Corporate Social Responsibility Disclosure and Corporate Values: the moderation effect of Profitability-The Case of Indonesia

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Abstract

Objective :This research aimed to examine whether corporate social responsibility disclosure affects corporate values by using profitability as a moderating variable, and to examine the aspects of CSR disclosure that were most widely disclosed by companies. The CSR index measurement used 91 items which were divided into 3 categories, namely economic, environmental, and social categories.

Methods : The regression test used in this research was multiple linear regression using Moderated Regression Analysis (MRA) to determine the effect of CSR disclosure on corporate values, with profitability as the moderating variable.

Originality : The originality of this research was to identify the CSR categories that were mostly disclosed by companies in Indonesia, and to identify whether CSR disclosure could increase company value, especially in developing countries where the fulfillment of disclosure obligations was still low.

Results: The results of the analysis showed that the disclosure of Corporate Social Responsibility disclosure had no effect on corporate values, and profitability could be a moderating variable to increase the effect of CSR disclosure on corporate values. The most widely disclosed CSR category was the social category, and every year CSR disclosure has increased.

Theoretical Contributions: This research used signal theory to explain the effect of CSR disclosure on corporate values.

Social/management contributions: CSR disclosure had no affect on the value of the company because it was still not maximally fulfilling the obligation to disclose social responsibility, and the financial factor such as profit was still the focus of determining the value of the company which was a positive signal for investors.

Keywords: *CSR Disclosure, enterprise value (Tobin's Q), profitability (ROE)*
JEL classification: G32, G34, M14

Divulgation de la responsabilité sociale des entreprises et valeurs de l'entreprise : l'effet modérateur de la rentabilité - Le cas de l'Indonésie

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Résumé

Objectif : Cette recherche visait à examiner si la divulgation de la responsabilité sociale des entreprises affecte les valeurs de l'entreprise en utilisant la rentabilité comme variable modératrice, et à examiner les aspects de la divulgation de la RSE qui ont été le plus largement divulgués par les entreprises. La mesure de l'indice RSE a utilisé 91 items qui ont été divisés en 3 catégories, à savoir les catégories économiques, environnementales et sociales.

Méthodes : Le test de régression utilisé dans cette recherche était une régression linéaire multiple utilisant l'analyse de régression modérée (ARM) pour déterminer l'effet de la divulgation de la RSE sur les valeurs de l'entreprise, avec la rentabilité comme variable modératrice.

Originalité : L'originalité de cette recherche était d'identifier les catégories RSE qui étaient principalement divulguées par les entreprises en Indonésie, et d'identifier si la divulgation RSE pouvait augmenter la valeur des entreprises, en particulier dans les pays en développement où le respect des obligations de divulgation était encore faible.

Résultats : Les résultats de l'analyse ont montré que la divulgation de la divulgation de la responsabilité sociale des entreprises n'avait aucun effet sur les valeurs de l'entreprise, et la rentabilité pourrait être une variable modératrice pour augmenter l'effet de la divulgation de la RSE sur les valeurs de l'entreprise. La catégorie RSE la plus largement divulguée était la catégorie sociale, et chaque année la divulgation RSE a augmenté.

Contributions théoriques : Cette recherche a utilisé la théorie du signal pour expliquer l'effet de la divulgation de la RSE sur les valeurs de l'entreprise.

Contributions sociales/de gestion : la divulgation de la RSE n'a eu aucun effet sur la valeur de l'entreprise car elle ne remplissait toujours pas au maximum l'obligation de divulguer la responsabilité sociale, et le facteur financier tel que le profit était toujours au centre de la détermination de la valeur de l'entreprise qui était un signal positif pour les investisseurs.

Mots clés : Divulgation RSE, valeur d'entreprise (Q de Tobin), rentabilité (ROE)
JEL classification: G32, G34, M14

1. Introduction

The business has progressed very rapidly along with the times, mainly due to the influence of globalization which triggers very tight competition among entrepreneurs. The more developed a business is, the higher the level of social inequality because the company carries out uncontrolled operating activities, which have an impact on environmental pollution and others. Therefore, the company's responsibility is not only to the stakeholders but also to the social environment and society.

