

THE EFFECT OF CSR DISCLOSURE ON EVA AND THE ROLE OF COMPANY SIZE: INDO NESIAN MANUFACTURING CONTEXT

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ABSTRACT

Attention and awareness on the importance of Corporate Social Responsibility (CSR) increasingly felt is motivated by government support, by issuing regulations on practice obligations and disclosure of CSR. Increasing activity as conducted by the company related to CSR, it can be correlated to the impact which had been made in the company performance and it is important to be learned empirically and also the moderation effect must be considered when analyzing the correlation between CSR and the financial performance of the company. The purpose of this research is to examine and analyze the disclosure of CSR towards Economic Value Added (EVA): EVA profit, EVA people, EVA planet, and the size of the company as the moderation variable. The population of this research were all manufacture companies listed in Indonesia Stock Exchange (IDX) during years 2015-2017. Data of this research were chosen through purposive sampling method and chosen 46 samples also analyzed by using Moderated Regression Analysis (MRA). The research results show that CSR disclosure has effect towards EVA profit, and EVA people. In the contrary, CSR disclosure does not influence EVA planet. The company size moderates the effect of CSR disclosure towards EVA planet, but it does not does not moderate the effect o CSR disclosure towards EVA profit and EVA people. CSR disclosure conducted by the company can improve the performance in the form of additional value for the company either at small scale or big scale. Through company CSR disclosure, it can be defined as an industry commitment to be responsible of the impact of the operation in social, economic, and environmental dimensions.

Keywords: CSR Disclosure, EVA profit, EVA people, EVA planet, Company Size

INTRODUCTION

Nowadays, companies have to understand how to make economic activities sustainable (Lloret, 2016). Ethics in doing business, social responsibility and sustainability are topics that correlate one to another (David, 2011). Corporate Social Responsibility (CSR) is a company concept that integrates with social, environment and health as a strategy and operational activities of the company's business, as well as creating interaction with stakeholders (Sharma & Kiran, 2013). The main thrust of the need for CSR is increasing dependence on market forces in the western economy and increasing the vulnerability of companies (Kim & Dam, 2003) and corporate responsibility to stakeholders and shareholders. Discussions on CSR continue to increase and become a concern not only for academics, but also the company participates in efforts to improve CSR activities conducted. This is proved by nearly 60% of the Fortune 500 companies issuing corporate accountability reports and more than a third of major US companies have voluntarily implemented external certification for social and environmental standards in 2011 (Kitzmueller, M., & Shimshack, 2012; Lys, Naughton, & Wang, 2013).

In addition to inconclusive results from the previous literature, it is suggested that moderation effects should be considered when analyzing the relationship between CSR and the company's financial performance (Aguinis, H. & Glavas, 2012). According to Itkonen (2003), the size of the company relates to social responsibility, large-scale companies are considered more socially responsible than small companies. In particular, several studies have discussed company size as a potential moderation factor at the organizational level (Aguinis, H. & Glavas, 2012; Ocasio, 2011). A study was conducted to test the moderating effects of company size on the relationship between CSR and financial performance in the context of manufacturing.

For the last two decades attention and awareness on the importance of CSR is increasingly felt in Indonesia. Through UU No. 40 in 2007, it officially uses the term Social and Environmental Responsibility. This law regulates the obligation for a company related to the natural resources to conduct social and environmental responsibility. The decision of Bapepam LK Number 134/BL/2006 regulates the company obligation in delivering the annual report for the issuer and public company. The annual report delivered is about the activity and fund issued by the company for the social responsibility activities conducted by the company. Ikatan Akuntan Indonesia (IAI) issues a Standar Akuntansi Keuangan (2015) which suggests to disclose the environment especially for sensitive industry towards the environment. This shows that the regulation of activity and social responsibility disclosure motivate the company to increase the activity and social responsibility disclosure of the company. The tightness of competition between one company and another company in Indonesia is inevitable. A company needs to give competitiveness and competitive excellence, one of them by conducting CSR disclosure as the effort of social, economic, and environmental responsibility around their operational area. Through Indonesian Sustainability Reporting Award (ISRA Award), which can add the value to the company's image. CSR disclosure practices have been widely applied by public companies in Indonesia which relates to the success of a company in conducting eco-friendly CSR activities marked by sustainable CSR report.

