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Influence Of Moderation Of Company Strategy On CSR Disclosures And Financial Performance Mining Company In Indonesia

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ABSTRACT

This study aims to analyze the role of corporate strategy moderation in the influence of CSR performance on corporate financial performance. Company strategy is measured by Product Differentiation, CSR performance measured using Global Reporting Association (GRI) index, and financial performance measured with Return on Assets (ROA) period 2016-2017. Research population Mining companies listed in Indonesia Stock Exchange (BEI) in 2016 and 2017 and Companies that issue annual reports during the period 2016-2017. The results of this study indicate that the performance of CSR does not show significant influence to the company's financial performance and use the company's strategy as a moderator variable indicates that the company's strategy variable turns out to moderate significantly the impact of CSR performance on the financial performance of the company.

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1. Introduction

CSR develops rapidly until this decade including in Indonesia. The Government of Indonesia has issued regulations related to the implementation of CSR. Limited Liability Company Law no. 40 of 2007 Article 74 which came into effect on 16 August 2007. Furthermore, the implementation of CSR by the company does not just stop at the implementation phase alone. The results of this CSR implementation should then be reported to the stakeholders. Based on stakeholder theory, Donaldson and Preston (2007) explain that in the stakeholder theory CSR implementation not only refers to the owner or to its shareholders only, but there are also other stakeholders who are also related to the company's business operations and CSR activities, even affected existence of the company. In Indonesia itself there is still no standard guidelines or standards governing CSR reporting, although there is already a mandate to implement this CSR. Regarding this standard, it is also internationally no official standard on the implementation of CSR. However, companies in Indonesia use the Global Reporting Initiative (GRI) as a guide or standard for preparing reports on their CSR activities. These companies in Indonesia present their CSR reports in the form of Annual Report or in the form of annual reports.

This CSR report is declared necessary for stakeholders, as the preparation of this CSR report is intended for the benefit of stakeholders, especially investors or shareholders. Both individual and institutional investors need to even consider the CSR report before making investment decisions, and CSR reports can be a benchmark for investors' judgment of an issuer before making an investment decision. What this CSR report can do is measure CSR performance and then compare it with other companies' CSR performance. (Abbott and Monsen, 2007). Given the usefulness and materiality elements in the CSR report, the CSR report can also be a tool or media for the company to attract investors to invest in the company. Thought is based on the concept of Strategic CSR where in addition to implementing CSR, the company also instill corporate strategy into their CSR activities (Sayekti, 2015). Then there is a combination of CSR concepts and corporate strategies contained in the implementation of corporate CSR. The embodiment of this combination will appear in the company's CSR report. So the company will be encouraged to compile the best possible CSR report to attract investors.

CSR reports that attract investors will then increase the amount of investment investors in the company. While on the other hand, with this CSR report, the general public will positively assess a company with its CSR activity. Obviously the company will get a positive image of this CSR implementation, so that the general public will prefer products or services produced by companies that implement this CSR. If all that is accomplished, the company's strategy works. With the increased interest of investors and consumers of the community towards the products and services of the company, it will automatically add to the company's revenue that culminate in addition to the profit or profit of the company.

Based on the above thinking, this study aims to examine the effect of Corporate Social Responsibility (CSR) disclosure on corporate financial performance with corporate strategy as a moderating variable in mining companies listed on the Indonesia Stock Exchange. The company strategy variable is chosen as the moderating variable because of its position as a concept embedded in the implementation.

2. Method

The population studied in this research is a mining company listed on Indonesia Stock Exchange (BEI). The sampling technique used in this research is a method of selecting non probability samples with sampling pattern by purposive sampling or purposive sample selection. Observation period in this study in 2016-2017. The sampling criteria for this study include; Mining companies that have been listed on the Indonesia Stock Exchange (IDX) in 2016 and 2017 and the Company that issued the annual report during the period 2016-2017.

3. Result and Discussion

Descriptive statistics provide information about the characteristics of the research variables. Descriptive statistics for the research variables can be seen as follows:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	68	,2933	,4467	,3754	,0428
PD	66	,0007	7,4574	,4033	1,0569
ROA	68	-,3617	,7842	,0544	,1460
Valid N (listwise)	66				

Based on table 1 above it can be known minimum, maximum value, average, and standard deviation for each variable either dependent variable or independent variable. Descriptive data from CSR, minimum value 0.2933 and maximum value 0.4467. While the average of CSR is 0.3754 and the standard deviation of 0.0428. Descriptive data from PD, minimum value 0.0007 and maximum value 7,4574. While the average of the PD is 0.4033 and the standard deviation of 1.0569. Descriptive data from ROA, its minimum value is -0.3617 and its maximum value is 0.7842. While the average of the ROA is 0.0544 and the standard deviation of 0.1460