Corporate Social Responsibility (CSR) is a plan that can make companies aware that they are not only looking for profit but also pay attention to their responsibility to the environment so that the company can survive. In Indonesia, matters relating to the preservation of the environment have been regulated in Law No. 40 of 2007 article 74 paragraph 1 regarding limited liability companies, where companies must carry out social responsibility towards the environment in conducting operational activities related to human resources.

Companies are required to disclose their social obligations to the environment but it turns out that the level of disclosure is still lacking or not at all, as happened in 2018 where as many as 141 manufacturing companies listed on the BEI, which received an environmental management performance assessment of a company from the Indonesian Ministry of Environment, were at the red category for not complying with environmental management, as well as violating the rules that have been set.

The company assumes that managing the environment is not part of the investment so it is not serious in managing the environment. The following are some of the factors that caused the above companies to get a red PROPER, namely because the Company considers that the management of environmental permits (Environmental Impact Analysis, Environmental Management Efforts - Environmental Monitoring Efforts) is only to fulfill obligations so that the company ignores environmental responsibility activities that should be done, and Lack of supervision where supervision in some areas is almost not carried out.

If the company is reluctant to report CSR, then the company will experience negative impacts such as getting reprimands and rejections from the community and the government, thus having an impact on the blocking of factories which causes the company to no longer be able to carry out operational activities to earn a profit. A very fatal impact is the revocation of a business license by the government to the business concerned.

The company's sustainability is not guaranteed by its financial condition. If the company pays attention to social and community aspects and is responsible for activities intended for stakeholders, then the company's sustainability will be guaranteed.

Research on the effect of CSR disclosure on financial performance was carried out by Malik and Kanwal (2016), and Qiu et al. (2016). Malik and Kanwal's research (2016) concludes that CSR disclosure affects financial performance, with brand equity as a moderator. Qiu et al (2016) examined the effect of CSD disclosure based on the resource-based view (RBV) and voluntary disclosure theory (VDT) approaches. Based on the RBV approach, companies that have superior performance in the environmental field will provide a competitive advantage, as well as strengthen their reputation (Hart, 1995; Russo &Fouts, 1997). Voluntary disclosure theory states that companies that perform well in social and environmental outcomes will tend to make these improvements (Clarkson et al., 2008; 2011).

According to Ghoul et al. (2011) said that the relationship between CSR and company value is that the greater the level of CSR disclosure made by the company, the greater the appreciation given by the market to the company, which is marked by an increase in the company's stock price. Investors will also appreciate the CSR activities carried out, and become a benchmark for assessing the sustainability quality of a company, as well as a consideration for making investment decisions.

Profitability is used as a moderating variable because, in theory, the higher the level of profitability, the stronger the relationship between CSR disclosure and corporate values. Profitability is the company's ability to make a profit. The greater the level of profitability of a company illustrates that the company can obtain greater profits.

In Indonesia, research on the effect of social responsibility disclosure on firm value by using firm performance as a moderating variable was conducted by Laili et al. (2018). Laili et al. (2018) examines manufacturing companies for the 2015 to 2017 reporting period. The results of Laili et al. (2018) conclude that the disclosure of corporate social responsibility has a positive effect on company value, but company performance cannot moderate the effect of corporate social responsibility disclosure on company value. According to Laili (2018), poor financial performance conditions in 2016 and 2017 caused profitability to be unable to moderate. The difference between this study and Laili et al. (2018) is this study using Return on Equity, while Laili et al. (2018) uses Return on Assets. This study analyzes the category of corporate social responsibility disclosure in order to understand how the practice of corporate social responsibility disclosure in Indonesia.

