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Article

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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

The effect of social responsibility disclosure on financial performance in the COVID-19 pandemic era

Ika Prayanthi^{1*} and Novi Swandari Budiarmo²

Abstract: Various researchers have been conducted, and the results are mixed, inconsistent, and conducted before era of pandemic. The purpose of this study is to examine the impact of corporate social responsibility disclosure on financial performance in the era of pandemic base on Indonesian context. We use quantitative method using regression analysis. Secondary data have been collected for 36 companies in consumption industry listed in Indonesian Stock Exchange for the period of 2019–2021 which are the challenging years. We measure the disclosure of social responsibility using the global reporting index in the company's annual report. For financial performance variables, we use return on asset, return on equity and Tobin's Q, to see the consistency of the result. For the control variables, we use leverage and total asset. We found that corporate social responsibility disclosure consistently has a significant positive effect on return on asset, return on equity and for the value of Tobin's Q. The corporate social responsibility in this study is assessed using personal judgment based on the Global Reporting Initiative social responsibility disclosure indicators. This proves that especially in the era of pandemic, non-financial information like corporate social responsibility disclosure is very powerful for the succeed of the company in the case of Indonesian context. This research was conducted using period when the company faced crisis that was different from previous economic crisis. Another consideration is about global pressure related to the issue of the impact of climate change. The result of this study will contribute to whether there is consistency in the findings when tested during pandemic crisis compared to the economic situation before pandemic.

Subjects: Business, Management and Accounting; Corporate Social Responsibility & Business Ethics; Corporate Social Responsibility

Keywords: corporate social responsibility; financial performance; pandemic

1. Introduction

Each company tries to maximize its performance for the benefit of the prosperity of various parties in the company (Puspitaningrum & Indriani, 2021). However, the market is faced with an increasingly competitive situation and the pace of change of things puts companies under unprecedented pressure to not only succeed but also sustain success in the future (Alshehhi et al., 2018). The year 2019 was the year when Indonesia began to face challenges where the impact of the COVID-19 pandemic had caused a slump in terms of the economy both at home and abroad. Based on data

from the official website of the Ministry of Finance (2021) that Indonesia's real GDP had declined in the second quarter of 2019 by Rp. 2,735 trillion and experienced another decline in the second quarter of 2020 to reach Rp. 2,590 trillion. The Ministry of Trade (2020) also said that the impact of this pandemic had disrupted the supply chain, resulting in a shortage of industrial raw materials.

Seeing this phenomenon, especially in the 2019 and 2020 pandemic era, which are full of uncertainty, investors must be very careful in making investment decisions. One of the fundamental aspects in making decisions is in analyzing financial statements (Ibrahim & Adib, 2018). However, according to Kotane and Kuzmina (2011), evaluation of financial indicators does not identify all factors even though there are also other aspects that need to be considered to explain the internal potential and future prospects of the company. Saraite et al. (2019) stated that in the last few decades, especially during a pandemic, accountability and legitimacy were increasingly being demanded. In other words, the financial aspect is no longer sufficient, so that non-financial information can be a complement to meet demands in terms that can be considered related to the performance of the company.

Regarding the operational activities carried out by the company, Law no. 40 of 2007 which regulates Limited Liability Companies requires that companies are obliged to take steps that do not harm various parties. One of them is by implementing a company social responsibility program. By this program, the company social responsibility is expected to make business competition beneficial to various parties including the community and the environment around the company.

The application of social responsibility programs is based on legitimacy theory (Dowling & Pfeffer, 1975) and stakeholder theory by Freeman (1984) where companies must focus on the interaction between companies and society. Based on stakeholder theory, Freeman (1984) states that companies must meet the needs of stakeholders. When the needs of stakeholders are met, the company will get support from stakeholders (Gray et al., 1995). That is why the company will adjust its strategy to meet stakeholder expectations (Boesso & Kumar, 2007; Deegan & Unerman, 2006). One of the demands of the stakeholders is the demand for company social responsibility. If it is associated with the theory of legitimacy, Deegan (2002) also adds that legitimacy can be obtained when there is a match between the company and the value system in society and the environment where the company must pay attention not only to the company's profits but also the interests of the community and the environment in which the company is located. This is also in accordance with the triple bottom-line concept where the company no longer has a narrow view to concentrate on the profit aspect but must also extend to the interests of society and the environment (Albertini, 2013; Dixon-Fowler et al., 2012; Haffar & Searcy, 2017). Several studies have found that the disclosure of social responsibility has a significant positive effect on financial performance.