Disclosure of CSR helps the company to reveal the information about their activities and strategies. Furthermore, this enables the company to manage a change to make it happen. Through disclosure of CSR, the stakeholders can obtain good information about the business they invested and become sure that the company integrates sustainable practice in their operation. The trend of disclosure of CSR emerging from the company reflects their awareness about the benefits and usage of that report such as propelling the company to act transparently about their operational details. This will reflect their commitment to account for and be accountable to wards their practice. In the company perspective, this transparency increases their reputation not only towards the stakeholders and their consumers, but also towards the main investors, and the staffs. A company becomes more aware on their operational efficiency, and therefore, they can work for improving sustainable efforts and their financial performance.

The improvement of CSR can be attributed to the impact that has been made on company performance and it is important to assess empirically. Increased CSR research on financial performance is inseparable from the view that CSR can increase profits (Edmans, 2012; Robins, 2011). Previous studies on CSR and corporate performance results has not been able to be proven consistently (Choi, J.S., Kwak, Y.M., & Choe, 2010; Theodoulidis, Diaz, Crotto, & Rancati, 2017) and the differences in results in the study (Robins, 2011). Pelozo (2009) reviewing 128 studies that examined the relationship between CSR and financial performance and reported that 59% found a positive relationship, 27% mixed or neutral, and 14% a negative relationship. Pava & Krausz (1996) also concluded that companies that are socially responsible have excellences compared to other companies.

Compared with previous studies, no studies before that examine and analyze the influence of CSR on manufacturing financial performance uses EVA calculations with the triple bottom line dimension (profit, people and planet) with company size as moderating variable in the context of Indonesia manufacturing, the finding of this study will assist manufacturers in the implementation of CSR in its operations to be more efficient and take advantage of CSR activities as a way to improve their overall business performance.

Based on the description presented above, the purpose of this study empirically is to examine the effect of CSR disclosure on EVA based on the triple bottom line dimension by adding company size as a moderating variable. In addition, the theoretical basis used for moderation variables uses the theory of the firm with microeconomic concepts that have never been used in previous research. This theory is used to prove empirically whether firm size strengthens or weakens the relationship between independent and dependent variables.

The theoretical contribution of this research is to provide support for stakeholder theory and theory of the firm. For management, the disclosure of CSR by the company is able to increase added value and management concern for CSR will bring many benefits to the company. Stakeholders and shareholders have the right to supervise the running of the company related to corporate social responsibility. This is done so that the company in operation is not only concerned with itself but also takes into account the environmental and social conditions around where the company operates.

LITERATURE REVIEW

Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a business commitment to contribute to sustainable economic development, through working with employees and representatives, families of local community companies and the general public to improve the quality of life in ways that are beneficial, both for the business itself and for development. In carrying out its operational activities, the company cannot escape the demands of behaving ethically and also disclosure social responsibility annually. CSR can also be interpreted as voluntary action by companies to integrate social and environmental concerns into the company's business principles (Crane, Matten, & Spence, 2008). The company proposes 6 basic pillars of CSR: voluntary nature, internalization of externalities, merging of a collection of stakeholders, alignment of social or environmental responsibilities with economic responsibility, meaning of corporate practices and values, and philanthropic action.

Economic Value Added (EVA)

The EVA concept has the principle that value creation is carried out at certain times where it measures the success of management based on economic added value. Through Value Based Management companies can measure performance based on the perspective of shareholders and create value. The method that can be used is through the calculation of EVA. Kim & Dam (2003) revealed that the EVA value can fluctuate, can rise or fall in value. At present, value added measurement is not only on the dimensions of company capital. Kim & Dam (2003) connects value based management through an EVA approach with CSR based on the perspective of the resources owned by the company. Added value calculated based on three dimensions: (1) profit (capital), (2) people (employees) and planet (raw materials). The value shown in the profit dimension, people and the planet indicates how efficient the resources are used by the company (Kim & Dam, 2003), so that it is able to provide benefits not only to the company but also stakeholders and shareholders.

