE = Company Size
LEV= *Leverage*
β0 – β4 = Estimated coefficient
ε = Error Term

RESULT AND DISCUSSION

Table 4 shows that the probability value of the Chi-square Cross-section on the dependent variable ROA, ROE, and NPM is 0.0000. Since the value is less than 5% (0.000 < 0.05), the fixed effect model was selected as the estimation model.

Table 4: Probability Value

Dependent Variable	Chi-square Cross-section **Probability Value** of **Chow Test**	Random Cross-section Probability Value of **Hausman test**
ROA	0.0000	0.0017
ROE	0.0000	0.0230
NPM	0.0000	0.0049

Source: EViews 9 Data Processing, 2021

Table 4 shows that the random cross-section probability value on the dependent variables of ROA, ROE, and NPM is less than 5% (0.05). Therefore, the estimation model selected is the fixed effect model.

The residuals' normality test was calculated using the selected fixed effect model. A probability value > 0.05 indicated that the residual has a normal distribution and vice versa. Table 5 shows the normality test results.

Table 5: Normality Test Results

Variable	Estimation Model	Panel Data Model	Probability	Results
CSR -> ROA	FEM	Hausman	0.095803	Normal
CSR -> ROE	FEM	Hausman	0.124457	Normal
CSR -> NPM	FEM	Hausman	0.214532	Normal

Source: EViews 9 Data Processing, 2021

Multicollinearity is indicated by a correlation of more than 0.8 between independent variables (Ghozali, 2016).

Table 6: Multicollinearity Test Results

Variables	CSR	GROWTH	SIZE	LEVERAGE	Results
CSR	1.000.000	0.050543	0.452621	-0.077355	There is no multicollinearity
GROWTH	0.050543	1.000.000	-0.037159	0.087729	There is no multicollinearity
SIZE	0.452621	-0.037159	1.000.000	0.050711	There is no multicollinearity
LEVERAGE	-0.077355	0.087729	0.050711	1.000.000	There is no multicollinearity.

Source: EViews 9 Data Processing, 2021

Heteroscedasticity is detected using the Wald Test with the following conditions:

a) Prob. Chi-square > 0.05 implies no heteroscedasticity.
b) Prob. Chi-square < 0.05 means there is heteroscedasticity.

Table 7: Heteroscedasticity Test Results

Variable	Estimation Model	Panel Data Model	Chi-square probability	Description
CSR -> ROA	FEM	Hausman	0.8101	Heteroscedasticity does not occur
CSR -> ROE	FEM	Hausman	0.7171	Heteroscedasticity does not occur
CSR -> NPM	FEM	Hausman	0.9669	Heteroscedasticity does not occur

Source: EViews 9 Data Processing, 2021

Auto Correlation (Durbin-Watson) testing was conducted by evaluating the estimation results of the fixed effect model with the following criteria:

a) Positive Autocorrelation Detect:
   a. When d < dL, there is a positive autocorrelation,
   b. When d > dU, there is no positive autocorrelation,
   c. When dL < d < dU, the test is inconclusive or inconclusive.
b) Detection of Negative Autocorrelation:
   a. When (4 – d) < dL, there is a negative autocorrelation,
   b. When (4 – d) > dU, there is no negative autocorrelation,
   c. When dL<(4–d)<dU, the test is inconclusive or inconclusive.

Table 8: Autocorrelation Test Results

Variable	Estimation Model	Panel Data Model	Durbin-Watson	Description
CSR -> ROA	FEM	Hausman	2.203215	No Autocorrelation
CSR -> ROE	FEM	Hausman	1.907326	No Autocorrelation
CSR -> NPM	FEM	Hausman	2.195211	No Autocorrelation

Source: EViews 9 Data Processing, 2021

This study analyzed the coefficient of determination and conducted the simultaneous effect (F-test), partial effect (t-test), and multiple linear regression equation tests. Table 9 shows statistical values of the coefficient of determination, F test, t-test, and multiple linear regression equations.