2. Literature Review

2.1. Signaling Theory

Signaling Theory was developed by Ros (1977) who said that if a company has a better report about its company, then company managers are motivated to submit the report to potential investors, in the hope that the value of the company's shares will increase. In signaling theory, if the company informs a good report, the company will be distinguished from companies that do not have good reports, namely by reporting on the condition of the company. A signal about the good ability of the company in the future, but if the financial management in the past was poor, then market confidence in the company will decrease.

A number of studies that prove that the disclosure of corporate social responsibility has a positive impact on company performance include those disclosed by Su et al (2016), Lys et al.(2016).Based on Su et al.(2016) the more developed the capital market in a country, the positive influence on the value of the company occurs because the social costs incurred by the company give a positive signal to investors and not because the social costs generate profits for the company (Lys et al., 2015)

2.2. Stakeholder Theory

Stakeholder theory is a theory that describes which parties the company is responsible for (Freeman, 1984). Stakeholder theory is the basic theory for understanding the importance of social responsibility for companies. In stakeholder theory, companies must pay attention to the interests of stakeholders, so companies will get support from stakeholders to achieve their goals in obtaining sustainable financial and non-financial performance.

Social and environmental responsibility according to Jamison et al. (2005) is a commitment to social and environmental where the company is fully concerned with sustainability and has a positive impact on the environment and society by involving stakeholders in a transparent and accountable manner. One of the means for transparency of social responsibility that has been carried out by the company is corporate social responsibility disclosure. Corporate social responsibility disclosure is usually contained in a sustainability report, which is a report used to inform about economic, social and environmental performance. With this disclosure, it is hoped that the company will be able to meet the information needs of stakeholders.

2.3. Corporate Social Responsibility (CSR) Disclosure

CSR disclosure is closely related to social responsibility activities carried out by the company.The more activities carried out related to social responsibility, companies tend to disclose these activities (Coffie, 2018).Disclosure is the presentation of several reports that are needed for optimal operations in the capital market. Notification of economic, environmental, and social policies are some forms of social responsibility that companies must disclose. The sustainability development contest consists of power, quality, and company output.

Indonesia applies the GRI (Global Reporting Initiative) standard as a reference for measuring CSR disclosure. This criterion is used because it prioritizes the disclosure criteria as the economic, social, and area quality of the company which aims to increase the quality and utilization of sustainability reports (www.global.org).

The criterion used now is GRI-G4 published in 2013, which is widely used by companies in Indonesia. GRI-G4 presents a globally important working context to support strategies by the criteria contained in the report, as well as an impetus to submit reports transparently so that the information submitted can be trusted and useful for the market as well as the public. The characteristics of GRI-G4 are used as a simpler reference to be used by experienced and new informants in sustainability reports for all types of companies, and are also supported by other GRI information and services.

To assess more broadly about CSR disclosure, points are given to items based on the performance index or index mentioned GRI-G4. GRI-G4 consists of 91 indicators, namely the economic category has 9 indicators, environmental indicators have 34 indicators, and social indicators have 48 indicators. Social indicators include labor practices and the work environment, product and community accountability, and human rights. If the company implements 91 items from GRI-G4, then the company is considered good in CSR disclosure.

Ho and Taylor (2007) say, to measure the level of CSR disclosure is by giving a score of 0 and 1. Where a value of 0 is for indicators that are reluctant to disclose, and a value of 1 is for indicators that disclose. The CSRI calculation formula is:

$$CSR_J = \frac{\sum Xij}{n} X\ 100\%$$

Information:

CSR_J = The Corporate Social Responsibility of the company J

$\sum Xi_J$ = The number of items the company J discloses

N_J = The total item of GRI-G4 of n_J = 91 items

2.4. Corporate Values

The value of the company is assessed as market value because it can optimally prosper the shareholders, supported by the increase in share value. The value of the company can be observed from its share price. If the value of the shares rises, it will increase the value of the company because the company's initial target is to increase the value of the company and increase the welfare of the owners of the company. In this study, the value of the company is calculated using Tobin's Q as a calculation tool because the report informed by the Tobin's Q ratio is considered very good.Tobin's Q ratio was introduced by Tobin and Brainard in 1968 (Ali et al, 2016).

