

The missing link in the relationship of corporate social responsibility and firm value in Indonesia

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ABSTRACT

The inconsistency of research results on the relationship between Corporate Social Responsibility and Firm Value indicates missing variables in the relationship. This study aims to test Profitability as a moderator and mediator that bridges CSR and Firm Value's relationship. This type of research is causal-comparative research. The population in this study includes companies manufacturing listed on the Indonesia Stock Exchange (IDX). Selection of the sample with the purposive sampling method. This research's total sample is 107 companies for three periods, so the total sample size is 107 companies x 3 periods 321 data. The analysis used is path analysis and test Moderated Regression Analysis (MRA). The results showed that CSR positive and significant effect on Profitability. On the other hand, CSR is a significantly negative effect on firm value. As measured by return on assets (ROA), Profitability has a significantly positive effect on firm value. CSR positive and significant effect on the firm value of the Company through Profitability. On the other hand, as measured by return on assets (ROA), Profitability proved unable to moderate the relationship between CSR with the firm's value.

Keywords: *corporate social responsibility; disclosure; firm's value; Profitability; missing-link value.*

INTRODUCTION

Practitioners and academics are increasingly paying attention to CSR information. This increased attention is in line with the weakening of financial information that cannot reflect all changes that occur in business operating activities. [1] Managers need to reduce information asymmetry to convince investors by providing additional information other than information from financial reports whose usefulness is relatively decreasing [2]. Companies are increasingly concerned about the importance of managing other non-financial information to external parties.

One of the information other than financial is information on corporate social responsibility disclosed in the annual report or a special CSR report [3]. CSR disclosure is essential information to be disclosed to investors considering its role, which can significantly increase company value [4]. Disclosing CSR through adequate and systematic disclosure will provide more comprehensive information to reduce bias towards company assessment. [5] The disclosure of corporate social responsibility will provide useful information to help investors make a more accurate assessment of the company.

CSR is an organizational mechanism to integrate environmental and social concerns into its operations. This mechanism is a form of company

interaction with stakeholders, which goes beyond its legal responsibilities [6-7]. CSR can be interpreted as a company's commitment to be responsible for the impact of its operations on the social, economic, and environmental dimensions and to ensure that these impacts provide benefits to society and the environment [8].

Companies are increasingly aware that their survival depends on their relationship with the community and its environment. Corporate social responsibility occurs between the company and all stakeholders, including customers or customers, employees, communities, owners or investors, government, suppliers, and even competitors [9]. The social responsibility aspect has been mentioned by industry in Indonesia in their annual report. This action responds to the shift of accountability, from management to shareholders to all stakeholders [10]. Indonesia is one of the countries that require public companies to spend funds for corporate social responsibility [11].

The implementation of corporate social responsibility in Indonesia has been regulated in Law No. 25 of 2007 concerning Investment and Law No. 40 Article 74 of 2007 concerning Limited Liability Companies. Paragraph 1 of the law states that companies that carry out business activities related to natural

resources must carry out Social and Environmental Responsibility [12]. The fact is that the community's resistance in various places and times has surfaced against companies that are considered not paying attention to social, economic, and environmental aspects [12-13]. Companies must pay attention to stockholders and bondholders and stakeholders' demands to take concrete actions as a form of responsibility for their business's impact [15-17]. Thus CSR is a way for companies to manage their business to grow sustainably [5]. Company sustainability will only be guaranteed if the company pays attention to an integrated financial, social and environmental dimension [18]. According to [9-13], companies benefit from CSR practices and disclosures if done seriously. CSR is also a means to encourage the company's continuous improvement as a form of risk management and gain a competitive advantage in capital, labor, suppliers, and market share [19-21].

CSR activities can also be used as a new marketing tool for companies if carried out sustainably. By implementing CSR, consumers like the company's products more, and investors are also more interested in investing [20-23]. With the implementation of CSR, the company's image will be better so that consumer loyalty will be even higher [11, 17]. As consumer loyalty

increases over a long period, the company's sales will get better. In the end, with the implementation of CSR, it is expected that the level of company profitability will also increase [19-23].

