Financial Performance and Firm Value: The Moderating Role of Corporate Social Responsibility Disclosure

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Abstract

This study sheds light on the relationship between firm performance and firm value with Corporate Social Responsibility (CSR) disclosure as a moderating through the empirical evidence. Sample study used manufacturing listed company in IDX with statistics multiple regression analysis methods. The finding reveals that ROA and ROE have a significant effect on firm value, where the main finding shown that CSR disclosure enhanced and strengthens the relationship between financial performance and firm value. Therefore, investors have a conviction in their investment decisions. The study also envisages a contribution to regulators and policymakers for improving the standard related to CSR disclosure due as one of the important indicator in disclosing financial statements for increasing in firm value.

Keywords

Corporate Social Responsibility (CSR) Disclosure, Financial Performance, Firm Value

1. Introduction

Companies as profit organization generally have certain desire the success in achieving the company goals. Achievement of management performance and company goals is important because it would be base for company decision-making both internal and external. Banker, Chang & Majumdar (1993); Wrolstad, and Krueger (2010) stated that useful components of performance measures is a relevant area for research due to the financial performance of individual companies displays markedly different patterns over time (Wolk et al, 2017; Sur & Sirsly, 2013). Financial performance is defined as a reflection of the financial condition in a certain period, which includes aspects of raising funds and also distributing of funds. In commonly indicators in financial performance measured by the company's liquidity and profitability as well as aspects of capital adequacy (Cashman, et al. 2010). According to Capon et al (1996) the profitability ratio describes the ability of a company to maintain its financial stability to always be in a stable and profitable condition. Because if this condition decreases, it tends to put the company in the threshold of conditions that must be watched out for the feasibility and safety of investing (Hall, 1992; Wallison & Lintan, 2007; Akisik, & Gal, 2014). However, to increase market confidence not only rests on high stock prices and financial performance but also on the company's future prospects (Hull & Rothenberg, 2008). Making economic decisions only considering several value of the company by reflected the company's financial condition, currently is no longer relevant (Hillman, & Keim, 2001; Wrolstad, & Krueger, 2010; Galant & Cadez, 2017). Line with Eipstein and Freedman (1994) and Dyck, et al. (2019) found that several social information in annual reporting more interested for individual investor. Thus, that investors need report or statement that can provide information on social aspect, financial and environmental aspects at the same time.

Corporate social responsibility (CSR) disclosure at companies are not only required to pursue corporate goals to maximize profits, while nowadays need to contribute to the welfare of society through voluntary efforts (Akisik & Gal, 2014). Thus, CSR in today's globalized world is increasingly felt by companies as important and becomes more developed. Companies have an obligation to engage in socially responsible activities to support their business growth. Han, et al (2016); Barauskaite, & Streimikiene, (2020).

Discussion of CSR disclosure and its impact on company performance have growing significant attention in over the years (López-Arceiz, et al. 2018; Petrenko, et al. 2016). However, previous studies have provided inconclusive and ambiguous results relationship between CSR and financial performance in directly (Mishra & Suar, 2010; Oeyono, Samy, & Bampton, 2011). Linking the Corporate social responsibility (CSR) and financial performance has been concerning discussion among researcher in recent years (Alexander & Buchholz, 1978; Galant & Cadez, 2017). The empirical results by the nature of the relationship are equivocal. Several studies give evidence a positive relationship, while various others result proved the negative. However, based on their meta-analyses, Margolis et al (2007) Orlitzky et al. (2003), conclude that the relationship is positively cause more common than other types. While some studies reveal a positive relationship. More studies concern research in the CSR area due to needed. Previous studies have identified the CSR are consisting of three main dimension: 1) CSR towards the community, 2) CSR towards the employee, and 3) CSR towards customers (Gema & Rebecca, 2019).

