



## The Influence of Corporate Social Responsibility (CSR) on Company Performance and Company Reputation as a Mediation Variable (Study on Companies in the Sri-Kehati Index Year 2017-2021)

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**Abstract:** This research was carried out to determine the relationship between the influence of Corporate Social Responsibility (CSR) on company performance and company reputation as a mediating variable in the Sri-Kehati Index Company in 2017-2021 using smartpls as a tool for processing data. The results of data processing found that Corporate Reputation had a significant positive effect on Company Performance, Corporate Social Responsibility (CSR) had a significant negative effect on Company Reputation, then Corporate Social Responsibility (CSR) had an insignificant negative effect on Company Performance, and finally Corporate Reputation had a significant negative effect. As mediation in the relationship between Corporate Social Responsibility (CSR) and Performance Company.

**Keywords:** Corporate Social Responsibility (CSR), Performance Company, Reputation Company.

### INTRODUCTION

Corporate Social Responsibility can have a positive impact on the company, where by carrying out CSR activities the company can increase public trust in the company's products so that the company's reputation also increases in the eyes of the public. So people will want to buy the company's products. The more a company's products sell on the market, the more profits the company can generate. Increasing profits will attract investors, because profitability is an important consideration for investors in their investment decisions. This will significantly affect the company's financial performance (Eka Putra et al., 2022).

The SRI-Kehati Index has shown excellent performance and development since its publication 12 year then. Matter this can see through movement index share SRI-Kehati continues to experience improvement. Even though it is still considered a stock index new, but the performance of this index is consistent and satisfactory (Handoko, 2021).

The SRI-Kehati index has an average value of around 10% above the stock index

other. The SRI-Kehati Index is always superior to the two main stock indexes in Indonesia, namely, the Composite Stock Price Index (IHSG) and the LQ45 Index. This indicates that the performance of the SRI-Kehati stock index is better than that both indexes share. This matter also reflects that investors have a more positive response to the SRI-Kehati index by being willing to invest and pay a premium price for shares of constituent issuers of the SRI-Kehati index (Handoko, 2021).

This research wants to find out whether CSR activities can influence a company's financial performance with company reputation as a mediator. The data presented previously shows that there is a relationship between all of these variables, where the implementation of CSR has had a positive impact on stock performance in the last few months which of course can influence the company's reputation in the eyes of shareholders and subsequently improve the company's financial performance (Eka Putra, Yuliusman, et al., 2020).

The study results state that a positive ESG score is believed to lead to greater asset returns. In line with stakeholder theory and legitimacy theory which has been described previously, companies must provide benefits to all company stakeholders and not only focus on profit alone, but also in their activities must be in accordance with the social values and norms that develop in the community where the company is established (Safriani & Utomo, 2020).

The company strives to disclose comprehensive information about the company, namely by disclosing ESG information which aims to ensure that the company is seen as having positive value in the eyes of stakeholders in carrying out every business activity so that support from stakeholders can be obtained. Company stakeholders can join to become users of products issued by the company or can become financial backers where this is part of the form of support provided. The company will be able to increase the company's working capital while improving its operations thanks to the financial support provided, which will have an impact on increasing profits on sales of the company's products (Safriani & Utomo, 2020).

Research conducted by Nguyen et al., (2021), Adnyani et al., (2020) shows that CSR has influence positive on Performance Company, while the research is carried out by Perengkuan (2017) show Negative effect. In In this case, there is a Research Gap which is one of the reasons this research was carried out.

This research aims to see how corporate social responsibility (CSR) affects company reputation and company performance, so researchers use companies that are considered to have implemented sustainability reports well as the subjects to be researched. The companies studied are companies listed in the Sri-Kehati index, Sri-Kehati is an index or collection of companies that have used the principles of sustainability, finance and good governance, and have concern for the environment.

Based on explanation in on following is formulation of the problem from study this:

1. Does Corporate Social Responsibility (CSR) affect a company's reputation?
2. Does Corporate Social Responsibility (CSR) influence company performance?
3. Is Reputation Company influential to company performance?
4. Does company reputation mediate the relationship between Corporate Social Responsibility (CSR) and company performance?