Company Size

Company size shows the company progress. In addition, it can be an indicator of knowing the scale of a company. Generally, large scale companies will get more attention. It caused by the effect of company itself. Meanwhile, if society receive negative impact, it will rise the political cost and demands to the company.

HYPOTHESES DEVELOPMENT

Effect of CSR Disclosures on EVA

Environment of conscious company behavior can provide benefits including improving financial performance through the effectiveness of resources used, improving relationships between employees, minimizing business risk through improving relationships

with policy makers and consumers, reducing risk of penalties and litigation, reducing capital costs (Song, Zhao, & Zeng, 2017), improve the company's reputation, enhance and attract support from local community, and retain customers (Feng, Wang, & Kreuze, 2017). In the past decade, more and more profit-oriented businesses have begun to engage and support environmentally friendly strategies, policies and activities (Raiborn, Payne, & Joyner, 2013).

The implementation of CSR is closely related to stakeholder theory. It is important for companies to actively contribute socially because companies have the potential to be actively involved in social responsibility activities. Therefore, if an organization wants to operate in an environment with no reaction or a negative response or boycott by the stakeholders, then the company should be aware of the responsibility of social, and consider the interests of stakeholders, and steps as well as the operational strategy. Stakeholder theory give hope to the management, that involvement CSR activities will increase the company's financial performance and the right actively involved in contributing to the environment (Freeman & Hasnaoui, 2011). Top management companies try to overcome social and environmental issues are proactively manage the needs broadly based stakeholders and benefits in order to increase financial success (Nkundabanyanga & Okwee, 2015).

Research results on CSR and financial performance differ from one another. First, positive results between CSR and corporate financial performance (Genedy, A. & Sakr, 2017; Sadeghi, Arabsalehi, & Hamavandi, 2016; Theodoulidis et al., 2017; Weber, 2017). Second, Chetty, Naidoo, & Seetharam, (2015) stated, the CSR activities carried out by the company did not cause a significant difference in financial performance. Based on the results of previous research and logical thinking mentioned above, the hypotheses formed are as follows:

- H1a: Disclosure of CSR has a positive effect on EVA profit
- H1b: Disclosure of CSR has a positive effect on EVA people
- H1c: Disclosure of CSR has a positive effect on EVA planet

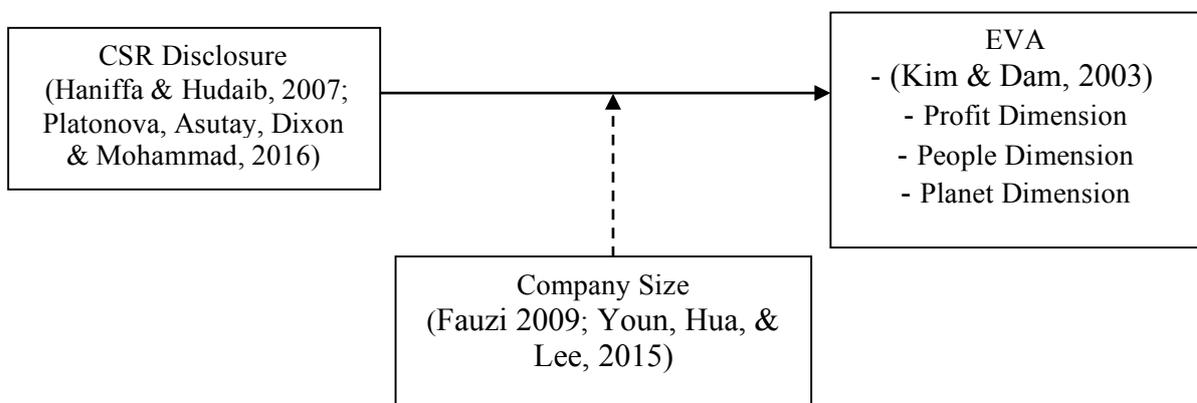
Effect of CSR Disclosures on EVA which Moderated Company Size