The value of the company is the rate that investors are willing to pay if one day the company will be sold. Share value is an indicator of company value; If the value of the stock increases, it can be said that the company's management action is appropriate because the main goal of financial management is to increase the value of the company.

2.4. Profitability

Profitability is the company's performance to earn a profit. Better profitability value indicates the company can earn higher profits (Lestari, 2021), then the company can increase its social responsibility activities and explain these social obligations in a complete annual report.Fisman, Heal, and Nair (2005) concluded that there is a relationship between firms' CSR engagement and accounting profit

Profitability is also used as an item in assessing company performance, but also as an element to create future company value so that profitability is a useful consideration for investors in determining steps to invest. To measure profitability using one of the ratios, namely financial ratios, so the better the company's profitability, the more social information.

Profitability is described by Return on equity (ROE) being the company's profitability value used in this study. This ratio is used to assess the company's management ability when managing capital to generate after-tax profits. The greater the ROE, the higher the profits obtained by the company so that the level of problems faced by the company can be reduced.

The interest of the owner of the company is more on the size of the company's ability to earn a return on the capital that has been invested. This ratio is preferred by shareholders and investors in the capital market who will buy the company's shares(Singh and Bagga, 2019). If this ratio increases, the net profit of a company will also increase. Then it will have an impact on increasing stock prices and company value.

2.5 Hypothesis Development

2.5.1 Relationship between Corporate Social Responsibility DisclosureandCorporate Values

The main purpose of establishing a company is to increase its value. The existence of the company will be guaranteed continuously if the company is able to control three aspects: economic, social, and environmental; because sustainability is a harmony between economic, social and community interests.

In running its business, the company is obliged to carry out CSR which is not only voluntary in carrying out its obligations to the environment by being responsible for every activity carried out, but has also become a mandatory thing to be implemented in the company because there is a law that regulates social responsibility, namely Law No. 40. 2007. If the company implements CSR, then investors will be more interested in investing, and the value of the company will increase.

In their research, Chung et al (2018), Isnalita and Narsa (2017) conclude that CSR disclosure has a positive impact on corporate values. Different results were concluded by Bawai and Kusumadewi (2021) who stated that CSR disclosure had no effect on firm value. The results of the research conducted by the previous researchers can support this hypothesis

Referring to the signal theory of reports on Corporate Social Responsibility and reports on profits obtained in the company's financial statements, it is very useful for companies to be published in order to provide a signal about the company's condition to investors about the company in good condition or vice versa, and the information can benefit the economy in the future and increase the value of the company. In theory, for a company can be accepted in the community, the company needs to make a social activity so that the company's survival is guaranteed, by carrying out these social activities it will be able to increase the company's profit as seen from the number of investors who invest because they are motivated by the activities the company does.

Based on the explanation of the theories above, the first hypothesis (H1) can be formulated as follows:

H1: Corporate Social Responsibility Disclosure has a positive effect on corporate values.

2.5.2. Effects of Profitability as a Moderating Variable, and the Relationship between Corporate Social Responsibility Disclosure and Company Value

The higher the company's ability to improve the economic, social, and community environment, it can attract investors to invest, and affect the company's quality improvement. This has resulted in the interest of investors to invest in companies that pay attention to environmental sustainability, and always prioritize the interests of investors.

If a company gets a good profit, then investors will be motivated to invest in the company, so the company will increase its social activities more that are beneficial to the surrounding community, and disclose it in annual reports so that it becomes a benchmark for investors to keep investing, and have an impact on increasing the value of the company as seen from the large number of shares invested in the company.If a company has a high profit, then the company will carry out more CSR activities because of the availability of costs, and these activities will attract investors to invest and have an impact on increasing the value of the company.

