

Original Research Article

The Effect of Corporate Social Responsibility, Company Size and Company Age on the Financial Performance of Manufacturing Companies listed on the Indonesia Stock Exchange (IDX)

ABSTRACT

Aims: This study aims to analyze the effect of Corporate Social Responsibility, company size, and company age on the company's financial performance. Financial performance in this study is focused on Return on Equity and Price to Book Value.

Study design: Explanatory Research.

Place and Duration of Study: Indonesia between November 2022 to January 2023.

Methodology: The data used in this study are secondary data sourced from the annual reports of industrial sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2017-2021 period. The research sample was selected using the purposive sampling method so that 32 companies were sampled. The data analysis used to test the hypothesis is regression analysis using the Eviews 12 program.

Results: The results showed that CSR significantly affects financial performance. The results also show that the company size variable significantly affects company performance. In addition, the results also show that the age of the company and the control variable debt to equity ratio has no significant effect on financial performance with ROE measurement but have a significant impact on PBV financial performance measurement.

Conclusion: Social activities carried out by the company can impact the company's financial performance, both positively and negatively. Similarly, the size of a company can contribute to its positive or negative financial performance of the company. But on the other hand, the company's age may or may not affect the company's financial performance, as well as the debt-to-equity ratio, which may or may not affect the company's financial performance.

Keywords: Corporate social responsibility; company size; company age; debt to equity ratio; corporate financial performance

1. INTRODUCTION

The COVID-19 pandemic that has hit Indonesia since early 2020 has severely impacted the economic sector. The implementation of Restrictions on Community Activities (PPKM), which was initially carried out as a form of controlling the positive numbers of COVID-19, has resulted in negative numbers in the financial statements of many companies. Good financial management patterns are a strong reason companies have managed to survive and continue growing amid the economic crisis.

Financial performance is one aspect of a fundamental assessment of the conditions owned by the company. With financial performance, companies can more easily find out the company's financial situation in each specific period. A company can be successful if it has achieved the standards and objectives that have been set.

Manufacturing companies operating in Indonesia, some of which have been listed on the Indonesia Stock Exchange (IDX). The development of manufacturing companies in Indonesia has succeeded in changing the role of commodity-based to manufacture-based. Various manufacturing sectors in Indonesia are also developed in other ASEAN countries, which will encourage economic growth and increase domestic, regional, and global competition.

Companies are not only concerned with profits and shareholders in doing business. The company must still fulfill its obligations in operating, which can provide broad benefits, both in terms of social, economic, and environmental. Manufacturing companies have a higher risk of pollution because the waste generated from the production process will be hazardous if not treated properly.

Corporate social responsibility is the establishment of policies to promote a balance between corporate profits and the benefits of society as a whole. Nowadays, more and more companies and investors commit to paying attention to the social impacts that may be caused before conducting operations or investing. A company can experience sustainable growth through the community's trust; if a company gains confidence and good relations with stakeholders can be maintained, it will increase economic performance [1].

Company size is also included in the factors that affect financial performance. The results of research [2] and [3] show that company size affects financial performance. The surrounding community will see the more extensive the company's size, so it must maintain its financial condition by improving its financial performance.

Company age is also included in the factors that affect financial performance. The company's period can be known from the years the company was established. Companies that have been around longer have advantages in customer base, assets, and management skills that will help the company to achieve a higher level of financial performance [4].

Debt to Equity Ratio (DER) can be used to measure the company's funding structure, which shows the level of risk a company has. The debt to Equity ratio (DER) is also known as the Leverage Ratio (leverage ratio), which is the ratio used to measure how well a company's investment structure is. Companies with a high Debt to Equity Ratio may be unable to attract additional capital with loans from other parties.

The novelty of this research compared to previous research is in the measurement of CSR variables using the calculation of costs used in CSR activities [5] and the addition of independent variables, namely company size and company age, which will be tested for their influence on the company's financial performance. The purpose of this study, namely to analyze the effect of CSR on financial performance, analyze the effect of company size on financial performance, analyze the impact of company age on financial performance, and

analyze the effect of control variables, namely Debt to Equity Ratio (DER) on Financial performance.