Company size is the main determinant in the company's social performance (Ho, Wang, Ho-dac, & Vitell, 2018). This is in accordance with company theory (theory of the firm) that attributes in a company's social performance will lead to higher economies of scale that are able to maximize corporate profits. In this theory, CSR is seen as a form of investment, where the product or production process is realized with the values and resources that exist in social performance (McWilliams & Siegel, 2001). The higher level of investment made by large and small scale companies in CSR activities will encourage companies to make public disclosures. The hope is that by implementing CSR disclosures, the public becomes convinced that the company has more attention to social and environmental issues and for companies to be able to maximize the company's profits in the long run. This certainly can provide positive financial performance for the company.

Furthermore, the size of the company as a moderating variable in previous studies on the relationship of CSR and financial performance still states different results. Youn, Hua, & Lee, (2015) states that company size moderates the relationship between CSR and financial performance. In contrast, Fauzi (2009), found that company size did not moderate the relationship between corporate social performance and financial performance. Based on the results of previous research and logical thinking mentioned above, the hypotheses formed are as follows:

- H2a: Company size moderates the effect of CSR disclosure on EVA profit
- H2b: Company size moderates the effect of CSR disclosure on EVA people
- H2c: Company size moderates the effect of CSR disclosure on EVA planet

Figure 1. Research Model



Note:

- > = The effect CSR Disclosure towards EVA profit, EVA people and EVA planet
- - - - -> = The influence moderation effect company size towards CSR Disclosure on EVA profit, EVA people and EVA planet

METHOD

The design of this study used a quantitative approach where the data processed is in the form of numbers and constitutes hypothesis testing research, where to test hypotheses that explain phenomena in the form of variable relationships. The data used is pooled data, this data is a composite data in the same year. This resulted in the data used in the study having a period of years and objects (Ghozali, 2016:11).

The population of this research is all of the manufacturing companies which listed in Indonesia Stock Exchange (IDX) during 2015-2017 periods. Based on data from Indonesia Stock Exchange (IDX), there are 159 companies listed in Indonesian manufacture industries which consists of 69 companies Basic Industry and Chemicals sector, 43 companies Miscellaneous Industry sector, and 47 companies Consumer and Goods Industry sector.

Manufacturing companies are selected as the research object because of operational activities involving various aspects of raw materials, production and technology. This shows that manufacturing companies have a close relationship between economic, social and environmental relations. The sample are selected based on purposive sampling method with criteria: (1) listed on the Indonesia Stock Exchange (IDX) in 2015-2017 and not delisting, (2) complete financial and annual reports are available (3) no business losses (4) presenting finance reports in rupiah. Based on the criteria, 46 companies chosen as the research sample.

EVA is a dependent variable that is measured and linked through three dimensions of CSR: (1) profit, (2) people and (3) planet. The EVA approach is used as a measure in knowing whether the company's added value has been created. The main aim is to earn profit for its shareholders and stakeholders with financial perspective among return on capital companies as well as capital costs. The formula used to calculate EVA profit (Binus, 2015) :

$$EVA \text{ profit} = (ROCE - WACC) * CE \dots\dots\dots(1)$$

Where,
ROCE: Return On Profit Employed
WACC: Weight Average Cost of capital
CE: Capital Employed

In EVA people, profits are measured by the company employees. The formula used is based on the calculation of aspects of human resources (employees) in generating net income after the cost of capital paid (HRseconds, 2012), the EVA formula is applied in human capital. The formula used is as follow:

$$EVA \text{ people} = \text{Net operating profit after tax} - WACC / \text{headcounts} \dots\dots\dots(2)$$

Where,
WACC : Weight Average Cost of Capital
Headcounts : Number of employees

In EVA planet, measuring profit from the side of raw materials in the company. The formula used in calculations is analog with people dimension, but the object is raw material:

$$EVA \text{ Planet} = \text{Net operating profit after tax} - WACC / \text{Raw Material} \dots\dots\dots(3)$$

Where,
WACC : Weight Average Cost of Capital
Raw Material : Inventory costs of raw material