Besides being able to increase Profitability through consumer loyalty, implementation and disclosure of CSR information can also assure investors of the investment that has been invested [24-26]. CSR disclosure can reduce the risk of information asymmetry [27-29]. Quality disclosure will be additional information to provide an assessment of the company's ability to generate profits. Information about earnings will increase investor awareness of the company's existence. Therefore, CSR plays an essential role in increasing its Profitability and value [30-33].

Various studies on CSR disclosure benefits have been conducted previously by [34-37]. However, the results of these studies are still inconsistent [9, 37]. Research by [5, 27, 30] shows that CSR disclosure can increase Profitability and firm value as measured by Tobin's Q. However, research [18, 31-33] shows the opposite result. The impact of CSR and Profitability on firm value in Indonesia has also been studied, among others, by [10-14]. However, they only participate in the sector from companies listed on the Indonesia Stock Exchange and

usually the banking or mining companies.

Although more than 100 studies have empirically tested the relationship between CSR and corporate values, the results are still unclear [37]. The inconsistency of previous research results indicates that other variables affect the relationship between the two. This study adds these missing variables as mediators and moderators to explain the gaps in previous studies' findings. This study chooses Profitability as the bridge that connects CSR and firm value because Profitability is usually the primary consideration of investors in investing. The critical role of Profitability as a link between CSR and corporate values is still rarely studied.

This study intends to examine corporate social responsibility and Profitability on manufacturing firm's value in the consumer goods sector and primary and chemical industries listed on the stock exchange in 2017-2019. The consumer goods industry and the primary industrial sector, and chemicals have attractive characteristics due to their increasing stock exchange prices. The Indonesia Stock Exchange (IDX) noted that the consumer goods industry sector's stock index movement is relatively stable and tends to increase from 2018 to 2019. On the other hand, the Indonesian national economy's condition is also relatively stable, so

it is hoped that the research results will not obtain an optimal level of generalization.

Research on the impact of CSR disclosure on Profitability and firm value is essential for two reasons. First, by analyzing the effect of CSR disclosure on Profitability, it can provide additional practice for company practitioners in managing and utilizing CSR information. Second, this disclosure is more informative in the sense that it reflects more on company profits. It is hoped that it will become the primary concern of standard makers regarding the need for more effective regulation on CSR systematics. Thus, it is expected that this study's results can support [38] that increasing earnings informativeness will provide benefits for both the company and the economy as a whole.

Literature Review and Hypothesis Development

Due to asymmetric information held between these companies, managers will try to give investors a signal about their information [39]. The signaling Theory states that one way to provide a signal can be done through voluntary disclosure in its financial statements. Information about the company's CSR can also be disclosed directly to investors through voluntary disclosure in its annual report. [40] shows how disclosure can be a reliable signal as

a reflection of firm value. By voluntarily disclosing CSR information, companies will provide signals to investors about the company's capabilities other than those reflected in the financial statements.

Legitimacy theory stated that a company is bound by a contract with the community where the company operates [41-42]. This Theory states that the company strives to ensure that its operating activities are still within the boundaries of the community's ties and norms in its environment. The existence of a social contract between the company and the surrounding community requires companies always to be responsive to the existence of the environment and pay attention by carrying out operations consistent with environmental values [43]. Therefore, the company will try to disclose its activities voluntarily if management considers that these activities are of concern to the community around the company.

Because the company cannot legitimize CSR activities in its financial statements, it will report to the public by disclosing this information in its annual reports. The content analysis method's CSR disclosure level is the most appropriate and has been widely used in previous research.

Sustainability Reporting is reporting on economic, environmental, and

social policies, the influence and performance of organizations, and their products in the context of sustainable development [44]. Sustainability Reporting includes reporting on economic, environmental, and social influences on organizational performance [45]. Sustainability reports must be a high-level strategic document that addresses issues, challenges, and opportunities for Sustainability Development, leading to its core business and industrial sector [46]. Categorization can motivate companies to develop CSR programs and be used as a mirror and guidelines to determine the right CSR model [47]

Firm value is an essential concept for investors because it is an indicator for the market to assess the company [48]. Firm Value can also be interpreted as an assessment made by investors of its success rate in managing its resources. Firm value can increase if the institution can become a useful monitoring tool [49].