Various measures of the disclosure of social responsibility and financial performance have been carried out by several researchers. Several studies examining the effect of social responsibility disclosure on financial performance as measured by return on assets have been carried out by (Lee et al., 2012; Heryanto & Juliarto, 2015; Wiengarten et al., 2017; Mahrani & Soewarno, 2018). They found that the disclosure of social responsibility had a significant positive effect on return on assets. However, it was also found that there were studies with contradictory results, that was the research conducted by Ekadjaja (2011) where it was found that the disclosure of social responsibility had no effect on return on assets. Even the research conducted by Puspitaningrum and Indriani (2021) found that the disclosure of social responsibility significantly has negative effect on return on assets.

Several other researchers also conducted similar empirical research but used return on equity as a measure of company performance. Among them are research conducted by Ekadjaja (2011) and Heryanto and Juliarto (2015), which found that the disclosure of social responsibility has a significant effect on return on equity. However, other studies have found that disclosure of social responsibility has no effect on return on equity (Brine et al., 2007).

In addition to return on assets and return on equity used as the company's financial performance, the researchers also used the value of Tobin's Q. Chung and Pruitt (1994) stated that Tobin's Q, ROA, ROE are equivalent measures to assess the company's financial performance. It was found from the results of the study that the disclosure of social responsibility had a significant positive effect on the value of Tobin's Q (Mahrani & Soewarno, 2018; Hu et al., 2018; Hendratama & Huang, 2021). However, research conducted by S. Harahap (2021) found contradictory results where the disclosure of social responsibility has no effect on the value of Tobin's Q.

From the results of this contradictory research, in relation to describing the impact of sustainability on a company's financial performance, there are also two competing theories, namely value creating and value destroying (Yu & Zhao, 2015). In this value creating theory or value creation, when a company carries out social responsibility, the company automatically minimizes risk. However, it is different from the concept of value destroying that in carrying out social responsibility, the company will try to do what the stakeholders expect so that it will disrupt its focus on profitability.

The purpose of this study was to examine the effect of social responsibility disclosure on the three measures of corporate financial performance, namely return on assets, return on equity and the value of Tobin's Q in companies belonging to the consumer goods industry. The reason for using the consumer goods industry as the object of research is because it is one of the industries that experienced a decline during the pandemic and received special attention by the Ministry of Industry (). As noted on the official website, it is said that the food and beverage industry has contributed significantly to the national economy and although it experienced a slump during the pandemic, it has high expectation for positive growth in 2021 in terms of the production of food and beverages that are needed by the community. This research was conducted in a period when the company faced a crisis situation that was different from previous economic crises and was crushed by global pressure related to the issue of the impact of climate change. The results of this study will contribute if there is consistency in the findings when tested during the pandemic crisis compared to the economic situation before the pandemic.

2. Literature review

Research related to company social responsibility is based on several theories, namely stakeholder theory, legitimacy theory and signaling theory. In this theoretical study, concepts related to the variables studied will also be discussed, such as financial performance and social responsibility.

2.1. Stakeholder theory

Freeman (1984) stated that the real purpose of a company is to meet the needs of stakeholders, i.e., those who are affected by the decisions taken by the company. In other words, the prosperity and success of a company depends on the ability of the company itself to be able to harmonize the various interests of stakeholders. This is also supported by Gray et al. (1995) who say that the survival of a company depends on the support of its stakeholders and that support must be sought. The stronger the influence of stakeholders, the more the company will try to adapt. In other words, such as the results of research conducted by Deegan and Unerman (2006) and Boesso and Kumar (2007) that the company will set its strategy to meet stakeholder expectations. One of the things that stakeholders expect is corporate social responsibility. Chernev and Blair (2015) also state that if the company meets the environmental and social requirements of the community, it will contribute in improving the company's financial performance.

Stakeholder theory is the basis for the theory in this study because one of the things that stakeholders expect is social responsibility activities where in addition to companies paying attention to economic aspects, they must pay attention to the environment and society. For example, the results of research found by Gunawan (2007) which says that companies in Indonesia focus on the community which is the goal of corporate social responsibility disclosure. This is reflected in the product safety content because it affects the community the most. In

contrast to companies in China, the focus of the disclosure of social responsibility is due to the attention of shareholders and the government (Liu & Anbumozhi, 2009).