CSR disclosure which is an independent variable measured based on disclosure of CSR information based on content analysis. The Global Reporting Initiative (GRI) Standard 2016 is used as a measurement of the implementation of CSR information disclosures on topic-specific standards (GRI-200: economy, GRI-300: environment, and GRI-400: social). Value 1 will be given if the company provides CSR information on each dimension item, value 0 if the opposite. The formula used is using the Sustainability Reporting Index (SRI):

$$CSRI = \frac{\sum X_{ij}}{n_j} \dots\dots\dots(4)$$

Information:
CSRI :Corporate Social Responsibility Disclosure Index
n :Number of CSR disclosure items, n = 77
X :Dummy variable, 1; if the item is disclosed; 0; if the opposite

Company size is a research moderation variable. The total assets of the company at the end of the year are the scale used in the size of the company. The reason for choosing total assets as a proxy for company size is representative and stable. Market capitalization tends to fluctuate due to demand and supply and in previous studies the size of the company was chosen as a proxy (Fauzi, 2009; Youn et al., 2015). In calculating the size of the company using the natural logarithmic formula of the book value of the total assets of the company for a year (Jogiyanto, 2013).

$$SIZE = \text{Ln} (\text{Total Assets}) \dots\dots\dots (5)$$

This study uses Moderated Regression Analysis (MRA) as a data analysis technique in research to examine the effect of CSR disclosure on EVA based on company resources with company size as a moderating variable. The following Moderated Regression Analysis (MRA) as were used to test the hypothesis of the study:

(Model 1)

$$EVAprofit_{it} = \alpha + \beta_1 CSR_{(t-1)} + \beta_2 SIZE_{(t-1)} + \beta_3 CSR * SIZE_{(t-1)} + e$$

(Model 2)

$$EVApeople_{it} = \alpha + \beta_1 CSR_{(t-1)} + \beta_2 SIZE_{(t-1)} + \beta_3 CSR * SIZE_{(t-1)} + e$$

(Model 3)

$$EVAplanet_{it} = \alpha + \beta_1 CSR_{(t-1)} + \beta_2 SIZE_{(t-1)} + \beta_3 CSR * SIZE_{(t-1)} + e$$

Information:

- EVAprofit_{it} = Economic value added dimension of profit company i in year t
- EVApeople_{it} = Economic value added dimension of people company i in year t
- EVAplanet_{it} = Economic value added dimension of planet company i in year t
- α = Constant
- β₁ - β₃ = Regression coefficient
- CSR_(t-1) = Disclosure of CSR company i in the previous year
- SIZE_(t-1) = Size of company i in the previous year
- CSR * SIZE_(t-1) = Interaction between CSR disclosure and company size i in the previous year
- e = error,

EVA profit, EVA people and EVA planet uses data in year t, namely 2015-2017. Disclosure of CSR and company size uses a time lag that is t-1 in 2014-2016.

RESULTS AND DISCUSSION

The research sample obtained for three years were 46 companies with a total of 138 data observations. The description of the objects in the study can be seen through descriptive statistics. Objects in the study include samples and populations used. The purpose of the implementation of descriptive statistical analysis is to see the measurement results of the average values, minimum and maximum values and standard deviations in the research presented in table 1.

Table 1. Descriptive Statistics

Variable	Minimum	Maximum	The Average	Std. Deviation
EVA profit	-106.800	19.075.592	801.801	2.147.556
EVA people	-664,26	928,72	163,34	229,05
EVA planet	-9,02	37,49	2,74	5,12
CSR Disclosure	0,04	0,27	0,07	0,04
Company size	11,80	18,34	14,65	1,58