In addition to creating products to generate profits, another way that companies do to earn profits is to be responsible for the environment around the company by carrying out social activities that are beneficial to the surrounding environment, thereby motivating investors to invest in shares and others to the company, and will increase the value of the company. The increasing value of the company can be seen from the value of its shares. Reports about the company must be reported by the company in the annual report because it provides a signal about the state of the company which is very useful for the company; after all, stakeholders need the report to make decisions. The influence of CSR disclosure on firm value with profitability as a moderating variable is proven by Irwansyah et al (2018), Kurniawati et al. (2021), Sugiyanto et al. (2021). Different results were concluded by Rahmantari et al. (2019) which concludes that profitability cannot moderate the relationship between CSR disclosure and firm value. With the explanation above, and supported by theory, it can be formulated as follows:
H2: Profitability moderates the relationship between Corporate Social Responsibility Disclosure and corporate values

3. Research Method

3.1. Population and Samples

Research Population
The population was all manufacturing companies listed on the Indonesia Stock Exchange (IDX). The main data used were the Corporate Social Responsibility (CSR) report data taken from the companies' annual report, and the 2016 – 2018 financial statements of manufacturing companies obtained from IDX.

The sample in this research amounted to 43 companies; several manufacturing companies were taken using a non-probability sampling method, namely the use of purposive sampling technique by considering certain criteria as follows:

1. The manufacturing companies listed on the Indonesia Stock Exchange for the 2016 – 2018 period, and published the entire annual report on the Indonesia Stock Exchange for the 2016 – 2018 period.
2. Companies that earned profits during the three years of research.
3. Having comprehensive information related to the variables used in this research.
4. Publishing financial reports in Indonesian Rupiah.

3.2. Variable Measurement and Operational Definition

The variables used in this study were the independent, dependent, and moderating variables

1. Independent Variable

The independent variable is a variable that affects other variables. The disclosure of Corporate Social Responsibility was the independent variable used in this research. CSR is a form of corporate social responsibility to the environment. Companies usually carry out forms of responsibility such as providing facilities for the community, providing free health services, elevating residents to become company employees, and others. The stage of disclosing CSR in the company's annual report which is described in the Corporate Social Responsibility Index (CSRI) that will be measured is to distinguish the number of disclosures made by companies according to the provisions of GRI-G4. Disclosure categories based on GRI-G4 are economic categories, environmental categories, and social categories with a total of 98 indicators for these four categories. The four categories have several different indicators, namely the economic category with 9 indicators, the environmental category with 34 indicators, and the social category with 48 indicators.

Ho and Taylor (2007) say that to measure the level of CSR disclosure is by giving scores of 0 and 1, where the value of 0 is for the indicators that do not disclose, and the value of 1 is for the indicators that disclose. After identifying the disclosure of each indicator, the values will be summed, and the log value is determined.

2. Dependent Variable

The dependent variable is the variable that is influenced by the independent variable. Corporate value was the dependent variable in this research. Corporate value (Y) is the investor's assumption regarding the company's ability to relate to stock prices. Tobin's Q is used to calculate the quality of the company. The calculation uses Tobin's Q formula.

3. Moderating Variable

The moderating variable is a variable that affects (strengthen or weaken) the bond between the independent and dependent variables. Profitability was used as the moderating variable in this research.

Profitability described by Return on Equity (ROE). In general, ROE is a ratio used to measure the ability of a company to earn profits and the investment made by shareholders in the company. ROE is the result of the comparison between the company's net income minus taxes with the total capital owned by the company.

The definition of variables and their indicators can be seen in Table 1.

Table1.Variables and Indicators

No	Indicator	Information	Formula
1	Tobin's Q	The market value of a company by comparing the market value of a company listed on the financial market with the company's asset replacement.	$Q = \frac{\{EMV+D\}}{\{EBV+D\}}$ EMV = Equity Market Value EBV = Equity Book Value D = Debt
2.	CSR disclosure	Disclosure based on GRI consisting of 91 items.	
3.	Profitability	Return on capital	$\frac{Net\ Profit\ after\ Tax}{Equity} \times 100\%$

Source: authors' investigation

3.3. Regression Test with Moderating Variables (Moderated Regression Analysis)

The regression test used in this research was multiple linear regression using Moderated Regression Analysis (MRA). The reason why the regression model used MRA was to see whether profitability, as the moderating variable, can moderate the relationship between CSR and corporate values.