2. LITERATURE REVIEW

2.1 Financial Performance

The company's financial performance can be interpreted as prospects or future, good growth, and development potential [6]. Measurement of financial performance generally uses profitability indicators as a proxy for financial performance; if an entity's profit ratio is higher, it means that the entity has good financial performance and vice versa [7]. The dependent variable, namely financial performance, includes profitability ratios proxied as return on equity, and stock market performance proxied as Price to Book Value (PBV).

2.2 Corporate Social Responsibility

CSR aims to integrate various corporate practices with social welfare to enhance stakeholder benefits and promote sustainable community development [8]. According to [8], CSR positively affects corporate performance for companies that engage in CSR, while socially irresponsible corporate activities reduce their performance. CSR performance has a positive relationship with corporate performance when performance indicators, growth, benefits, total assets, corporate health, and social contribution increase the use of better CSR [1].

2.3 Company Size

Company size determines the size or amount of assets owned by the company. Company size is measured by the number of assets owned by the company. Large companies tend to be more trusted by investors than small companies because large companies have more stable performance and less risk of bankruptcy. According to [9] there is a positive influence between company size with ROE and EPS.

2.4 Company Age

Company age is the company's age since it was listed on the IDX. Company age is a company's life span/life cycle, which can be used to limit managerial discretion. The age of the company shows that the company still exists and can compete and take advantage of business opportunities in an economy [10].

2.5 The Effect of Corporate Social Responsibility on Financial Performance

Financial Performance in this study is projected with ROE and Stock Market Performance. In their research, [11] shows that CSR has a significant and positive effect on ROE. This means that the more CSR disclosures the company has, the more return on investment it will generate for potential investors and the more capital it has to manage appropriately and maximize profits. According to [12], their research shows that an increase in CSR will increase the company's stock price. CSR implemented by the company is a form of corporate responsibility for the company's activities. The better the company's image, the more positive the response from investors, so the demand for share prices will be higher. Based on the above findings, the following hypothesis can be made:

H1 : There is an Effect of Corporate Social Responsibility (CSR) on Financial Performance

2.6 The Effect of Company Size on Financial Performance

Financial performance in this study is projected by ROE and stock market performance. According to [13], the results showed that company size positively affects profitability as measured by ROE and EPS. This research is in line with [9] found that company size affects profitability; this is because the larger the size of the company, the easier it is for the company to obtain financial resources and profits to achieve company goals. According to

[14], the results show that company size affects stock prices. A large company size illustrates the company has good wealth and performance, making it easier to get funding. Based on the above findings, the following hypothesis can be made:

H2 : There is an Effect of Company Size on Financial Performance

2.7 The Effect of Company Age on Financial Performance

ROE and Stock Market Performance project financial performance in this study. According to [15] the results show that the company's age influences profitability (ROE); when the increasing age of the company increases, profitability will also increase. According to [10], the results showed that company age has a significant effect on financial performance. The company's age is something that investors consider in investing their capital; the company's age reflects the company's survival and is proof that the company can compete and can take business opportunities that exist in the economy. Thus, the age of the company can be related to its profitability of a company. Based on the above findings, the following hypothesis can be made:

H3 : There is an Effect of Company Age on Financial Performance

2.8 The Effect of DER on Financial Performance

Financial Performance in this study is projected with ROE and Stock Market Performance. According to [16], the results showed that Debt to Equity Ratio (DER) affects Return On Equity (ROE), and the hypothesis stating that Debt to Equity Ratio (DER) affects Return On Equity (ROE) is accepted. According to [17], the results showed that the DER variable has a negative coefficient number; it can be concluded that the DER variable has a negative and significant effect on Stock Price. This negative effect shows a relationship that is not directly proportional between DER and stock prices. This proves that an owner of capital is very far from a company with a high level of debt because high debt reflects that the company uses more debt than its capital in carrying out its operational activities.