2.2. Legitimacy theory

This legitimacy theory is a theory that was first proposed by Dowling and Pfeffer (1975) which focuses on the interaction between companies and society. This theory assumes that the community is one of the important factors in the development of the company in the long term. Companies are required to communicate their responsibilities to the public and investors so that they react positively to the company.

The theory of legitimacy is seen as a perspective-oriented system, where companies can influence and be influenced by the people in the places where the company carries out activities. Therefore, the legitimacy theory is used as the basis for companies in disclosing social responsibility activities. Deegan (2002) explains that legitimacy can be obtained when there is a match between the existence of a company that does not interfere or is appropriate (congruent) with the existence of value systems in society and the environment. In addition, the disclosure of social responsibility reports is expected to provide benefits for the company, namely: gaining legitimacy from the community and increasing the company's profits in the future.

Legitimacy theory is also in line with the triple bottom-line concept where companies in the continuity of their operational activities must pay attention to three important aspects, they are profit, people, and planet. The company not only focus on profit but must pay attention to the community and the impact on the environment due to the company's operational activities (Elkington, 1., 1998).

2.2.1. Signaling theory

Signaling theory was first introduced by (Spence (1973). In this theory, it is explained that the company will provide useful information to other parties as a reflection of the company's condition. Karasek and Bryant (2012) state that companies give signals or signs to external parties in the form of advertisements, recruitment, or annual reports for a specific purpose. More specifically, Bergh et al. (2014) say that companies need to provide important information for external parties including investors regarding the prospects for the company's success. This is done because of information asymmetry where the company has information that is not all known by external parties.

In connection with this research, the disclosure of social responsibility contained in the company's annual report is a form of signal regarding corporate social responsibility.

2.2.2. Financial performance

Financial performance is the company's ability to manage and control its resources (IAI, 2007). Financial performance can be measured by analyzing financial statements using ratios. Furthermore, it is said that the results of measuring the achievement of performance will be the basis for management or company managers to improve performance in the next period and be used as the basis for rewards and punishments (S. S. Harahap, 2008).

In relation to the disclosure of social responsibility, several studies use return on assets as a measure for financial performance such as research conducted by Scholtens (2008), Ekadjaja (2011), Lee et al. (2012), Heryanto and Juliarto (2015), Wiengarten et al. (2017), Mahrani and Soewarno (2018), and Puspitaningrum and Indriani (2021).

Several other researchers use return on equity as a measure of company performance (Brine et al., 2007; Ekadjaja, 2011; Heryanto & Juliarto, 2015). Meanwhile, those who use Tobin's Q value for financial performance measures are research conducted by (Ekadjaja, 2011; Mahrani & Soewarno, 2018; Hendratama & Huang, 2021).

2.2.3. Corporate social responsibility

Social responsibility is the impact of decisions and activities on society and the environment which is manifested in the form of transparent and ethical behavior. This is in line with sustainable development and community welfare by taking and considering stakeholder expectations, norms and laws established both nationally and internationally and integrated with the organization.

Profit manipulation as an unethical act is rare in companies committed to social responsibility. This is because companies involved in social responsibility activities maintain the quality of long-term relationships with investors so that companies will try not to carry out earnings management regularly as an effort to maintain good relations with investors (Gras-Gil, 2016).

The previous research related to this research is discussed in the following sections:

2.2.3.1. *Disclosure of social responsibility on return on assets.* Several studies related to the effect of disclosure of social responsibility with financial performance measures return on assets are as follows: Research conducted by Mahrani and Soewarno (2018) found that the disclosure of social responsibility has a significant positive effect on return on assets. In this study, researchers used partial least squares with Warp PLS. 5.0. Disclosure of social responsibility carried out by the top management team also has a significant positive effect on return on assets (Wiengarten et al., 2017). By using PLS with the SEM equation, it was found that the disclosure of social responsibility using the GRI 91 index has a significant positive effect on return on assets (Heryanto & Juliarto, 2015).