Moderated Regression Analysis (MRA), also known as interaction test, is a special application of multiple linear regression where the regression equation contains an interaction element, namely the multiplication of two or more independent variables.

To see the moderating variable can moderate the relationship between CSR and corporate values by looking at the comparison of the Adjusted R Square value. Following is the formula used:

$$\boldsymbol{Y = \alpha + \beta_1 X_1}$$

$$\boldsymbol{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + e}$$

Information:

Y = Corporate Value

α = Constant

β_1 - β_3 = Regression Coefficient

X_1 = Corporate Social Responsibility

X_2 = Profitability

X_1X_2 = Interaction between CSR and profitability

E = *Error Term*, the degree of error in the research

4. Results and Discussion

4.1. Descriptive Statistics

The minimum value of the CSR disclosure was 1.1, while the highest value was 42.86. The company that slightly disclosed CSR was PT. ISSP in 2017 at 1.10, and the company that disclosed the most CSR was PT. AMFG in 2017 at 42.86, with the average disclosure of 16.85.

The minimum return on equity value was 4%, while the highest value was 135.85. The company that obtained the smallest net profit was PT. STAR in 2018, the company that earned the most profit was PT. UNVR in 2016.

The company with the smallest company value was PT. INDS in 2017 at 38.44, and the company with the largest company value was PT. UNVR in 2017 at 2328.58, with the average company value of 232.99. Completely, the descriptive statistics of the three variables are shown in Table 2.

Table2.Test Results of Descriptive Statistics

Information	Minimum	Maximum	Mean	Standard Deviation
CSR Disclosure	1.10	42.86	16.86	8.032
Profitability	0.04	135.85	13.83	19.86
Corporate Values	38.44	2.328.58	232.99	334.423

Source: authors' investigation

4.2. Regression Test

The results of the regression test showed that the CSR disclosure had a significant value of 0.834 > 0.05, therefore the first hypothesis in this research was rejected, or in other words, the CSR disclosure did not affect the corporate values. Based on the regression test of the interaction between CSR disclosure and profitability, it showed a significant value of 0.014, or in other words, the profitability could moderate the relationship between CSR disclosure and corporate values. The results of the regression test can be seen in Table 3.

Table 3.Regression Test

Information	B	Sig	Hypothesis: Accepted or Rejected
Constant	1.952	.834	Hypothesis 1: Rejected
CSR Disclosure	-0.028		
ROE	-0.148	.429	
CSR x ROE	0.376	.014	Hypothesis 2: Accepted

Source: authors' investigation

Regression equation is:

$$Y = 1{,}952 – 0{,}028\ X1 – 0{,}148\ X2+0{,}376\ X1\ X2 + e$$

From Table 3 it can be seen that the company value is 1.952, for the 2016-2018 period in manufacturing companies if there is no CSR disclosure and there is no interaction between CSR and profit (ROE). Then the magnitude of the coefficient of each independent variable is as follows (1). CSR has a regression value coefficient of -0.028, meaning that for every additional unit of CSR variable, the firm value will decrease by -0.028. (2) The interaction of CSR with profitability has a regression coefficient of 0.376, which means that for every additional one unit of interaction between CSR and profitability, there is an addition of 1.376.

Table 4. Coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,585[a]	,342	,326	,28091

Source: authors' investigation

Table 4 shows the R Square value of 0.342, this means that 34.2% of the variable company value produced by Tobin's Q can be explained by CSR and the remaining 65.2% is explained by other variables outside the study.

4.3. Discussion

4.3.1. Company CSR Disclosure in Indonesia

Indonesia applies the GRI (Global Reporting Initiative) standard as a reference for measuring CSR disclosure. GRI-G4 consists of 91 indicators, namely the categories of economy with 9 indicators, environment with 34 indicators, and social with 48 indicators. The social category includes 4 things, namely labor practices, work comfort, human rights, community, and product responsibility. The CSR disclosure of manufacturing companies in Indonesia from 2016 to 2018 of 43 companies can be seen in Table 4.