According to [50], Firm Value shows the value of various assets owned by the company, including the securities it issues, and for go public companies. The value of the company can be reflected through its share price. The company's share price must be optimized as possible, if the share price is too high, the company will be afraid that investors

will not buy, but if the share price is too low, it can harm the company's image [50-51].

Hypothesis Development

The Effect of CSR on Profitability

The signal theory states that firms provide a signal to outside parties to increase their value [41]. In addition to the required financial information, the company also makes voluntary disclosures. Stakeholder theory believes that companies will disclose their CSR activities voluntarily as one of their responsibilities. The more they disclose CSR activity, the higher company's financial performance to improve so that its profits increase. Research [26] cannot find a significant relationship between corporate social to stakeholders. CSR disclosure is also a legitimacy for CSR activities that are not accommodated in its financial statements [3, 41].

Companies that disclose CSR will gain many benefits such as customer loyalty and trust from creditors and investors. This trust will trigger responsibility and financial performance/profitability.

This trust will trigger responsibility, and financial performance/profitability [13] conducted a study on CSR's effect on the Corporate Financial Performance of Manufacturing Companies Listed on the Indonesia Stock Exchange.

This study found that CSR has a positive but not significant effect on Profitability in the short term. On the other hand, the research results [4,30,35,48] show that CSR has a positive effect on corporate Profitability.

More expansive CSR disclosures also provide information to the public about the company's concern for existing social issues. This information can ultimately increase product sales power as a further impact of public trust and sympathy. Companies use CSR to signal investors with the thought that the market will positively appreciate the signal. This positive reaction from investors will impact the company's ability to earn a profit [3]. Thus this study hypothesizes as follows:

H1: CSR disclosure positively affects the Company's Profitability.

The effect of CSR on firm value

The business world's success is determined by how it contributes to the general public's well-being, not just the business people themselves. The company needs a positive response from the community through what it does to its stakeholders. [43] stated that the financial conditions were not sufficient to guarantee the value of the company to grow continuously. The company's sustainability will only be guaranteed if the company

pays attention to the social and environmental dimensions.

[13] study of Manufacturing Companies Listed on the Indonesia Stock Exchange found that CSR has a positive and significant effect on its future Profitability (Tobin's Q). CSR practices carried out by companies contribute to creating intangible resources [14]. The company owns the more intangible resources; the company will then create the company's competitive advantage. The company's competitive advantage impacts investors' increasing expectations of its future value [3].

Broader disclosure of CSR will have a positive impact on corporate value [4,30,35]. Signal theory explains that firms can provide signals to external parties by reporting company performance information to increase the company's value. Disclosure of CSR information is an attempt to send a positive reputation signal to stakeholders regarding its future performance prospects. Investors responded positively to these signals through rising stock prices as well as the value of the company.

From stakeholder theory, companies express CSR activities as a form of a corporate sense of responsibility to stakeholders. More comprehensive CSR disclosure will enable the company to support stakeholders in all decisions to increase its value. The research results by [4,11-14, 37]

show that CSR has a significant effect on the firm value. Based on these theories and studies, this study proposes the following hypotheses:

H2: CSR has a positive effect on firm value.

The Effect of Profitability on Firm Value

Profitability indicates the magnitude of a company's ability to generate profits for investors. That ability will determine how good the company is in the eyes of investors financially. Profitability growth from each period is a positive signal for investors regarding improving performance and increasingly promising business prospects. In the future, to increase the value of the company. Signal theory that states that the increase in Profitability listed in the financial statements is an attempt to provide a positive signal to investors related to the company's performance and the growth of business prospects in the future [3]. Such efforts can build positive sentiment from investors to impact rising stock prices in the capital market. An increase in stock price can increase a company's value in investors' eyes [3,41]. The research conducted by [4,11,30,35] found that Profitability has a positive and significant effect on companies' value. The higher the Profitability, the higher the company's value position in the eyes of investors. Based on the theory and research that

has been described, this research proposes the following hypotheses:

H3: Profitability positively affects firm value.