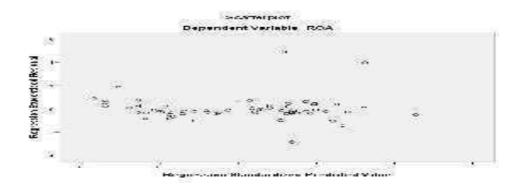**Table 2.** Multicolinearity Tests

	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1 (Constant)	,003	,163		,019	,985		
CSR	,137	,432	,040	,316	,753	,990	1,010
PD	,002	,018	,014	,112	,911	,990	1,010

Based on the above table, the result of the correlation coefficient between independent variables of CSR and PD is 0,100 or 10%. The result is less than 95%, then this means no serious multicollinearity. Other calculation results, Tolerance value also shows that there are no independent variables that have Tolerance value less than 0.10, the result of Tolerance value of each for CSR and PD equal to 0.990, which means there is no correlation between independent variables whose value is more than 95%. While the results of the Variance Inflation Factor (VIF) calculation also show the same thing, each value is 1.010, no independent variable has VIF value more than 10. So it can be concluded that there is no multicolinearity among independent variables in the regression model.
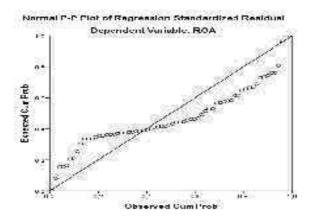
Table 3. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,044	,002	-,030	,1503875	1,981

Based on the above table, the Durbin-Watson (DW) value is 1.981. The value of Du is 1.63665 for sample 68 and the independent variable 2. The result of the DW value is greater than the value of dU 1.63665 and greater than the 2-dU value of 0.36335. Then it can be concluded that there is no positive or negative autocorrelation between independent variables.

Heterocedasticity Test Results

Based on the graph below, the scatterplots graph shows that the points spread randomly and spread well above and below the number 0 on the Y axis. So it can be concluded that there is no heterokedastisity in the regression model, so that the regression model is appropriate to predict ROA based on input of independent variables CSR and PD.

Normality Test Results

Based on the Normal Graph The plot can be concluded that the Histogram graph gives the skewness distribution pattern to the left and normal. While in the Normal Graph Plot seen spots spread around the diagonal line, and its distribution follows the direction of the diagonal line. Both graphs show that the regression model meets the assumption of normality.

Hypothesis Test Results-1 The Effect of CSR Performance on Return On Assets

(ROA) Table 4. Results Regression Analysis Equation 1

	Coeff. (t-value)	Significance
Constant	0,004 (0,026)	0,979
CSR	0,134 (0,319)	0,750
R^2	0,002	
Adj. R_2	-0,014	

The constant value of regression equation 1 is known by 0,004. This shows that if the independent variable does not exist or is 0, then the value of ROA change is 0.004, but it does not show any significant effect. The value of the coefficient of determination (R^2) shows the percentage of the influence of the

independent variable to the value of the dependent variable. The closer to the value of 1, the greater the influence of all independent variables on the dependent variable (Ghozali, 2013). The value of R2 is 0.002, while the adjusted value of R2 to assess the percentage of influence of all independent variables to the dependent variable. In this regression model, the adjusted value of R2 is -0.014. This shows that the influence of CSR variable is 1.4%, while the rest of 98.6% is influenced by other variables. While from the test t test obtained t count value of 0.319 with siginifikansi 0.750. So it can be concluded that hypothesis 1 is rejected because CSR has no significant effect on CFP as measured by ROA. The results of this study do not support the study of Dewi and Widagdo (2012) which show the effect of CSR on CFP. The results of this study also do not support the results of research from Rosiliana et al. (2014) showing the positive and significant influence of CSR performance on ROA (Return On Asset).

The differences in the results of this study can be explained by the research samples taken in this study which took 68 mining companies listed on the Indonesia Stock Exchange observation year 2014-2015. The company apparently implemented a non-strategic CSR. (Sayekti, 2015) after it was discovered that their CSR implementation had no effect on their financial performance. This indirectly implies that this mining company implements pure CSR because of government mandatory regulation, and no consideration with the financial impact that will result from the implementation of CSR. This is in line with the stakeholder theory in which companies implement CSR based on pressure from stakeholders in this case the government. But it does not affect the financial performance of the company in general. This means that companies do not use CSR to maximize profits, so they do not fit into agency theory, where agency theory explains the company's efforts to attract wealth from principals (community) to be channeled into the company.

HypothesisTest Results-2 : Influence of Product Differentaition (PD) Moderation between CSR to ROA

Testing this second hypothesis obtained by using Moderated Regression Analysis (MRA) is obtained by doing an analytical approach to 3 equations. The first equation has been calculated above, following the calculation of equation 2.