Other researchers such as Scholtens (2008) also found that the disclosure of social responsibility with a KLD measure has a significant effect on return on assets. In this study, researchers used a distributed-lag model. There are also researchers who use the disclosure of social responsibility based on the category of environmental responsibility with the Korean ESG model. Researchers found that the disclosure of social responsibility has a significant effect on return on assets (Lee et al., 2012). However, it was also found in a study conducted by Puspitaningrum and Indriani (2021) that the disclosure of social responsibility has a significant negative effect on return on assets. This study uses multiple linear regression. The same thing was also found by Ekadjaja (2011) that the disclosure of social responsibility has no effect on return on assets in this case the research method uses multiple linear regression with CSR measures based on Sembiring 2005.

Based on theoretical studies and previous empirical studies, the following hypotheses were developed:

H₁: Disclosure of social responsibility has a significant positive effect on financial performance (return on assets) with leverage and firm size as variables control.

2.2.3.2. *Disclosure of social responsibility on return on equity.* Heryanto and Juliarto (2015) found that the disclosure of social responsibility has a significant positive effect on return on equity. In this study, they used PLS with SEM equations. Likewise, research conducted by Ekadjaja (2011) which says that the disclosure of social responsibility has a significant effect on return on equity. The measure of social responsibility disclosure in this study uses the CSRI measurement which refers to the instrument used by Sembiring in 2005. The method used in this study is multiple linear regression. However, other studies have found that disclosure of social responsibility has no effect on return on equity (Brine et al., 2007).

Based on theoretical studies and previous empirical studies, the following two hypotheses were developed:

H₂: Social responsibility has a significant positive effect on financial performance (Return on Equity) with leverage and firm size as variables control.

2.2.3.3. *Disclosure of social responsibility towards Tobin's Q.* Another measurement of financial performance uses the value of Tobin's Q. Chung and Pruitt (1994) state that the measurement of Tobin's Q is equivalent when we use return on assets and return on equity because they both reflect the company's financial performance. Several studies that use Tobin's Q as a measure of financial performance, among others, were conducted by Ekadjaja (2011), Hu et al. (2018), and Hendratama and Huang (2021).

Disclosure of social responsibility was also found to have a significant positive effect on company performance as measured by the Tobin's Q value. This study uses PLS with Warp PLS 5.0 (Mahrani & Soewarno, 2018). Hendratama and Huang (2021) found in their research that the disclosure of social responsibility had a significant positive effect on the company's financial performance as measured by Tobin's Q. The researcher used multiple regression method with in-depth analysis. The effect of social responsibility disclosure as measured by the Thomson Reuters database score on the company's financial performance, namely Tobin's Q, was found to vary according to the company's life cycle. The same study using Tobin's Q as the dependent variable was carried out by (Hu et al., 2018). In this study, it was found that the disclosure of social responsibility using a comprehensive score published by Hexun.com had a significant positive effect on the value of Tobin's Q. Ekadjaja (2011) also found that the disclosure of social responsibility had a significant effect on the value of Tobin's Q. The measure of disclosure of responsibility social welfare in this study uses CSRI measurement which refers to the instrument used by Sembiring in 2005. This study uses multiple linear regression. However, research conducted by S. Harahap (2021) found contradictory results where the disclosure of social responsibility has no effect on the value of Tobin's Q.

Based on theoretical studies and empirical studies, the hypotheses developed are

H₃: Disclosure of Social responsibility has a significant positive effect on financial performance (Tobin's Q) with leverage and firm size as variables control.

3. Methodology

We use quantitative approach with regression analysis using panel data. Secondary data have been collected for 36 companies in consumption industry listed in Indonesian Stock Exchange for the period of 2019–2021 which are the challenging years. We measure the disclosure of social responsibility using the global reporting index in the company's annual report. For financial performance variables, we use return on asset, return on equity and Tobin's Q, to see the consistency of the result. For the control variables, we use leverage and total asset.

This study tries to describe the conditions of each variable in detail and to see the relationship or relationship between these variables. In the context of this study, it will be tested whether the disclosure of social responsibility has a significant effect on the company's financial performance by using leverage and company size as control variables. To measure the company's financial performance in this study using return on assets, return on equity, and the value of Tobin's Q. As for leverage using debt to asset ratios and company size using asset logs.