H4 : There is an Effect of Debt to Equity Ratio (DER) on Financial Performance

3. METHODOLOGY

3.1 Measurements

The variables and measurements used in this study intend to determine the relationship between independent variables and control variables on the dependent variable. The following description of the identification and measurement of variables in this study is presented in table 1 as follows:

Table 1. Identification Variable

Type Variable	Variable Name	Symbol	Definition of Variables	References
Variable Independent	Corporate Social Responsibility	CSR Expenditure	$\frac{\text{CSR Expenditure}}{\text{Total share circulating}}$	[18]
	Company Size	SIZE	Natural logarithm of total assets	[8], [10]

	Company Age	AGE	Year Observation - Years Stand	[10]
Variable dependent	Company performance	ROE	$\frac{\text{Profit net}}{\text{Total Assets}}$	[19]
		PBV	$\frac{\text{Market Value}}{\text{Book Value}}$	[20]
Variable Control	Capital Structure	DER	$\frac{\text{Debt Total}}{\text{Total Equity}}$	[10]

3.2 Data Collection Method

The data collection method used is the secondary data collection method obtained from sources that have published the data. The data sources in this study were obtained from the websites of all companies that were the object of research. This research data consists of data on industrial sector manufacturing companies listed on the Indonesia Stock Exchange for 2017 – 2021.

3.3 Sample Withdrawal Method

The sample withdrawal method used in this study is the purposive sampling method, a non-random sample selection whose information is obtained using specific considerations. The sample selection criteria in this study are:

1. Industrial sector manufacturing companies listed on the Indonesia Stock Exchange in the period 2017 - 2021
2. Industrial sector manufacturing companies that publish financial reports and annual reports consecutively in the 2017-2021 period in the rupiah currency.
3. Industrial sector manufacturing companies that submit CSR in the Annual Report or publish sustainability reports consecutively in the 2017-2021 period.

In withdrawing the sample in this study, 160 samples of manufacturing companies were obtained with the following details:

Table 2. Criteria Sample

No	Criteria Sample	Number of Companies
1	Manufacturing company sector industry listed on the Indonesian stock exchange period 2017-2021 years	142
2	Manufacturing company sector industry that doesn't publish report finances and reports annual during period 2017-2021 yearly _ consecutive	(64)

3	Manufacturing company sector industry that doesn't disclose CSR value inside report finance and or published successive sustainability reports during period 2017-2021	(46)
4	Amount company manufacture sector decent industry _ made sample	32

3.4 Data Testing Method

In this study, the following regression model tests were carried out:

Chow Test

The Chow test is used to see which model is more appropriate to use between common and fixed effects. The Chow test is based on the null hypothesis that there is no individual heterogeneity and the alternative hypothesis that heterogeneity exists in the cross-section. In this test, the following hypothesis is made:

H₀ : the right model is the common effect model.

H_a : the right model is the fixed effect model.

Decision-making criteria:

- If Prob. cross section of chi-square $< \alpha$ 0.05 then H₀ is rejected, so the selected model is fixed effect.
- If Prob. cross section of chi-square $> \alpha$ 0.05 then H_a is accepted, so the selected model is common effect.

From the test results, if the selected model is a model of fixed effect, it is necessary to test between the fixed effect model and random effect, namely with the Hausman test.

Table 3. Chow Test Results

Redundant Fixed Effects Tests
Pool: KEVIN
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.449637	(31,124)	0.0798
Cross-section Chi-square	49.480744	31	0.0189

Cross-section fixed effects test equation:
Dependent Variable: ROE?

Method: Panel Least Squares
 Date: 01/11/23 Time: 18:53
 Sample: 2017 2021
 Included observations: 5
 Cross-sections included: 32
 Total pool (balanced) observations: 160

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.085242	0.085083	-1.001879	0.3180
CSR?	0.022389	0.008502	2.633250	0.0093
SIZE?	0.006453	0.002833	2.277550	0.0241
AGE?	0.000838	0.001550	0.540623	0.5895
DER?	0.005148	0.018451	0.279028	0.7806
Root MSE	0.223688	R-squared		0.083362
Mean dependent var	0.139314	Adjusted R-squared		0.059707
S.D. dependent var	0.234372	S.E. of regression		0.227268
Akaike info criterion	-0.094625	Sum squared resid		8.005842
Schwarz criterion	0.001474	Log likelihood		12.57002
Hannan-Quinn criter.	-0.055603	F-statistic		3.524037
Durbin-Watson stat	2.539398	Prob(F-statistic)		0.008772