Table 4.CSR Disclosure in 2016 to 2018

Category	Year (Item)		
	2016	2017	2018
Economy	38	42	47
Environment	168	178	178
Social Sub-categories: Labor PracticesandWork Comfort	168	199	197
Social Sub-Category: Human Rights	8	5	9
Social Sub-Category: Community	143	149	164
Social Sub-Category: Product Responsibility	78	92	108
Total	604	665	703
Total Company	43	43	43
Disclosure Average of Each Company	14	15	16

Source: authors' investigation

The annual CSR disclosure of each company is still far from the total required CSR disclosure, which is 91 items. The company's average disclosure level is 15 items out of 91 items, or about 16.4%. The descriptive statistics of CSR disclosure by 43 manufacturing companies in Indonesia are as follows:

Table 5.Company CSR Disclosure as this Research Samples

Category	N	Minimum	Maximum	Mean	Std. Deviation	GRI-G4	Fulfillment Percentage

Economy	129	0	6	0.98	1.335	9	10.9%
Environment	129	0	17	4.06	2.819	34	11.9%
Social Sub-categories: Labor Practices and Work Comfort	129	0	11	4.37	2.804	16	27.3%
Social Sub-Category: Human Rights	129	0	3	0.17	0.453	12	1.4%
Social Sub-Category: Community	129	0	9	3.53	1.893	11	32.1%
Social Sub-Category: Product Responsibility	129	0	6	2.16	1.488	9	24%

Source: authors' investigation

Based on Table 5, the highest CSR disclosure was the Social category with the Community sub-category of 32.1%, then followed by the sub-categories of Labor Practices and Work Comfort of 27.3%, then the Product Responsibility sub-category of 24%, and then the Environment category of 11.9%; next was the Economy category of 10.9%, and the lowest was the Social category with the sub-category of Human Rights of 1.4%.

The level of CSR disclosure in the Environment category was lower than environment disclosures in other countries, such as companies in China that reached 17.0% (Shahab, 2018), Kuwait by 14% (Gerged, Al-Haddad, and Al-Hajri (2020), even countries in America and Europe were much higher at 81.8% (Matisoff, Noonan, and O'Brien (2013), and the United Kingdom at 64% (Barbu et al., 2014)

The average CSR disclosure by the companies, which were these research samples, was lower than the average company disclosure in Indonesia based on the 2018 GRI Report. The 2018 GRI report also stated that the CSR disclosure in Indonesia was lower than in Malaysia, Philippines, Singapore, and Thailand. The comparison of CSR disclosures in the five countries can be seen in Table 6.

Table 6.Comparison of CSR Disclosures in 5 Countries

Category	Indonesia	Malaysia	Philippines	Singapore	Thailand
Economy	53.0%	57.6%	56.2%	57.5%	57.5%
Environment	40.6%	54.4%	48.1%	50.8%	48.9%
Social	52.1%	60.6%	52.1%	55.7%	56.3%

Source: GRI Report, 2018

Based on Table 6 in 2 categories, which are Economy and Environment, the CSR disclosures were under Malaysia's, Philippines', Singapore's, and Thailand's, while for the Social category, Indonesian and Philippines had the same level of disclosures, namely 52.1%, yet was lower than the other 3 countries.

4.3.2. Effects of CSR on Corporate Values

The results of the hypothesis test showed that the CSR disclosure did not affect the corporate values. These research results support the research of Ilmi et al (2017) which conclude that CSR disclosure does not affect corporate values, meaning that CSR disclosure has not been taken into account by investors, therefore investors are interested in the company or, in other words, it is not a positive signal. These research results do not support Hersugondo (2019) which concludes that CSR disclosure affects corporate values, where corporate values are measured from the debt-to-equity ratio and price to book value. Although these research results are different from those of Gerged et al (2020), they show the same trend, namely the effect of corporate environmental disclosure on company performance is weaker when the financial performance is measured by Tobin Q than when the financial performance is measured by return on assets.