Table 9: The statistical value of the Coefficient of Determination F-Test, t-test, and Multiple Linear Regression Equation

Variable	Estimation Model	Coefficient of Determination	F Test	T-test			Coefficient
				Variable	Prob.	Prob/2 Value	
CSR -> ROA	FEM	0.917540	0.000000	C	0.0001	0.00005	1.255.426
				CSR	0.0000	0.0000	0.394905
				SG	0.1328	0.0664	0.023206
				SIZE	0.0001	0.00005	-0.044108
				LEV	0.6366	0.3183	-0.004315
CSR -> ROE	FEM	0.960149	0.000000	C	0.0001	0.00005	2.275.216
				CSR	0.0000	0.0000	0.766858
				SG	0.0556	0.0278	0.054340
				SIZE	0.0001	0.00005	-0.082045
				LEV	0.0084	0.0042	0.044670
CSR -> NPM	FEM	0.847783	0.000000	C	0.0038	0.0019	1.067.331
				CSR	0.0000	0.0000	0.399258
				SG	0.2891	0.14455	0.018782
				SIZE	0.0037	0.00185	-0.037696
				LEV	0.4527	0.22635	-0.007889

Source: EViews 9 Data Processing, 2021

1) Hypothesis Testing on First Regression (ROA Dependent Variable)

a) F Test (Simultaneous)

The probability value (F-statistic) of 0.0000 < 0.05 means that CSR, SG, SIZE, and LEVERAGE significantly affect ROA.

b) t Test (Partial)

i. The probability value of the CSR variable of 0.0000 was obtained by 0.0000/2 = 0.0000, which is <0.01. Therefore, CSR positively influences ROA with a significance of 1%.
ii. The probability value of the sales growth control variable of 0.0664 was obtained by 0.1328/2 = 0.0664, which is < 0.10. It means that sales growth positively influences ROA with a significance of 10%.
iii. The probability value of the SIZE control variable is 0.00005 (0.0001/2 = 0.000005), which is < 0.01. Therefore, SIZE negatively influences ROA with a significance of 1%.
iv. The probability value of the control variable LEVERAGE is 0.3183 (0.6366/2 = 0.3183), which is > 0.010. This means that LEVERAGE does not affect ROA.

c) Coefficient of Determination

Adjusted R-Squared value means that the CSR, SG, SIZE, and LEVERAGE explain ROA simultaneously by 91%, while other variables explain 9%.

2) Hypothesis Testing on Second Regression (ROE Dependent Variable)

a) F Test (Simultaneous)

The probability value (F-statistic) of 0.000000 < 0.05 means that CSR, SG, SIZE, and LEVERAGE significantly affect ROA.

b) t Test (Partial)

i. The probability value of CSR of 0.0000 was obtained by 0.0000/2 = 0.00000 which is < 0.01. Therefore, CSR positively influences ROE, with a significance of 1%.

ii. The probability value of the sales growth control variable of 0.0278 was obtained by 0.0556/2 = 0.0278, which is <0.05. This shows that sales growth positively influences ROE with a significance of 5%.

iii. The probability value of the SIZE control variable of 0.00005 was obtained by 0.0001/2 = 0.00005, which is < 0.01. Therefore, SIZE negatively influences ROE with a significance of 1%.

iv. The probability value of the control variable LEVERAGE of 0.0042 was obtained by 0.0084/2 = 0.0042, which is < 0.01. It means that LEVERAGE positively influences ROE with a significance of 1%.

c) Coefficient of Determination

An adjusted R-Squared value of 96% means that the CSR, SG, SIZE, and LEVERAGE explain ROE simultaneously by 96%, while other variables explain 4%.