The operational definitions of each variable are as follows:

a. Dependent Variable—Financial Performance

Financial performance is the company's ability to manage and control its resources (IAI, 2007). There are three proxies of financial performance used in this study, namely

(1). Return on Assets (ROA)

The ROA ratio represents the company's profitability ratio, which describes the company's ability to generate profits from asset utilization.

$$\text{ROA} = \text{Net Income} / \text{Total Assets}$$

(2). Return on equity (ROE)

ROE is one of the important elements to determine how much a company's ability to manage capital from investors.

$$\text{ROE} = \text{Net Income} / \text{Shareholder's Equity}$$

(3). Tobin's Q

Tobin's Q was applied to evaluate the informativeness of traditional accounting measures related to business performance (Chen & Lee, 1995). Tobin's Q formula is

$$\text{Tobin's Q} = (\text{Market value of equity} + \text{Market value of debt}) / \text{Total Assets}$$

b. Control Variable

The control variable used in this study is firm size, namely total assets and leverage as measured by the debt-to-asset ratio. Total assets describe the size of the company where the greater the assets of a company reflect the larger the size of the company. For total assets, we will use the natural log of total assets with the formula $\text{LnTA} = \text{Ln}(\text{Total Assets})$. While the debt-to-asset ratio is used as an illustration of how much the company's assets are funded by debt. The leverage formula is total liabilities/total assets.

c. Independent Variable—Disclosure of Social Responsibility

Companies that implement corporate social responsibility activities are required to disclose reports commonly called sustainability reporting. The guidelines applied in the disclosure of corporate social responsibility are contained in the guidelines published by the Global Reporting Initiative (GRI). The Global Reporting Initiative is a non-governmental organization that develops and disseminates global accepted sustainability reporting standards. Through GRI, it will be seen how much contribution made by the company, either positive or negative for sustainable development (2022, G, 2022).

There are three main categories which in the GRI measure are described as follows:

(1) Economy Category

The economic category consists of elements of economic performance, market presence, indirect economic impacts, and procurement practices. The total criteria in the economic category are nine items.

(2) Environmental Category

The environmental category consists of elements of materials, energy, water, biodiversity, emissions, effluent and waste, products and services, compliance, transportation, others, assessment of suppliers on the environment, and a complaint mechanism for environmental problems. A total of 34 indicators in the environmental category.

(3) Social Category

The social category consists of four sub-categories, namely labor practices and work comfort, human rights, society, and product responsibility. In total, all indicators in this social category are 48 items.

So, for the GRI index used a total of 91 category items.

Disclosure of social responsibility is indicated by the number 1 for the disclosed category and 0 for the undisclosed category. After that, the amount of responsibility disclosure is divided by the total standard to get the ratio of the number of social responsibility disclosures.

The data collection technique used in this research is a documentation study which is carried out by collecting secondary data from the audited and published financial statements and annual reports of companies. The company's financial statements and annual reports can be obtained by accessing the Indonesia Stock Exchange website (www.idx.co.id) or from the company's official website.

The population in this study were all companies based on the distribution of consumer goods industry categories listed on the Indonesia Stock Exchange in the 2019, 2020 and 2021 pandemic era. The sampling in this study used a purposive sampling method, namely sampling with certain considerations or criteria as follows:

- (1) Companies listed consistently in 2019, 2020 and 2021, did not merge during the research period, and the data are available.
- (2) Companies that publish financial statements and company annual reports in a row for the period 2019–2021.
- (3) Companies with a book closing date of 31 December financial statements.

The number of samples used in this study were 36 companies.

The method used in this study is multiple linear regression using IBM SPSS statistics 25. Multiple regression equations for the three hypotheses can be seen as follows:

$$ROAi = \alpha + \beta_1PTJS + \beta_2LnTA + \beta_3LEVE + \varepsilon \text{ (i)}$$

$$ROEi = \alpha + \beta_1PTJS + \beta_2LnTA + \beta_3LEVE + \varepsilon \text{ (ii)}$$

$$TOBi = \alpha + \beta_1PTJS + \beta_2LnTA + \beta_3LEVE + \varepsilon \text{ (iii)}$$

Description:

ROAi : *Return on Asset* in period i

ROEi : *Return on Equity* in period i

TOBi : Value of Tobin's Q in period i

α : constant value

PTJS : Disclosure of social responsibility

LnTA : Natural logarithm of total asset

LEVE : Leverage as measured by debt-to-asset ratio

B_{123} : coefficient

ϵ : error

After the data is inputted and managed through SPSS, then based on the output the researcher will conduct an analysis to answer the hypotheses that have been developed previously. The standard error used in this study is 5%. If the significance value is less than or equal to 0.05, then Hypotheses 1, 2 and 3 are accepted, thus the independent variable has a significant effect on the dependent variable. However, if on the other hand the significance value is >0.05 , then Hypotheses 1, 2 and 3 are rejected, meaning that the independent variable has no significant effect on the dependent variable.