Table 5. Regression Analysis Results Equation 2

	Coeff. (t-value)	Significance
Constant	0,003 (0,019)	0,985
CSR	0,137 (0,316)	0,753
PD	0,002 (0,112)	0,911
F-Value	0,060	0,941
R2	0,044	
Adj. R2	-0,030	

The constant value of regression equation 2 is known to be 0.003. This shows that if the independent variable does not exist or is 0, then the value of ROA change is 0.003, but it does not show any significant effect.

The value of the coefficient of determination (R2) shows the percentage of the influence of the independent variable to the value of the dependent variable. The closer to the value of 1, the greater the influence of all independent variables on the dependent variable (Ghozali, 2013). The value of R2 is 0,044. In the multiple regression model that the number of variables more than 2 is better to use adjusted value R2 to assess the percentage of the influence of all independent variables on the dependent variable. In this regression model, an adjusted R2 value of - 0.030 was obtained. This shows that the influence of CSR and PD variables is 3%, while the rest of 97% is influenced by other variables. While from F test obtained value of f count equal to 0,060 with siginifikansi 0,941. From this simultaneous test, F shows that CSR and PD have no significant effect on ROA.

Table 6. Results Regression Analysis Equation 3

	Coeff. (t-value)	Significance
Constant	0,200	0,256
	(1,122)	
CSR	-0,397	0,407
	(-0,835)	
PD	-0,893	0,023
	(-2,332)	
CSR*PD	-0,893	0,023
	(2,340)	
F-Value	1,868	0,144
R2	0,288	
Adj. R2	0,083	

The constant value of regression equation 2 is known to be 0,200. This shows that if the independent variable does not exist or is 0, then the value of ROA change is 0.200, but it does not show any significant effect.

The value of the coefficient of determination (R2) shows the percentage of the influence of the independent variable to the value of the dependent variable. The closer to the value of 1, the greater the influence of all independent variables on the dependent variable (Ghozali, 2013). The value of R2 is 0.288. In the multiple regression model that the number of variables more than 2 is better to use adjusted value R2 to assess the percentage of the influence of all independent variables on the dependent variable. In this regression model, the value of adjusted R2 is 0,083. It shows that the influence of CSR, PD, and CSR and PD is 8.3%, while the rest of 91,7% is influenced by other variables.

Based on the results of the above regression, the PD variables and the multiplication of CSR and PD each have t values of -2.332 and 2.340. The result of the analysis also shows that PD has a significant negative effect on ROA and the multiplication of CSR and PD have a significant positive effect on ROA, with significance value equal to 0,023 or 2,3%, meaning significant at level 5%. While from F test obtained value of F count equal to 1,868 with siginifikansi 0,144. From this simultaneous test F shows that CSR, PD, and CSR and PDR yield times have no significant effect on ROA.

Furthermore, the following is the summary result of all three regression equations above:

1. ROA = 0,004 + 0,134 CSR adj R2 = 0,014 The value of t (0.026) 0.319

2. ROA = 0,003 + 0,137 CSR + 0,002 PD   adj R2 = 0,030
The value of t (0.019) (0.316) (0.112)
3. ROA = 0,200 - 0,397 CSR - 0,893 PD + 2,338 CSR * PD   adj R2 = 0,039
The value of t (1,122) (-0,835) (-2,332) (2,340)

By comparing the results of these three regression equations we get information that $\beta2 \neq 0$ (significant) and $\beta3 \neq 0$ (also significant). It can be concluded that the firm strategy variable measured by Product Differentiation (PD) moderates the effect of CSR performance on CFP as measured by ROA.

Thus, the second hypothesis is accepted. The results of this study are in line with the results of Berman et al. (1999) that corporate strategy moderates the effect of CSR performance on CFPs. These results indicate that the company's strategy can be used by companies in implementing CSR or implementing Strategic CSR in order to support the company's goal in obtaining maximum corporate profits (Sayekti, 2015)

4. Conclusion and Recommendations

The results of this study indicate that the performance of CSR does not show significant influence to the financial performance of the company. This shows that mining companies are: The results of this study indicate that the performance of CSR does not show significant influence to the financial performance of the company. This indicates that mining companies listed on the Indonesia Stock Exchange (BEI) implement Strategic CSR. The mining company applies only pure CSR based on government mandatory regulation without any other purpose.

The result of the study by using company strategy as a moderator variable shows that the variable of company strategy turns out to moderate significantly the influence of CSR performance on company's financial performance. The existence of corporate strategy can strengthen or weaken the influence of CSR performance on the company's financial performance. The results of this study indicate that the company can consider integrating the concept of CSR and corporate strategy in the application of its CSR. The goal is that CSR can support the company's goal in obtaining profits as big as possible