3) Hypothesis Testing on Third Regression (NPM Dependent Variable)

a) F Test (Simultaneous)

The probability value (F-statistic) of 0.000000 < 0.05 means that CSR, SG, SIZE, and LEVERAGE significantly affect NPM.

b) t Test (Partial)

i. The probability value of the CSR variable of 0.0000 obtained by 0.0000/2 = 0.0000, which is < 0.01. This indicates that CSR positively influences NPM at a significance of 1%.

ii. The probability value of the sales growth control variable of 0.14455 obtained by 0.2891/2 = 0.14455, which is > 0.010. Therefore, the sales growth variable does not affect the NPM variable.

iii. The probability value of the SIZE control variable of 0.00185 obtained by 0.0037/2 = 0.00185, which is < 0.01. This shows that SIZE negatively influences NPM, with a significance of 1%.

iv. The probability value of the control variable LEVERAGE of 0.22635 obtained by 0.4527/2 = 0.22635, which is > 0.010. Therefore, LEVERAGE does not affect NPM.

c) ***Coefficient of Determination***

The Adjusted R-squared value means that the CSR, SG, SIZE, and LEVERAGE explain NPM simultaneously by 84%, while other variables explain 16%.

The Effect of CSR on ROA

CSR positively influences ROA, supporting Prasetyo and Meiranto (2017), Gantino (2016), Utami (2017), Ahyani and Puspitasai (2019), Suciwati et al. (2016), and Sari and Azizah (2019). This means that a company aggressively disclosing its CSR incurs costs that increase workload and reduce profits. However, the disclosure gives the company a good public image. This makes the community loyal to the company's products, contributing to higher sales and business profits. Therefore, CSR disclosure increases the company's efficiency as measured by the rate of return on capital.

The Effect of CSR on ROE

CSR positively influences ROE, supporting Prasetyo and Meiranto (2017), Gantino (2016), Utami (2017), Ahyani and Puspitasai (2019), Suciwati et al. (2016), and Sari and Azizah (2019). This means that CSR disclosures increase investment returns for potential investors. It also increases the capital that should be managed properly to maximize profits. This is in line with the signal theory that increased investment increases stock prices.

The Effect of CSR on NPM

The results showed that CSR influences NPM, supporting Utami (2017), Ahyani and Puspitasari (2019), Sakti (2017), and Simaremare and Gaol (2018). The studies found that CSR positively and significantly influences NPM. Proper CSR disclosure attracts consumers' attention, increasing profitability and sales. Therefore, better product and consumer disclosure increase the profit margin.

CONCLUSION

CSR, Sales Growth, SIZE, and LEVERAGE have a simultaneous and significant effect on ROA in the Consumer Non-Cyclicals and Basic Materials sector companies listed on the IDX in 2015-2019. Partially, CSR, Sales Growth, SIZE, and LEVERAGE have positive, positive, negative, and no negative effect on ROA, respectively. CSR, Sales Growth, SIZE, and LEVERAGE have a simultaneous and significant effect on ROE in the Consumer Non-Cyclicals and Basic Materials sector companies listed on the IDX in 2015-2019. Partially, CSR, Sales Growth, and LEVERAGE positively affect ROE, while SIZE has a negative effect. CSR, Sales Growth, SIZE, and LEVERAGE significantly affect NPM in the Consumer Non-Cyclicals and Basic Materials sector companies listed on the IDX in 2015-2019. Partially, CSR, Sales Growth, SIZE, and LEVERAGE have positive, no effect, negative, and no negative effect on NPM, respectively.

CSR disclosure was assessed using content analysis based on existing indicators. The individual evaluation results may differ from other studies, affecting the assessment. Moreover, this study only used ROA, ROE, and NPM profitability ratios as the dependent variables and CSR disclosure as the independent variable. It only focused on the Consumer Non-Cyclicals and Basic Materials sector companies listed on the IDX in 2015-2019.

Investors and potential investors should consider CSR activities because they affect the company's profitability indicators. Further studies should expand the study period to obtain more accurate results and add other variables impacting CSR. The results could contribute more accurate and reliable information for future studies. One of them is to conduct research on topics other than CSR which are still related to the Triple Bottom Line concept, namely environmental performance on company performance as done by Octaceria and Rahardja (2020) which states that environmental performance also influences financial performance. In the development of CSR in the future it will develop into Creating Shared Value (CSV), and the research conducted by Rahardja et al. (2021) states that environmental performance influences CSV.

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