Through descriptive statistic in Table 1, obtained the information based on 138 observations, EVA profit has a minimum and maximum value amounted to Rp. -106.800 and Rp. 19,075,592. The average value owned is Rp. 801.801 and the standard deviation value is Rp. 2,147,556. The standard deviation value is greater than the average value. This can be interpreted as a high variation of data during observation. EVA people have a minimum value of Rp. -664.26 and maximum value Rp.928.72 with an average value of Rp. 163.34. The standard deviation value is Rp. 229.05, where the value is greater than the average value. This can be interpreted as a high variation of data during observation. EVA planet has a minimum and maximum value of Rp. -9.02 and Rp. 37.49. The average value is Rp. 2.74 with a standard deviation value of Rp. 5.12. This value is greater than the average value. This can be interpreted as a high variation of data during observation. CSR disclosure has a minimum value of 0.04 and a maximum value of 0.27 and an average value of 0.07. The standard deviation value is 0.04, where the value is smaller than the average value (0.07 > 0.04). This indicates that the diversity of numbers and deviations in CSR disclosure data from the sample companies is relatively small. Company size has a minimum value of 11.80 and a maximum value of 18.34 and an average value of 14,65. The standard deviation value is 1.57, where the value is smaller than the average value (14,65 > 1,58). This indicates that the diversity of values and deviations in company size data from the sample companies is relatively small.

To get a good regression model, the classical assumptions on regression analysis must be fulfilled. This study uses the normality test, autocorrelation test, multicollinearity test and heteroscedasaity test whose results are presented in Table 2.

Table 2. Classical Assumption Test Results

Variable	Normality Test	Autocorrelational Test	Variable	Multicollinearity Test	Heteroskedacity Test
EVA Profit	0,205	dw:2,001	CSR Disclosure	0,863	0,966
		du: 1,751	Company Size	1,159	0,142
		4-du: 2,249			
EVA People	0,092	dw:1,799	CSR Disclosure	0,863	0,293
		du: 1,751	Company Size	1,159	0,077
		4-du: 2,249			
EVA Planet	0,373	dw:2,125	CSR Disclosure	0,863	0,067
		du: 1,751	Company Size	1,159	0,581
		4-du: 2,249			

Based on the results of the normality test in Table 2, the significance value obtained for the model regression EVA profit, EVA people and EVA planets respectively 0.205, 0.092, 0.373 whose values are above 0.05. This shows that the data residuals have normal distribution. Based on Table 2, autocorrelation shows that dw value was in du and 4-du range. This result shows that the assumption that there is no autocorrelation has been fulfilled for the model regression EVA profit, EVA people and EVA planet. The VIF value shown in table 2 in each regression model is less than 10. This shows that the regression model is free from multicollinearity problems. Based on table 2, the Glesjer Test is used to determine whether there is a problem with heteroscedacity. The value shown in each regression model has a significance value above 0,05 so it can be concluded that there is no problem with heteroscedacity.

The hypothesis testing has been conducted with a significance level of 5% (0,05). The decision-making criteria used are: (1) If the probability value (sig) > 5% then Ho is accepted and Ha is rejected, (2) If the probability value (sig) < 5% then Ho is rejected and Ha is accepted. The results of testing the hypothesis can be seen in Table 3.

Table 3. Hypothesis Testing Results

Hypothesis	Notation	Beta Coefficient Value	Probability Value	Description
H1a	CSR Disclosure →EVA profit	0,873	0,009	Accepted
H1b	CSR Disclosure →EVA people	0,985	0,000	Accepted
H1c	CSR Disclosure →EVA planet	0,273	0,169	Rejected
H2a	CSR Disclosure *SIZE→EVA profit	-0,344	0,700	Rejected
H2b	CSR Disclosure *SIZE→EVA people	1,363	0,288	Rejected
H2c	CSR Disclosure *SIZE→EVA planet	2,558	0,013	Accepted

Note: significance level of hypothesis acceptance 5% (0,05)

Hypothesis 1a states that the positive effect of CSR disclosure towards EVA profit. Based on the table 3, it is known that the significance value is 0,009. This value is smaller than 0,05. For hypothesis 1b states that disclosure of CSR has a positive effect on EVA people with a significance value of 0,000. With a significance value below 0.05 and a positive beta coefficient, hypotheses 1a and 1b are accepted. The results of this study are consistent with those found by Genedy, A. & Sakr (2017), Theodoulidis et al., (2017), and Weber (2017). In the perspective of stakeholder theory, it is important for companies to build business, what companies want and need to create about stakeholders in achieving company goals (Sundaram & Inkpen, 2004). Companies must consider social matters in management decisions. It is because the company responsibility is not only to satisfy shareholders but also to consider and satisfy all types of stakeholders. Stakeholders such as: community groups, customers, suppliers, shareholders who are aware of social responsibility, regulators and government. It is important for companies to contribute actively socially because companies have the potential to be actively involved in social responsibility activities. Therefore, if the organization wants to operate in a non-reactionary environment or a negative response or boycott of stakeholders, the company must be aware of social responsibility, consider the interests of stakeholders and operational steps and strategies.