## **METHOD**

The approach used in this research is a quantitative approach quantitative is type study which can produce discoveries that can be achieved using statistical procedures or other means of quantificati (Sujarweni, 2020). The object of this research is companies with the Sri-Kehati Index which are listed on the Indonesia Stock Exchange (BEI). The data used in

this research is secondary data (Sujarweni, 2019). This research uses the 2017-2021 company sustainability report which uses GRI standards in its preparation. This report can usually only be obtained through each company's website. The sample was determined through purposive sampling, namely sampling is limited to certain subjects who can provide the desired information because they meet the criteria determined by the researcher (Weygandt, 2006). The sample selected from the population using purposive sampling with the following criteria:

1. Company registered in BEI from year 2017- 2021
2. Company incorporated in index Sri-Kehati per 1 December 2021
3. The company publishes sustainability reports and financial reports for 2017-2021
4. The company prepares and publishes its sustainability report using the GRI Standards

Table 1 shows the sample selection and elimination methods so that it was determined that there were 15 suitable samples.

**Table 1. Purposive Sampling**

No	Criteria	Number of Companies
1	Company Which registered as company open in Exchange Indonesian Securities, and is included in the Sri-Kehati index as of 1 December 2021	25
2	Company Which No publish report continuity And report finance year 2017- 2021	(8)
3	Company Which No report with practice reporting GRI Standards, like Sustainability Accounting Standard Board (SASB), ISO 26000, or UN Global Impact	(2)
<b>Total</b>		<b>15</b>

Data collection using purposive sampling obtained 15 companies from the SRI-KEHATI index, with a 5 year period, the amount of data that will be used is 75 data.

Table 2 shows the codes and names of companies used as samples in this research, as follows:

**Table 2. List Company**

No	Code	Company Name
1	AKRA	ACR Corpindo Tbk
2	ASII	Astra International Tbk
3	BBCA	Bank Central Asia Tbk
4	BBNI	Bank Country Indonesia Tbk
5	BBRI	Bank People Indonesia Tbk
6	BBTN	Bank Savings Country Tbk
7	BMRI	Bank Independent Tbk
8	INCO	Vale Indonesia Tbk
9	INTP	Indocement Single Initiative Tbk
10	JMSR	Service Clan Tbk
11	KLBF	Kalbe Pharma Tbk
12	PTPP	PP Construction & Investment Tbk
13	SMGR	Cement Indonesia Tbk
14	UNVR	Unilever Indonesia Tbk
15	WIKA	Wijaya Karya Tbk

## RESULTS AND DISCUSSION

The results of descriptive statistical analysis in the form of average statistics for each indicator for each latent variable are presented in table 3 as follows:

**Table 3. Analysis Statistics Descriptive**

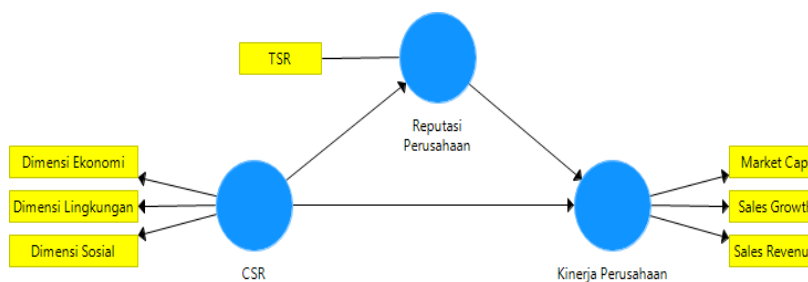
No	Variable	Mean	Median	Min	Max	Standard Deviation
1	Dimensions Economy	0.311	0.294	0.059	0.941	0.181
2	Dimensions Environment	0.264	0.219	0	0.906	0.200
3	Dimensions Social	0.288	0.275	0	0.700	0.149
4	Market Cap	31,945	31,704	29,443	35,296	1,336
5	Sales Growth	5,511	5,715	- 46,456	67,060	16,483
6	Sales Revenue	16,495	16,239	14,237	19,277	1,312
7	TSR	185,126	132,175	- 0.884	1184,769	224,805