4. Empirical result

4.1. Descriptive statistic

The following are the results of descriptive statistical analysis of each research variable shown in Table 1

4.2. The effect of disclosure of social responsibility on return on assets

The results of the SPSS output to test H1 can be seen in Tables 2-, Table 3 and Table 4:

Based on Table 4, the significance value is 0.010 which is smaller than 0.05. This means that H_1 is accepted. The direction of the relationship also shows a positive sign. This means that the disclosure of social responsibility has a significant positive effect on return on assets. The results of this study are in accordance with the signaling theory developed by Spence (1973), where companies try to give signals to stakeholders so that company information is known so that there will be reciprocal success for the company. In this study, the information provided by the company is information related to the disclosure of corporate social responsibility. In addition, the demand to provide information related to the disclosure of social responsibility is an important spotlight because based on the triple bottom-line concept, the company does not only focus on financial benefits but in accordance with the legitimacy theory and stakeholder theory. The company must meet the demands given by the community and the environment. So that there will be long-term business sustainability. The results of this study also support the results of previous research conducted by Scholtens (2008), Lee et al. (2012), Heryanto and Juliarto (2015), and Wiengarten et al. (2017), and Mahrani and Soewarno (2018). Social responsibility has a significant positive

Table 1. Descriptive statistical results of research variables

Variable	Mean	Std. deviation	N
ROA	0.09	0.123	108
ROE	0.16	0.28	108
Tobin's Q	2.46	2.77	108
PTJS	0.29	0.13	108
Leverage	0.40	0.18	108
Asset	6.63	0.72	108

Source: Processed secondary data (SPSS output).

Table 2. Model summary

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.331 ^a	0.110	0.084	0.11817

^aPredictors: (Constant), Asset, CSR, Leverage.

Table 3. ANOVA table

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	0.179	3	0.060	4.267	.007 ^b
	Residual	1.452	104	0.014		
	Total	1.631	107			

^aDependent Variable: ROA.

^bPredictors: (Constant), Asset, CSR, Leverage.

Table 4. Statistical test table t

Model		Unstandardized B	Coefficients Std error	Standardized coefficients beta	t	Sig.
1	(Constant)	-0.061	0.109		-0.556	0.579
	CSR	0.233	0.089	0.244	2.618	0.010
	Leverage	-0.170	0.066	0.248	-2.590	0.011
	Asset	0.023	0.016	0.133	1.399	0.165

^aDependent Variable: ROA.

impact on financial performance as measured by return on assets, although this contradicts the results of research conducted by Ekadjaja (2011) and Puspitaningrum and Indriani (2021). The *r* squared value shown in Table 2 is 0.110 or 11% shows the contribution of social responsibility disclosure variables to total assets and leverage as control variables is 11% affecting return on assets. The remaining 89 percent is influenced by other variables not included in this model.

4.3. The effect of disclosure of social responsibility on return on equity

Here is the SPSS output to answer H₂.

Based on Table 7, the significance value for the variable of social responsibility disclosure shows the number 0.00. In addition, the direction of the relationship shows a positive sign. This means that H₂ is accepted. In other words, the variable of social responsibility disclosure has a significant positive effect on return on equity. The greater the portion of the disclosure of social responsibility, the company's financial performance as measured by return on equity will increase. The results of this study are in line with the stakeholder theory, where the company should align its interests with the company's stakeholders, so that there will be prosperity and success for the company (Freeman, 1984). In addition, efforts to disclose social responsibility are a form of fulfilling corporate responsibilities to society and the environment as described by legitimacy theory (Dowling & Pfeffer, 1975). It is also parallel with the signaling theory by Spence (1973) where when a company gives a signal in the form of disclosure of social responsibility, it has an impact on increasing financial performance in the form of return on equity. The results of this study support previous research conducted by (Ekadjaja, 2011; Heryanto & Juliarto, 2015) that the disclosure of social responsibility has a significant positive effect on return on equity. However, this contradicts the results of research that has been done by (Brine et al., 2007).