<i>ChowTest</i>				
<i>Effect Test</i>	<i>Model</i>	<i>Prob.</i>	<i>hypothesis</i>	<i>Conclusion</i>
<i>Cross-Section Chi-Square</i>	Model 1 (<i>Return on Equity</i>)	0.0189	Ha Accepted	<i>Fixed Effects Model</i>
	Model 2 (<i>Price to Book Value</i>)	0.0000	Ha Accepted	<i>Fixed Effects Model</i>

Results show that mark from Prob. Cross-Section Chi-Square model 1 of $0.0189 < 0.05$, Ha Accepted . Can concluded that the best model is selected is the Fixed Effects Model.

Value of Prob. Cross-Section Chi-Square model 2 of $0.0000 < 0.05$, Ha Accepted . Can concluded that the best model is selected is the Fixed Effects Model.

Hausman test

Hausmann's test showed For choose which model is preferable good and right For used in research . There are two models that can chosen from hausman test results namely the fixed effect model with the random effect model. Hausman's test is also used For see what model is used own heterogeneity in characteristics of each model where to be chosen between the fixed effect model and the random effect model. Testing This done with hypothesis as following :

H 0 : exact model For used is a random effect (exists disturbance between individual).

Ha : exact model For used is a fixed effect (no There is disturbance between individual).

Criteria taking decision :

a. If probability results from chi-square $< \alpha 0.05$ then H0 is rejected then the exact model used is a fixed effect model.

b. If probability results from chi-square $> \alpha$ 0.05 then H_a is accepted then the exact model used is a random effects model.

Table 4. Hausman Test Results

Correlated Random Effects - Hausman Test
Pool: KEVIN
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000000	4	1.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
CSR?	0.008990	0.022289	-0.000083	NA
SIZE?	-0.016081	0.006458	0.002532	0.6542
AGE?	-0.005388	0.000841	0.000242	0.6889
DER?	0.124471	0.005489	0.006065	0.1266

Cross-section random effects test equation:

Dependent Variable: ROE?

Method: Panel Least Squares

Date: 01/11/23 Time: 18:57

Sample: 2017 2021

Included observations: 5

Cross-sections included: 32

Total pool (balanced) observations: 160

White period (cross-section cluster) standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.588614	0.841236	0.699702	0.4893
CSR?	0.008990	0.008548	1.051642	0.3011
SIZE?	-0.016081	0.050432	-0.318863	0.7520
AGE?	-0.005388	0.015640	-0.344488	0.7328
DER?	0.124471	0.082398	1.510605	0.1410

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	0.191642	R-squared	0.327193
Mean dependent var	0.139314	Adjusted R-squared	0.137288
S.D. dependent var	0.234372	S.E. of regression	0.217690
Akaike info criterion	-0.016380	Sum squared resid	5.876239
Schwarz criterion	0.675534	Log likelihood	37.31039
Hannan-Quinn criter.	0.264582	F-statistic	1.722929
Durbin-Watson stat	3.011778	Prob(F-statistic)	0.015795

<i>Hausman test</i>				
<i>Effect Test</i>	<i>Model</i>	<i>Prob.</i>	<i>hypothesis</i>	<i>Conclusion</i>

<i>Cross-Section Random</i>	Model 1 (<i>Return on Equity</i>)	1.0000	Ha Rejected	<i>Random Effects Model</i>
	Model 2 (<i>Price to Book Value</i>)	0.0249	Ha Accepted	<i>Fixed Effects Model</i>

Results show that mark from Prob. Cross-Section Random model 1 of 1.0000 > 0.05, Ha Rejected . Can concluded that the best model is selected is the Random Effects Model.

Value of Prob. Cross-Section Random model 2 of 0.0249 <0.05, Ha Accepted . Can concluded that the best model is selected is the Fixed Effects Model.

Concurrent Test (F-Test)

Anova test or often _ known with the F test basically showing that all variable intended independence _ in the models have influence in a manner simultaneous to variable dependent . The desired hypothesis tested is as following :

Ha: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$ No There is variable independent (csr , firm size, firm age) and variables control (DER) effect to variable dependent (performance finance) .