Source: Results Processing Data

This research used 3 (three) latent research variables, namely Corporate Social Responsibility (CSR), Company Reputation, and Company Performance. Each latent variable has an indicator. The latent variable Corporate Social Responsibility (CSR) has 3 (three) indicators namely dimensions economics, dimensions environmental, and social dimensions. Reputation latent variable the company has 1 (one) indicator, namely TSR (Total Shareholder Return). Finally, the latent variable Company Performance has 3 (three) indicators, namely market cap, sales growth and sales revenue.

### Results Testing Measurements Model (Outer Models / Indicator Testing)

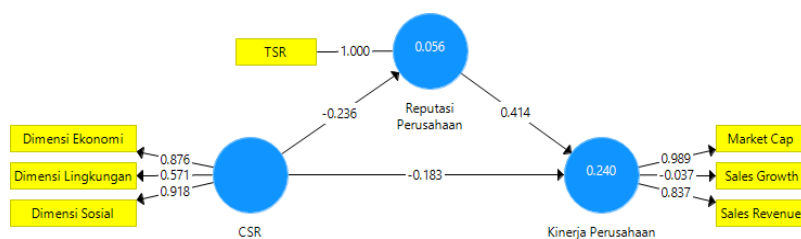
The results of the initial research model construction proposed by the researcher using SmartPLS can be seen in Figure 1:



Source: Outputs SmartPLS

**Picture 1. Models Beginning of Research**

The calculation results from the initial research model (PLS Algorithm) using SmartPLS software are shown as shown in Figure 2 below:



Source: Outputs SmartPLS

**Picture 2. Results Calculation (PLS Algorithm) Model First Research**

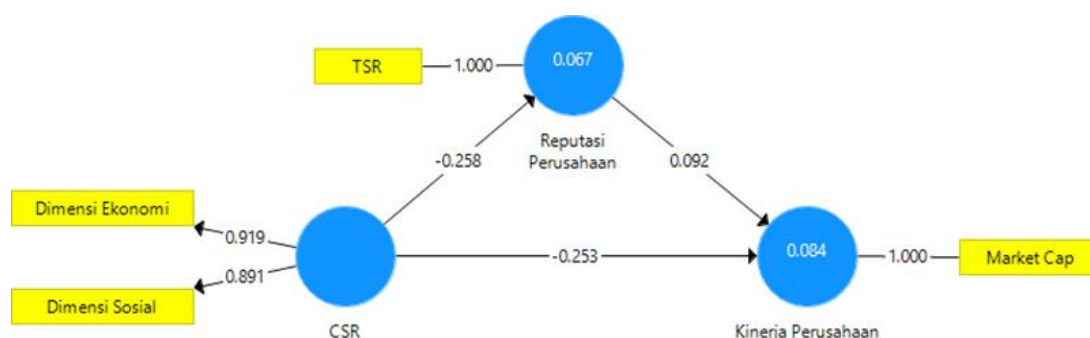
Discriminant validity testing is carried out to prove an indicator of a construct will have a loading factor largest in the construct which is formed from loading factor with another construct. Mark outer loading can be seen in the table 4:

**Table 4. Results for Outer Loading**

	Reputation Company	CSR	Performance Company
TSR	1		
Dimensions Economy		0.876	
Dimensions Environment		0.571	
Dimensions Social		0.918	
Market Cap			0.989
Sales Growth			-0.037
Sales Revenue			0.837

Source: Outputs SmartPLS

This first test found one problem where the outer loading, X2 and Y2 did not meet the requirement of >0.7. Therefore, it is necessary to carry out an experiment to remove the indicator (Hair, 2021). After testing the elimination of construct indicators X and Y, a path model in Figure 3 was found which met the following requirements:



**Picture 3. Results Calculation (PLS Algorithm) Model Second Study**

Next, look again at the Outer Loading value for the second model as shown in table 5, below:

**Table 5. Results for Outer Loading Model Study Second**

	Reputation Company	CSR	Performance Company
TSR	1		
Dimensions Economy		0.900	
Dimensions Social		0.911	
Market Cap			0.988
Sales Revenue			0.843

Sumber: Output SmartPLS

Convergent validity of indicator testing (measurement model) can not only be seen from mark loading factor but can also be seen from results calculate against the model The third is the results of Average Variance Extracted (AVE) and Composite Reliability (CR) as shown in table 6 below:

**Table 6. Average Variance Extracted (AVE) and Composite Reliability (CR)**

	Composite Reliability (CR)	Average Variance Extracted (AVE)	Information
Reputation Company	1	1	Fulfil Criteria
CSR	0.901	0.820	Fulfil Criteria
Performance Company	0.915	0.844	Fulfil Criteria

Source: Processed from Outputs SmartPLS

**Results Testing Structural Model (Inner Model)**

R-square value can be seen in the R-square table from the results of the running calculate model. Testing the goodness of fit of the structural model against the inner model uses the predictive-relevance value ( $Q^2$ ). Size  $Q^2$  has mark range  $0 < Q^2 < 1$ . The closer to 1, the better the model. The following is the R-square value of this research as presented in table 7 below:

**Table 7. R Square and R square Adjusted**

	R Square	R Square Adjusted
Reputation Company	0.064	0.051
Performance Company	0.237	0.216

Source: Outputs SmartPLS

Next, the Q-Square or predictive-relevance value can be calculated using the following formulation and calculations:

$$Q^2 = 1 - (1 - R_1^2) (1 - R_2^2)$$

$$Q^2 = 1 - (1 - 0.064) (1 - 0.237)$$

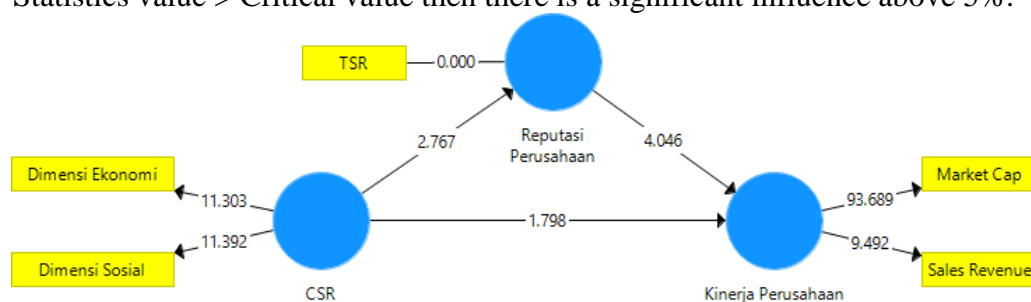
$$Q^2 = 1 - 0.714$$

$$Q^2 = 0.286$$

The predictive-relevance value of 0.286 or 28.6% show that the diversity of data that can be explained by the model is 28.6%. The remaining 71.4% is explained by other variables not yet contained in the model and error. These results mean that this research model is a feasible model because it has relevant predictive value.

**Hypothesis**

Correlation between variables is measured by looking at the path coefficient produced by the PLS-Algorithm which is in the range -1 to 1. The relationship between latent variables is said to be significant if path coefficient on levels 0.05. Significance level correlation measured by comparing the T-Statistics with a Critical value of 1.96, where if the T-Statistics value > Critical value then there is a significant influence above 5%.



Source: Outputs SmartPLS

**Picture 4. Results Calculation (Bootstrapping)**



Bootstrapping process was carried out with 10,000 subsamples, Figure 4 with the following results:

Table 8 presents the path coefficient values and P-Values for testing the significance of the direct effect (total effect).