The effect of CSR on Firm Value through Profitability

Profitability is the company's ability to manage resources to generate profits effectively and efficiently. Companies disclose information on CSR activities as a form of corporate responsibility to stakeholders [41]. The company must fulfill these responsibilities to support every activity carried out by the company to increase its value. The value of a company is influenced by several factors, two of which are Profitability and CSR. The higher the Profitability, the higher the company's value position in the eyes of investors. The signal theory emphasizes that firms can send signals to external parties by reporting firm performance information to minimize uncertainty about the firm's prospects to increase its value [42].

The higher the Profitability, the higher the firm value position in the eyes of investors. Reporting information related to profitability improvement and broader CSR disclosure will impact the quality of a company's financial statements, which are considered a consideration in making investment decisions for investors. Both of this information

can describe good business prospects in the future so that investors will capture it as a positive signal that impacts increasing stock prices and Firm Value [3].

The ability to generate profits is the primary consideration of investors in investing. When companies that express CSR can increase their Profitability, investors will react positively, and it will increase the firm value [3]. Based on the description of the relationship between CSR, Profitability, and firm value, this study formulates the following hypotheses:

H4: CSR has a positive effect on firm value through Profitability.

The role of Profitability in strengthening the relationship between CSR and Firm Value

Profitability is the company's ability to generate net profit from activities performed during the accounting period. [37-41] suggested that corporate ethical behavior in the form of social responsibility for the surrounding environment has a positive impact reflected in improving financial performance. [41] The wider the information provided to stakeholders, the more information will be received about the company. This information will maintain stakeholder trust in the company, as shown by the company's products' acceptance. A high level of Profitability is a good

performance achievement so that the company will gain appreciation from stakeholders [4].

Companies that do good through CSR activities will convey the news about these positive activities through CSR disclosure. This good news can be a positive signal captured by investors to increase the company's value [2-3]. CSR will increase the value of the company while the Profitability of the company increases. When companies that perform CSR also have increased Profitability, then the positive impact of CSR disclosure on Firm Value will be more substantial.

Ha5: Profitability will strengthen the influence of CSR on firm value.

Research Framework

A voluntary disclosure will reduce information asymmetry between informed and uninformed investors. [51-52] suggest that an increase in voluntary disclosure will encourage

investors to be more confident that the transactions they carry out occur at fair prices to increase liquidity. CSR disclosures are voluntary disclosures, and management has the flexibility to communicate information about this CSR.

CSR disclosure can also be a signal from managers about the company's capabilities. As stated by [28] that disclosure activity is a signal that can provide a way for investors to understand better the relationship between disclosure and future earnings (bring the future forward) and allow investors to provide prices accordingly. [4] CSR information would help reduce uncertainty, which would be reflected in a lower risk premium and a more accurate company valuation.

Based on the previously stated descriptions and literature review, the variables involved in this study can be formulated through a framework as follows:

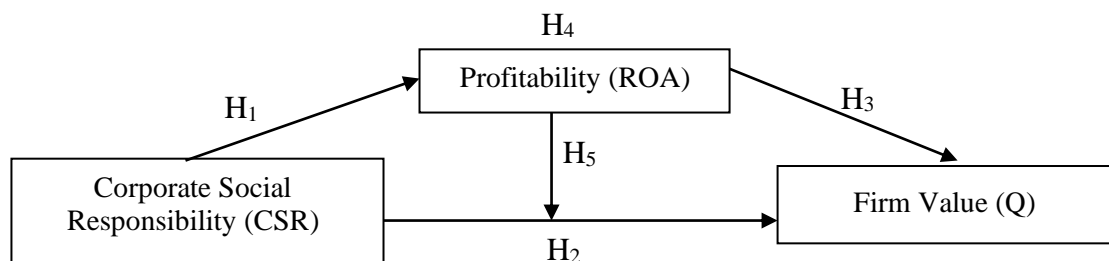


Figure 1. Research Framework

RESEARCH METHOD

Definition and Measurement of Variables

Corporate Social Responsibility

CSR is a mechanism for an organization to voluntarily integrate attention to the environment and social issues into its operations and interactions with stockholders, which goes beyond its responsibility in the legal field. The researcher carries out the calculation of this variable by measuring social responsibility disclosure in the annual report. We carried out by observing the presence or absence of an information item specified in the annual report assuming that every item disclosed

$$CSR_j = \frac{\sum x_{ij}}{n_j}$$

CSR: Corporate Social Responsibility Disclosure Index

NJ: Total item in GRI 4.0 (161 items)

Xij : content analysis: 1 = if item i disclosed; 0 = if item i Not disclosed

Therefore, $0 \leq CSR_j \leq 1$

Profitability

Profitability is the company's ability to make a profit [41]. Profitability in this study symbolized (X_2). Profitability is the Return on Assets (ROA) obtained from manufacturing companies' annual financial statements during the study period. ROA shows the comparison of the

must have been done. If the information item is not in the financial report, it is given a score of 0, and if the specified information item is in the annual report, then a score of 1. This measurement method is called the data checklist/content analysis. In this variable, the calculation is carried out by the researcher using the social responsibility index formula to calculate the disclosure of corporate social responsibility, namely [7]:

company's net income and total assets. Profitability formula:

$$ROA = \frac{\text{Earnings before interest and tax}}{\text{Total asset}}$$

Firm Value

Firm value is the price that prospective buyers would pay if the company is sold [41]. Firm value is symbolized by (Q). One of the alternatives used in assessing firm value is to use Tobin's Q. James Tobin developed this ratio. This ratio is a valuable concept because it represents a current financial market estimate of each incremental investment dollar return. If the Q ratio is above one, investment in assets generates a return that provides a higher value than

investment expenditure; this will stimulate new investment. If the Q ratio is below one, investment in assets is not attractive.

The Q ratio is a more accurate measure of how effectively management uses economic resources in its power [41]. Calculation using a formula

$$Q = \frac{(EMV + D)}{(EBV + D)}$$

Where :

Q = Firm value

EMV = Market value of equity (EMV = closing price x number of shares outstanding)

D = Book value of total debt

EBV = Book value of total equity

The advantages of measuring using Tobin's Q ratio are (1) considering the potential development of stock prices, (2) considering the potential management ability in managing company assets, and (3) considering the potential for investment growth [35]. Operational research variables on the Effect of Corporate Social Responsibility on Firm Value with Profitability as Intervening and Moderating Variables can be summarized in table 1.

Research Population and Sample

This study's population is manufacturing companies in the consumer goods sector listed on the

IDX. Companies in the consumer goods sector have more influence/impact on the surrounding environment due to the activities carried out by the company. Besides, manufacturing companies in the consumer goods sector use the potential of both natural and human resources in their surrounding areas, which automatically implies that the implementation of CSR is very beneficial for the company and is eagerly awaited by the people around the company. This study uses a research period from 2017 to 2019.

The sample selection was carried out using the purposive sampling method to obtain a representative sample according to the specified criteria:

- a. Manufacturing companies listed on the IDX for 2017 to 2019.
- b. Provides complete annual reports for 2017 to 2019.
- c. Have complete data related to the variables used in the study.

According to the above criteria, the number of sample companies used is 107 companies for three periods. Initial Sample is a consumer goods subsector of 54 companies and a subsector of basic and chemical industries 78 so that the initial sample total is 132. This number is reduced by outlier data and company data losing money so that the total final Sample is 107 companies.