H0: $\beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$ There is a variable independent (csr , firm size, firm age) and variables control (DER) effect to variable dependent (performance finance) .

Criteria taking decision :

a. If the probability $F < \alpha 0.05$, then H0 is rejected . Meaning from results the is in a manner simultaneous variables independent No own influence to variable dependent , so the regression model No worthy For used .

b. If the probability $F > \alpha 0.05$, then Ha is accepted . Meaning from results the is in a manner simultaneous variables independent own influence to variable dependent , so the regression model worthy For used .

Following is results processed with e-views 9 software from F test results

Table 5. Simultaneous Test Results

<i>Simultaneous Test (F-Test)</i>			
<i>Model</i>	<i>Prob.</i>	<i>hypothesis</i>	<i>Conclusion</i>
Model 1 (<i>Return on Equity</i>)	0.0091	Ha Accepted	Influential Significant
Model 2 (<i>Price to Book Value</i>)	0.0000	Ha Accepted	Influential Significant

Based on results testing , shows mark from the Prob (F-Statistic) in model 1 of 0.0091 <0.05, Ha Accepted . Can concluded that in a manner simultaneously whole variable independent influential significant to variable dependent .

The value of the Prob (F-Statistic) in model 2 is 0.0000 <0.05, Ha Accepted . Can concluded that in a manner simultaneously whole variable independent influential significant to variable dependent .

4. DATA ANALYSIS AND MAIN FINDINGS DISCUSSION

4.1 Description of Research Data

In study this is the data used is secondary data . As for secondary data in study This use report annual companies and reports *sustainability* company sector manufacturers listed on

the *IDX* in the 2017-2021 period obtained from official *website* company . In study this , author use company sector manufacture as population . Method *purposive sampling* used For determine criteria samples used , and obtained sample study as many as 32 companies in the sector manufactures listed on the *Indonesia* Stock Exchange (*IDX*) for period 2017-2021 which has been fulfil criteria .

4.2 Data Analysis and Hypotheses Testing

4.2.1 Analysis Multiple Liner Regression

In study In this case , data analysis is used is a regression test duplicate on panel data. On research This using a random effects model. As for the use of regression test double aim For test the effect of *CSR*, *SIZE*, *AGE*, on *ROE* & *PBV* with variable *DER* control .

After we did processing statistics regression double , we get regression model equation as shown by table 6 as _ following

Equality first model regression :

$$ROE_{it} = -0.085699 + 0.022289 CSR_{it} + 0.006458 SIZE_{it} + 0.000841 AGE_{it} + 0.005489 DER_{it}$$

Table 6

Analysis Results Regression Model 1

Model 1 (ROE)

Common Effects Model

Dependent Variable: ROE?
 Method: Pooled Least Squares
 Date: 01/11/23 Time: 18:52
 Sample: 2017 2021
 Included observations: 5
 Cross-sections included: 32
 Total pool (balanced) observations: 160

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.085242	0.085083	-1.001879	0.3180
CSR?	0.022389	0.008502	2.633250	0.0093
SIZE?	0.006453	0.002833	2.277550	0.0241
AGE?	0.000838	0.001550	0.540623	0.5895
DER?	0.005148	0.018451	0.279028	0.7806
Root MSE	0.223688	R-squared		0.083362
Mean dependent var	0.139314	Adjusted R-squared		0.059707
S.D. dependent var	0.234372	S.E. of regression		0.227268
Akaike info criterion	-0.094625	Sum squared resid		8.005842
Schwarz criterion	0.001474	Log likelihood		12.57002
Hannan-Quinn criter.	-0.055603	F-statistic		3.524037
Durbin-Watson stat	2.539398	Prob(F-statistic)		0.008772

Variables	coefficient	Prob.	hypothesis	Conclusion
C	-0.085699	0.3170		

CSR	0.022289	0.0098	Ha Accepted	Influential Significant
size	0.006458	0.0245	Ha Accepted	Influential Significant
age	0.000841	0.5893	Ha Rejected	No Influential
DER	0.005489	0.7670	Ha Rejected	No Influential

Source

:

Output

e-views

1

Whereas For equality we get the second model regression results as table 7 as following :

Equality second model regression :

$$\text{PB Vit} = 2.083882 - 0.014599 \text{ CSRit} - 0.110315 \text{ SIZEit} + 0.028205 \text{ AGEit} + 0.134187 \text{ DERit}$$

Table 7

Analysis Results Model 2 regression

Model 2 (PBV)

Common Effects Model

Dependent Variable: PBV?