These research results indicated that the size of CSR disclosure did not affect the corporate values. Since most companies only focused on financial factors, they were less concerned about the environment and social factors, as proven by the disclosures made that were still far from the standards that had been set. Moreover, it is proven that most of the companies in this research were less consistent in the CSR disclosure.

The signal theory that has been described previously was not proven because the results of CSR research did not affect the corporate values. CSR is not an activity to increase profits so CSR is not a form of consideration for investors in making decisions to invest and others.

Further analysis showed that CSR disclosure was increasing annually. This increase in disclosure certainly showed that the attention to CSR was increasing whether it had a cost impact or not. If the sacrifices increase and do not provide benefits, the next question is whether this can be maintained, as revealed by Chung et al (2018), that is, in order to maintain and even increase CSR, companies also need to benefit from the costs sacrificed.

4.3.3. Effect of profitability (ROE) as the moderating variable and its relationship with CSR and Corporate Values.

Based on the results of the MRA test, that profitability (ROE) as the moderating variable could strengthen the effects of Corporate Social Responsibility with corporate values. The t-test showed that CSR did not affect company values; however, with the profitability moderating variable (ROE), it could have a strong effect on company values.

Profitability (ROE), as a moderating variable, can strengthen the effects of CSR on corporate values due to the presence of profit, which makes CSR disclosure will continue to be carried out, and have an impact on the increase in corporate. These research results are one of the results of the same study as the results of the research conducted by William et al. (2020).

The results of this study show different results from Laili (2019) where in previous studies the company's performance could not moderate the effect of social responsibility disclosure on company value due to declining business conditions in 2016 and 2017. In 2018 when, business conditions increased and company performancealso increases, the financial performance can be moderated, where the direct relationship of the disclosure of corporate social responsibility to firm value has no effect, with good financial performance the disclosure of corporate social responsibility has a positive effect on firm value.

Table7.Effects of CSR Disclosure with Moderating Profitability on PT. ICBP

Year	CSRXROE	Corporate Value (Tobins'Q)
2016	3.82	452.95
2017	3.64	402.30
2018	3.89	518.56

Source: authors' investigation

For example, the PT. ICBP above showed that the interaction variable in 2016 amounted to 3.82 with a corporate value of 452.95. In 2017, the interaction variable decreased by 3.64, which resulted in a decrease in the corporate value by 402.30. In 2018, the interaction variable increased again by 3.89, which resulted in an increase in corporate value by 518.56. Thus, it can be said that the moderating variable of profitability (ROE) can strengthen the influence of CSR on corporate values.

The signal theory used in this research was proven because explaining all reports related to the company is very useful for the company, both about the profit earned and others. This information will give a signal to investors, saying: with a profit, the company can make social activities that are beneficial to the community, therefore the company's obligation to manage the surrounding social environment is carried out. This will increase the market value, and have an impact on the increase in the corporate values, thus investors are increasingly interested in investing in the company.

5. Conclusion

Based on the data analysis and discussion of this research, the following results can be obtained. Corporate Social Responsibility (CSR) does not affect the manufacturing corporate values at Indonesia Stock Exchange. Profitability is a variable that can moderate the relationship between CSR and corporate values.

This research illustrates that CSR does not affect corporate values. Corporate values can be measured by Tobin's Q, Price book value, or other indicators. Further research can compare the effect of CSR on corporate values with various indicators of corporate values.

It is suggested for companies to further increase their profits (ROE) because, as this research shows, that profit (ROE) can strengthen the relationship between disclosing CSR and corporate values. Furthermore, CSR disclosure is not only disclosing, but must also be under applicable standards.

It is also suggested for investors to consider several aspects more before investing in a company because, it is not only by looking at the market values, but also needs to pay attention to other aspects such as profit and others related to the company.

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