Data Analysis Method

To analyze data this research use path analysis, and in hypothesis testing, it is necessary to test the data's statistical prerequisites [53]. The testing prerequisite analysis includes tests for normality, homogeneity, and significance, and linearity. Path analysis is a technique for analyzing causal relationships in multiple regression if the independent variable affects the dependent variable directly and indirectly [54]. The regression analysis results are in the form of coefficients for each independent variable [36]. The regression co-

efficient is calculated with two objectives: first, to minimize the deviation between the actual value and the dependent variable's estimated value based on existing data.

RESULT AND DISCUSSION

The table 1 shows that the Corporate Social Responsibility variable has an average value 36.6%. This data shows that the average disclosure of social responsibility for manufacturing companies in Indonesia's consumer goods sector is still low because it does not reach half of the full figure of 100%.

Table 1. Variables Descriptive

Variable	Minimum	Maximum	Mean	Std. Deviation
CSR	0,23	0,76	0,366	0,117
ROA	0,02	1,00	0,209	0,231
Q	0,41	15,54	3,335	3,559

Hypothesis test

The summary of the result can be shown in the following table 2.

Table 2. Summary of Hypothesis Results.

Hypothesis	t-count	Sig.	t-table	Decision
CSR affects Profitability	4,240	0,000	1,664	Accepted
CSR has a positive effect on firm value	-2,453	0,016	1,664	Rejected
Profitability affects firm value	3,198	0,002	1,664	Accepted
CSR has a positive effect on firm value through Profitability	3,198	0,002	1,664	Accepted
Profitability will strengthen the effect of CSR on firm value.	2,860	0,005	1,664	Accepted

Discussion

The Influence of Corporate Social Responsibility on Company Value

Based on the results of testing the Corporate Social Responsibility (CSR) Variable on firm value, it can be seen that the CSR variable has a significant negative effect on firm value. This study indicates that the size of the disclosure of Corporate Social Responsibility by the Company does not affect the increase in company value.

This study's results cannot support the stakeholder theory that the company cannot escape from the surrounding social setting. The company needs to maintain stakeholder legitimacy and place it in policy and decision-making to support company goals [40]. These results indicate that the company does not appropriately communicate corporate social responsibility, so interested parties have not adequately captured it. Most manufacturing companies only focus on financial factors. From the small value of CSR Disclosure, the Companies are less focused on non-financial factors. It can be said that Corporate Social Responsibility is only optional for most manufacturing companies.

This study's results are consistent with the results of research by [18, 31-33] that disclosure of Corporate Social Responsibility does not affect firm value. This condition is because

corporate social responsibility disclosure is low and does not follow GRI standards. However, this study's results are inconsistent with the research of [5, 27, 30], which states that long-term stability and prosperity of the company can be obtained if the company carries out social responsibility to the community.

Effect of Profitability on Firm Value

From the research results, it is known that Profitability has a positive effect on firm value. This result shows that the better the company's financial performance, the higher the firm value. These results support the Theory put forward by [41], which states that high Profitability indicates good company prospects so that investors will respond positively to these signals and firm value will increase [18]. This situation can be understood because companies that have successfully booked increased profits indicate that they have a good performance. It can create positive sentiment from investors and make the company's share price increase. The increase in share prices in the market will increase the value of the company. Based on this statement, it can be said that Profitability has a positive effect on firm value.

This study supports the findings of [14], which states that high Profitability shows good company prospects so that it triggers demand

for shares by investors. The positive response from these investors will increase the stock price and, in turn, will increase the company's value.

The influence of corporate social responsibility on firm value through Profitability

From the research results, it is known that Corporate Social Responsibility has a positive effect on firm value through Profitability. This effect indicates that Profitability as an intervening variable can increase a firm value when its corporate social responsibility is low.

CSR disclosure as an independent variable cannot directly affect firm value. CSR in this study only explains the overall percentage of disclosure, which is a non-concrete measure in influencing investment decisions for the general public. Profitability is needed as an intervening variable to explain the effect of Corporate Social Responsibility on firm value. This result follows [24] opinion, which states that the profitability variable stands alone and influences Firm Value or serves as an intervening (liaison) between CSR and firm value.