Method: Pooled Least Squares

Date: 01/11/23 Time: 18:58

Sample: 2017 2021

Included observations: 5

Cross-sections included: 32

Total pool (balanced) observations: 160

White period (cross-section cluster) standard errors & covariance (d.f. corrected)

Standard error and t-statistic probabilities adjusted for clustering

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.186779	0.687070	1.727305	0.0941
CSR?	-0.039833	0.048912	-0.814378	0.4216
SIZE?	-0.031502	0.019597	-1.607529	0.1181
AGE?	0.005961	0.009168	0.650210	0.5203
DER?	0.125352	0.223544	0.560750	0.5790
Root MSE	1.081642	R-squared		0.054988
Mean dependent var	0.757006	Adjusted R-squared		0.030601
S.D. dependent var	1.116160	S.E. of regression		1.098950
Akaike info criterion	3.057338	Sum squared resid		187.1920
Schwarz criterion	3.153437	Log likelihood		-239.5870
Hannan-Quinn criter.	3.096360	F-statistic		2.254768
Durbin-Watson stat	0.749920	Prob(F-statistic)		0.065692

Variables	coefficient	Prob.	hypothesis	Conclusion
C	2.083882	0.0000		
CSR	-0.014599	0.0117	Ha Accepted	Influential Significant
size	-0.110315	0.0000	Ha Accepted	Influential Significant
age	0.028205	0.0000	Ha Accepted	Influential Significant
DER	0.134187	0.0435	Ha Accepted	Influential Significant

Source : Output e-views

Based on the results obtained on can is known that results testing as following :

1. Testing CSR variable to ROE variable

Based on Table 6 is obtained mark probability of 0.0098 with coefficient of 0.022289. The CSR coefficient shows results positive . Probability value more small from 0.05 up can said that there is influence between CSR variable with ROE variable .

2. Testing variable SIZE to ROE variable

Based on test results obtained mark probability of 0.0245 with coefficient of 0.006458. The SIZE coefficient shows results positive . Probability value more small from 0.05 up can said that there is influence positive significant between variable SIZE with ROE variable .

3. Testing AGE variable against ROE variable

Based on test results obtained mark probability of 0.5893 with coefficient of 0.000841. The AGE coefficient shows results positive . Probability value more big from 0.05 up can said that No there is influence between the AGE variable and ROE variable .

4. Testing DER variable against ROE variable

Based on test results obtained mark probability of 0.7670 with coefficient of 0.05489. The DER coefficient shows results positive . Probability value more big from 0.05 up can said that No there is influence between the DER variable and ROE variable .

5. Testing CSR variable to PBV variable

Based on Table 7 is obtained mark probability of 0.0117 with coefficient of -0.014599. The CSR coefficient shows results negative . Probability value more small from 0.05 up can said that there is significant negative effect between CSR variable with PBV variable .

6. Testing variable SIZE to PBV variable

Based on test results obtained mark probability of 0.0000 with coefficient of -0.110315. Coefficient *SIZE* show results negative . Probability value more small from 0.05 up can said that there is influence negative significant between variable *SIZE* with PBV variable .

7. Testing AGE variable against PBV variable

Based on test results obtained mark probability as big 0.0000 with coefficient as big 0.028205 . Coefficient *AGE* show results positive . Probability value more big from 0.05 up can said that there is influence positive significant between the *AGE* variables with PBV variable .

8. Testing DER variable against PBV variable

Based on test results obtained mark probability as big 0.0435 with coefficient as big 0.1344187 . The DER coefficient shows results positive . Probability value more big from 0.05 up can said that there is influence positive and significant between the DER variable and PBV variable .

H1 There is an effect of CSR on financial performance.