**Tabel 8. Total Effect (Mean, STDEV, T-Values, P-Values)**

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
RP -> KP	0.408	0.399	0.101	4.046	0.000
CSR -> RP	-0.253	-0.267	0.091	2.767	0.006
CSR -> KP	-0.183	-0.195	0.102	1.798	0.072

Sumber: Output SmartPLS

Table 8 shows the results of the significant direct effect test (total effect) as well as to determine the magnitude of the influence between the latent variables of this research. Based on this table, it can be seen that the magnitude of the influence can be seen from the original sample estimate column, while to see the level of significance it can be seen from the t statistics and p values columns. A t-stat value that is above 1.96 indicates a strong influence significance of each hypothesis. The results of hypothesis testing are based on the table 8 are as follows:

1. Original Sample value of -0.253 indicates that there is a negative relationship between Corporate Social Responsibility (CSR) and Company Reputation. Then, the Path Coefficient of 0.006 is below 0.05, the T-Statistics of 2,707 is greater than the Critical value of 1.96, indicating that hypothesis one (H1), namely Corporate Social Responsibility (CSR) with Company Reputation, is declared acceptable or significant. The results of this research are in line with the results of research by Husnaini et al ., (2018), research by Afifah et al ., (2021), and research by Jasmien (2021) which states that there is a negative influence of Corporate Social Responsibility (CSR) on company reputation.
2. Original Sample value of -0.012 indicates that there is a negative relationship between Corporate Social Responsibility (CSR) and Company Performance. Then, Path Coefficient as big as 0.072 is at on 0.05, T-Statistics as big as 1,798 more small from Critical value 1.96 indicates that the second hypothesis (H2), namely Corporate Social Responsibility (CSR) with Company Performance, is rejected or not significant. The results of this research are in line with the results of research by Krisdamayanti & Retnani (2020), research by DP Wicaksono & Subekti (2021), and research by Winardi (2013) which states that there is no influence of Corporate Social Responsibility (CSR) on company performance.
3. Original Sample value of 0.403 indicates that there is a negative relationship between Company Reputation and Company Performances. Then, the Path Coefficient of 0.000 is below 0.05, The T-Statistics of 4.046 is greater than the Critical value of 1.96, indicating that the third hypothesis (H3), namely that Company Reputation influences Company Performance, is declared acceptable or significant. The results of this research are in line with the results of research by Nguyen et al., (2021) and research by Kasan Mulyono (2015) which states that there is an influence of company reputation on company performance. Based on the hypothesis testing that has been carried out above, a summary of the results of direct hypothesis testing can be made as shown in table 9 below:

**Table 9. Summary Results Hypothesis test Direct Influence (Total Effect)**

Hypothesis <i>Inner Model</i>	Relationship Hypothesis	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Decision
CSR -> KP	(-)	-0.103	2,596	0.009	Hypothesis Accepted

Source: Outputs SmartPLS

4. Indirect effect analysis is carried out to test the hypothesis of the indirect influence of exogenous variables on endogenous variables through intervening variables, or variables that mediate exogenous variables on endogenous variables. From table 9, Corporate Social Responsibility (CSR) on Company Performance is 1,798, while Corporate Social Responsibility (CSR) on Company Performance with the mediation of Company Reputation is 2,596, which means that Company Reputation has a mediating effect on the relationship between Corporate Social Responsibility (CSR) and Performance. Company. With thereby so can concluded that hypothesis 4 (H4) is accepted. The results of this research are in line with the results of Humanitisri & Ghozali's research (2019) and Azzahra & Widiastuty's research (2023) which states that Company Reputation mediate connection between Corporate Social Responsibility (CSR) with Company Performance.

## CONCLUSION

Based on results testing which has held, obtained results as follows:

1. Disclosure Corporate Social Responsibility (CSR) influential to Company Reputation
2. Disclosure Corporate Social Responsibility (CSR) No influential on Company Performance
3. Disclosure Reputation Company influential to Company Performance
4. Disclosure Reputation Company mediate connection between Corporate Social Responsibility (CSR) with Company Performance

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