Conversely, hypothesis 1c refers to a significance value above 0,05 ($0.169 > 0,05$) which means that hypothesis 1c is rejected and disclosure of CSR has no effect on EVA planet. In implementing CSR, the costs incurred by the company are quite large. The source of funds spent in the implementation of CSR comes from company profits so that it has a negative impact on financial performance. From a cost based approach, it is only natural that there is an objection from the company. The reason is, if CSR becomes a periodic obligation as well as paying taxes, the company's burden will rise.

Furthermore, hypothesis 2a states that company size moderates the effect of CSR disclosure on EVA profit. Based on table 3, it is known that the value of significance is 0.700, this value is greater than 0.05. Hypothesis 2b also has a significance value above 0.05 ($0.288 > 0.05$). The fact is that the size of the company is not a moderating variable of the influence of CSR disclosure on EVA profit and EVA people. Then, H2a and H2b are rejected. This result is in accordance with the findings of the research conducted by Fauzi (2009), in a study stating that the size of the company does not moderate the influence of corporate social performance (CSR) has no effect on the company's financial performance (CFP). The results of the study are not in line with the theory of the firm, the size of the company does not have an impact on the disclosure of CSR carried out and does not lead to higher economies of scale that are able to maximize corporate profits. This can be attributed to the costs incurred by companies related to the disclosure of CSR that is not small.

On the other hand, company size moderates the effect of CSR disclosure on EVA planet, seen from the significance value of 0.013 and the size of the company strengthens the relationship between CSR disclosure and EVA planet. This can be interpreted that H2c is accepted. In this case, CSR as a form of investment, where existing products are realized by the attributes of the company's social performance or the production process is closely related to existing resources on the company's social performance. The higher level of investment made by companies on CSR activities will encourage companies to make public disclosure and financial performance improving both small and large scale companies. This finding supports the theory of the firm.

CONCLUSION

The purpose of this research is to examine and analyze the disclosure of CSR towards EVA profit, EVA people, EVA planet, and the size of the company as the moderation variable. The results of the study prove that the disclosure of CSR Indonesian listed manufacturing industries affects EVA profit and EVA people. But there is a different result, CSR disclosure has no effect on EVA planet. This study does not provide evidence company size encourages the disclosure of CSR improve EVA profit and EVA people. However, this study proves that company size strengthens the relationship of CSR disclosure that has an impact on EVA planet. CSR disclosure in Indonesia is a proof of company commitment on economic care, social, and environment either small company or big company. The higher the level of company care, then long term benefits can be obtained by the company through the form of additional value in the side of economy, social, and environment. Through CSR interaction between the shareholders and stakeholders can run well. On another side, the company also does legitimate their position in their operational area.

Implications by company management, CSR disclosure by the company is able to improve financial performance through EVA. Management decisions in caring for the environment and social responsibility are the company's long-term investments in getting a good image for the company from stakeholders and shareholders. The results of this research can give policy contribution to Indonesia government by establishing the regulation such as making obligation for the company in revealing their social responsibility activities in the sustainable report referring to Global Reporting Initiative (GRI). This is as the further effort of UU No. 40 in 2007 about the company obligation in implementing social responsibility activity of the company.

The limitations of this study are related to interest costs. In the company's financial statements, the company's interest costs are not clearly displayed so that interest costs on the cost of debt and calculation components on the cost of equity, this creates constraints on the calculation of the WACC. Based on the limitations that have been conveyed, the advice that can be given for further research is future research can contact the company to obtain more accurate primary data related to interest costs.

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