Based on the results obtained in Table 6, it is known that there is a significant influence between CSR variables on the company's financial performance as measured using ROE with a probability value of 0.0098 and a coefficient value of 0.0022289. This shows that an increase in CSR by 1% will increase ROE by 0.22289%. These results follow research conducted by [11] which found that CSR has a positive and significant effect on financial performance measured by ROE.

On the other hand, based on the results obtained in table 7, the CSR variable has a significant effect on financial performance as measured by PBV with a probability value of 0.0117 and a coefficient value of -0.014599; this means that the corporate social responsibility variable has a negative effect on financial performance as measured by PBV. This follows the findings of research conducted by [21], which found that CSR variables have a negative effect on financial performance.

H2 There is an effect of company size (SIZE) on financial performance.

Based on Table 6, the analysis results show a significant influence between the size variable on financial performance as measured by ROE with a probability value of 0.0245 and a coefficient value of 0.006458. This result means that a 1% increase in size causes a percentage increase in ROE, which is 0.6458%. This follows the results of research by [13], which shows that size significantly positively affects the financial performance of the essential and chemical industry sectors as measured by ROE.

Based on table 7 above, it can be seen that there is a negative and significant influence between the size variable on the company's financial performance as measured by PBV with a probability value of 0.0000 and a coefficient value of -0.110315. This result means that an increase in the size of 1% causes a percentage decrease in ROE, namely 11.0315%. The results obtained do not follow research conducted by [22] which found that size positively affects the company's financial performance as measured by PBV.

H3 There is no company age (AGE) effect on financial performance.

Based on Table 6, the analysis results show no influence between the age variable and financial performance as measured by ROE with a probability value of 0.5893 and a coefficient value of 0.000841. This result means that a 1% increase in AGE causes a percentage increase in ROE of 0.00841% but is statistically insignificant. Based on the results obtained, the age of the company cannot guarantee that the company has good financial performance. This study follows the findings of research conducted by [23], which found that the company's age (age) does not influence company performance.

On the other hand, based on table 7 above, it can be seen that the age variable has a positive and significant effect on the financial performance variable measured using PBV

with a probability value of 0.0000 and a coefficient value of 0.028205. This result means that an increase in age of 1% causes a percentage increase in PBV of 2.8205%. This study's developments follow the research found by [24], which found that company age (age) positively and significantly affects company performance.

H4 There is no effect of DER on financial performance.

Based on Table 6, the analysis results show no influence between the DER variable on financial performance as measured by ROE with a probability value of 0.7670 and a coefficient value of 0.005489. This result means that a 1% increase in DER causes a percentage increase in ROE of 0.5489% but is statistically insignificant. Based on the results obtained, it is known that the debt-to-equity ratio variable does not influence financial performance, so it can be concluded that the size or size of the debt-to-equity ratio will not impact the company's financial performance. This study's results follow the results of research conducted by [25], which found that DER does not affect financial performance.

On the other hand, based on the results found in table 7, it is known that the DER variable has a positive and significant effect on financial performance as measured using PBV with a probability value of 0.0435 and a coefficient value of 0.134187. This result means that an increase in DER by 1% causes a percentage increase in PBV, namely 13.4187%. These results follow the research conducted by [22], which found that DER affects financial performance measured by PBV.

5. CONCLUSION

Manufacturing companies are the same as companies from other sectors, seeking profits in their operational activities. One of the objectives of the operational activities is to improve the company's financial performance and maintain good performance. On the other hand, the company's financial performance is determined by several aspects, including social activities carried out, company size, company age, and the debt ratio to company equity.

Social activities carried out by the company can have an impact on the company's financial performance, whether the effect is positive or negative. Likewise, the size of a company can contribute to its positive or negative financial performance of the company. However, on the other hand, the company's age may or may not affect the company's financial performance, as well as the debt-to-equity ratio, which may or may not affect the company's financial performance.

6. RECOMMENDATION

From the results of research and discussion and the limitations that researchers have stated, suggestions that can be recommended for further research are: Future researchers are expected to add or use other independent variables to reveal better other variables that can affect company performance, such as good corporate governance. Future researchers should use samples from all existing industrial sectors, not only limited to sub-sectors, to find out the effect of CSR in general on the industry in Indonesia.

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