The *r* squared value shown in Table 5 is 0.152 or 15.2%, meaning that the contribution of social responsibility disclosure to total assets and leverage as control variables is 15.2% and the remaining 84.8% is influenced by other variables not examined in this study.

4.4. Effect of disclosure of social responsibility on Tobin’s Q value

The SPSS output, the statistical results to answer H3 can be seen in Tables 5–, Table 6 and Table 7 :

Based on the results of the t-statistical test shown in Table 10, the significance value for the social responsibility disclosure variable is 0.00 which is smaller than 0.05 with a positive relationship direction. This means that H₃ is accepted. Thus, the disclosure of social responsibility has a significant positive effect on the value of Tobin’s Q. The greater the portion of the disclosure of corporate social responsibility, the company’s financial performance as measured by the value of Tobin’s Q will increase. The results of this study support several theories, namely stakeholder theory (Freeman, 1984), legitimacy theory (Dowling & Pfeffer, 1975) and signaling theory (Spence, 1973). These theories explain that there is a responsibility to the community and the environment where the company conducts business operations because the company’s business

Table 5. Model summary

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.389 ^a	0.152	0.127	0.25698

^aPredictors: (Constant), Asset, CSR, Leverage.

Table 6. ANOVA

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	1.227	3	0.409	6.192	.001 ^b
	Residual	6.868	104	0.066		
	Total	8.095	107			

^aDependent Variable: ROE.

^bPredictors: (Constant), Asset, CSR, Leverage.

Table 7. Statistical test table t

Model		Unstandardized B	Coefficients Std error	Standardized coefficients beta	t	Sig.
1	(Constant)	-0.462	0.238		-1.941	0.055
	CSR	0.710	0.193	0.334	3.672	0.000
	Leverage	0.133	0.142	0.087	0.931	0.354
	Asset	0.055	0.036	0.144	1.551	0.124

^aDependent Variable: ROE.

Table 8. Model summary

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.418 ^a	0.175	0.151	2.55147

^aPredictors: (Constant), Asset, CSR, Leverage.

Table 9. ANOVA

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	143.581	3	47.860	7.352	.000b
	Residual	677.040	104	6.510		
	Total	820.621	107			

^aDependent Variable: Tobin's Q.

^bPredictors: (Constant), Asset, CSR, Leverage.

Table 10. Statistical table t

Model		Unstandardized B	Coefficients Std error	Standardized coefficients beta	t	Sig.
1	(Constant)	-1.078	2.361		-0.457	0.649
	CSR	7.622	1.920	0.356	3.970	0.000
	Leverage	2.791	1.415	0.182	1.973	0.051
	Asset	0.031	0.353	0.008	0.088	0.930

^aDependent Variable: Tobin's Q.

operations will have both positive and negative impacts. When the company discloses social responsibility, the company is communicating that there is a form of responsibility and attention made by the company to stakeholders. So that the response of stakeholders will have an impact on the sustainability of the company's business which can be seen from the improvement of financial performance. The results of this study support the research that has been carried out by Ekadjaja (2011); Mahrani & Soewarno (2018) and Hendratama & Huang (2021).

The *r* squared value shown in Table 8 of the model summary is 0.175 or 17.5%, which means that the contribution of social responsibility disclosure to the value of Tobin's Q with total assets and leverage as control variables.

5. Conclusion and recommendation

During a COVID-19 in the pandemic era, investors must really make the right decisions in investing. The financial aspect which is a fundamental aspect in this era is not enough to provide information about the company's performance. Information in non-financial form is needed, such as disclosure of social responsibility which is in the spotlight of the possibility that the company will carry out its business activities in a sustainable manner.

This study was conducted to see whether there is an impact of disclosure of social responsibility on company performance as measured by return on assets, return on equity and the value of Tobin's Q. The limitation of this study is the assessment of social responsibility disclosure in this study using the researcher's personal judgment which is based on the GRI social responsibility disclosure indicators.

The results of this study provide a literature contribution for empirical research, especially in the COVID-19 pandemic era.

As a suggestion, the following research can use non-financial variables such as audit reputation, corporate governance mechanisms or other financial performance measures such as EPS, NPM and other financial performance measures in the below Table 9.

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