Profitability moderates the effect of CSR on Firm Value

The results showed that the interaction between CSR and ROA has a significant effect on firm value with a positive relationship. This

result indicates that ROA as a moderating variable can increase firm value when CSR disclosure increases.

The research results' suitability with the hypothesis can be explained that the greater CSR disclosure will strengthen brand positioning and increase company image and market share. With the increase in market share, it will increase sales and increase company profits to increase its profitability ratio. Increasing Profitability is a measure of investors in investing in shares that will impact increasing company value.

This study's results support the findings of [9, 53], which states that the interaction between CSR and Profitability (ROA) has a significant effect on firm value. This study supports the findings of [13], which states that high Profitability shows good company prospects so that it triggers demand for shares by investors. The positive response from these investors will increase the stock price and, in turn, will increase the company's value.

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Profitability is a measure of investors in investing in shares that will impact increasing company value. This study supports [8] statement that the interaction between CSR and Profitability has a significant effect on firm value.

CONCLUSION

Based on the analysis and discussion results, the following conclusions can be drawn; 1) The corporate social responsibility variable has a significant positive effect on Profitability in consumer goods manufacturing companies listed on the Indonesia Stock Exchange. 2) The variable corporate social responsibility has a significant negative effect on firm value in consumer goods manufacturing companies listed on the Indonesia Stock Exchange. 3) The profitability variable measured by return on assets (ROA) has a significant positive effect on firm value in consumer goods companies listed on the Indonesia Stock Exchange. 4) The corporate social responsibility variable has a significant positive effect on firm value through Profitability in consumer goods manufacturing companies listed on the Indonesia Stock Exchange. 5) The profitability variable measured by return on assets (ROA) is proven to moderate the relationship between corporate social responsibility and firm value in consumer goods

manufacturing companies listed on the IDX.

This research is inseparable from its shortcomings and limitations. This study's limitations are as follows: 1) The sample criteria are limited to listed manufacturing companies on the IDX so that they may not represent companies' actual situation in Indonesia. 2) The data used in this study are quite brief. The expected benefits from corporate social responsibility disclosure on firm value do not reflect the manufacturing company's condition as a whole. 3) The media used for comparison in disclosing social responsibility information is limited to the annual report media only.

Implications

The implications of this study's results can be aimed at managerial and policy as follows: 1) Managerial Implications Companies are expected to pay more attention to the implementation of social and environmental responsibility as a form of guarantee for stakeholders to fulfill their various expectations. 2) Policies for Decision Makers Investors and creditors are expected to consider the company's social, economic, and environmental impacts; at this moment, investors and creditors have taken part in maintaining social, economic, and environmental sustainability.

As previously described, this study contains limitations. However, the results of this study can at least motivate further research. Based on the limitations, it is hoped that future research will improve on the following factors. Future research can use different populations to prove whether corporate social responsibility disclosure can be a moderating variable, for example, the Sri Kehati Index, which consists of companies with good financial performance while still paying attention to environmental sustainability. Further research can use other moderating variables that can moderate the relationship between corporate social responsibility and firm value, for example, dividend policy. Future research can use different proxies to measure financial performance, such as ROE and firm value, such as Price to Book Value (PBV). Further research can carry out further research in the banking sector (low profile) and the mining sector (high profile) because this study found differences in the amount of social responsibility disclosure conducted by the banking sector (low profile) and the mining sector (high Profile). Further research can extend the research period to make it more visible to the influence of Firm Value development.

Users of financial information or potential investors can see corporate social responsibility disclosure

because it affects firm value. Managers need to consider the decision to carry out CSR practices in their companies because CSR practices are believed to improve the Company's Financial Performance in the future. For the government, the government should establish regulations that clearly and regulate practice and disclosure and oversight of social responsibility in Indonesia's companies so that the practice and disclosure of social responsibility in Indonesia increases.

The government needs to encourage every Company in Indonesia to carry out CSR practices and disclosures to create sustainable development (sustainable development) in Indonesia. One of the ways is to establish clear and firm policies/regulations regarding CSR practices and disclosures.

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