Several previous studies still yielded mixed results. Studies related to the relationship between disclosure of CSR and financial performance have variously evidence where CSR were discussed extensive in the scientific literature. The results of research by Ulupui (2007), Carlson and Bathala (1997), Suranta and Pratana (2004) found that ROA has a positive effect on firm value. Meanwhile, research conducted by Handoko (2010) and Selcuk & Kiymaz (2017) gived evidance that ROA has a negative effect on firm value. Research conducted by Ayuk (2006) found that financial performance is measured by Return On Assets (ROA) and Return On Equity (ROE) has a significant positive effect on stock returns. Meanwhile, research by Harjito and Aryayoga (2009) found that Return On Assets (ROA) and Return On Equity (ROE) did not have a significant effect on stock returns. Because of this, financial performance has shown inconsistent results. This indicates that there are other factors that also affect the relationship the financial performance which measured by ROA and ROE with firm value Another studies showed the contrast result when Rahayu (2010) stated that ROE no significantly effects ROE with firm value, while CSR disclosure as a moderating the relationship also no significantly effect on the relationship between ROE and firm value. Meanwhile, Handoko's research (2010) shows that ROE has a significant effect on firm value, and CSR disclosure as a moderator has a significant effect on the relationship between ROE and firm value. So the researcher wants to do research again on the effect of financial performance on firm value with the disclosure of Corporate Social Responsibility (CSR) as a moderating variable. This research is important to do to provide answers to this GAP research. The difference from this research with the previous one is that this researcher has tested the influence of financial performance as measured by the ROA and ROE variables on firm value as measured by Tobin's Q, with proof of the moderation of Corporate Social Responsibility (CSR) disclosure. This study adds Return On Asset (ROA) as a test of firm value moderated by disclosure of CSR disclosure with several supporting arguments: Ulupui (2007) refer to Modigliani and Miller theory that firm value is determined by the earnings power of company assets. The company result of positively mean that the higher the earnings power, when more efficient of company asset turnover is and or the higher the company of profit margin would be achieved. In addition, the logical reasons for testing ROA are also supported by research by Yuniasih and Wirakusuma (2008) which shows that ROA has a significant effect on firm value.

Based on academic discussions from several previous researchers, it was inconsistent that there were other factors that interacted. These results encourage researchers to include CSR disclosure as a moderating. According Signaling theory which states that companies provide signals to outside parties with the aim of enhancing the firm value. In addition, companies are required provide the financial information, they also need provide voluntary disclosures. Stakeholder theory holds that companies must carry out social disclosure as a responsibility to stakeholders. Therefore, this study strikly examines the disclosure of Corporate Social Responsibility (CSR) as moderating to contribute the strengthening or weakening this relationship. When the argumentation that the market will provide a positive appreciation through positive response indicated by an increase in the company's stock price.

2. Literature Review

a. Financial Performance, Profitability and Firm Value

Financial performance measurement is useful to provide information about the appearance of the company's financial condition over a certain period of time. The measurement of financial performance according to Hongren (2007) has the objective of measuring business and management performance compared to company goals or objectives. In other words, financial performance measurement is a tool for management to control its business. Measuring financial performance by using several indicators based on financial statements is preferred for investment decision making, but if the objective is to identify the impact of corporate governance in the FP and effectiveness of the firm, it is preferred to use indicators to measure FP that are associated with the technical competence (Sheu &Yang, 2005, Bozec et. al., 2010, & Garcia 2010).

Profitability ratios, Return On Assets (ROA) and Return On Equity (ROE) measured how effectively the company generates returns for investors. The higher this ratio, the greater the value of the company's profitability. In the end, it can be a positive signal for investors in investing to get a certain return (Barauskaite & Streimikiene (2020). The rate of return obtained describes how well the company's value is in the eyes of investors. If the company manages to book a large profit rate, this will motivate investors to invest in shares, so that the share price and demand for shares will increase. The share price and the number of shares outstanding will affect the value of Tobins Q as a proxy for company value. If the share price and the number of shares outstanding increase, the Tobins Q value will also increase. Tobins Q which is worth more than 1, illustrates that the company generates earnings with a rate of return that is in accordance with the acquisition price of its assets (Tobins & Brainard, 1977). This is in line with Ayuk's research (2009) which shows that the ROE profitability ratio has a significant effect on stock prices. Based on this, the hypotheses proposed in this study are as follows:

H1: ROA has a positive effect on firm value

H2: ROE has a positive effect on firm value

b. Corporate Social Responsibility (CSR) Disclosure

Modern companies are increasingly realizing that the survival of the company is strongly influenced by the company's relationship with the community and also the environment in which the company operates. Legitimacy theory supports this condition which states that the company has a contract with the community to carry out its activities based on the prevailing values of justice, and how the company responds to various interest groups to legitimize the actions taken by the company (Haniffa et al, 2005; Sayekti &Wondabio, 2007 Ntim, & Soobaroyen, 2013). Disclosure of CSR information in annual reports is one way for companies to build, maintain, and legitimize the company's contribution from an economic and political perspective (Lin, & Wu, 2014). This increase in stock prices will cause the value of the company to also increase. So that the CSR practices carried out can be known by their stakeholders, companies must disclose their CSR practices. Disclosure of CSR practices carried out by companies causes the need to incorporate social elements in corporate responsibility into accounting. This encourages a concept called as Social Responsibility Accounting (Indira & Dini, 2005; Sari & Saputra,2021).

c. CSR Disclosure as Moderating in the Relationship Financial Performance and Firm Value

There is an inconsistency result studies related the relationship between financial performance and firm value. This is suspected there are contingent variables that also interact. In this study, the contingent variable used CSR disclosure. CSR Disclosure as a contingent variables interacted with the relationship financial performance and firm value under certain conditions (Riera & Iborra, 2017).. The pressure of the corporate environment requires companies to implement strategies to maximize the value of the company (Fontaine, 2013; Galant, & Cadez, 2017). Corporate strategies such as CSR would provide a good corporate image to external parties. Companies can optimally maximizing shareholder capital, company reputation, and long-term viability of the company by implementing CSR. (Husted, B. W., & Allen, D. B., 2007; Ismail, M. 2009; Hoque, et al, 2017). Several previous studies in Indonesia context, Dewi (2018) found hat there is a positively significant CSRD Disclosure as moderating in the relationship between the profitability and firm value, this evidence stated that CSR disclosure able to strengthen the relationship. CSR disclosure become one of company strategy to increase the firm value to external parties. This argument line with Malino (2017), Indraswari and Astika (2015). Thus, the following are the proposed hypotheses:

H3: CSR disclosure strengthens the relationship between firm performance and firm value

3. Research Method

The data in this study were obtained from the Indonesia Stock Exchange IDX or www.idx.co.id and also the company's website. The sampling method using purposive judgment sampling method. The form of purposive sampling by taking predetermined samples based on the aims and objectives of the study.

Table 1 The Result of Sample Selection Procedure

• Manufacturing companies listed on the IDX for the 2015-2019 period.	166*
• The company was delisted during the 2015-2019 period.	(13)
• Manufacturing companies not actively traded for the 2015-2019 period.	(25)
	(6)
• Manufacturing companies that issue financial reporting in non-rupiah	
• Manufacturing companies that publish annual financial reports and publish them not consecutively for the period 2015 to 2019.	(31)
	(28)

• Manufacturing companies not disclose CSR reporting during 2015-2019.	
Total	63
Total of observation (43 x5 years)	315

*Total manufacturing companies listed in IDX 2015-2019

Table 1 shows the total number of manufacturing companies listed on the IDX from 2015-2019 is 166 companies. The total companies are then reduced by companies that are not active issuers during the observation period (25), manufacturing companies that are delisted (13), manufacturing companies that use foreign currencies (6) and companies that do not completely issue financial statements (31) as well as companies that not disclose social responsibility reporting (28). So, the companies taken as samples are 63 companies and the total number of observations for five years is 315.

Table 2 Variables, Definition and Measurement

ariables	Definition	Measurement
Dependent Variable: **Firm Value**	Firm value defined as market value reflection of economic measure the value of a business the measure of a total value of company. The entire market value not only the equity value, therefore the entire of ownership interest and asset claims from both company debt and equity (Hirdinis, 2019)	**Tobin's Q** $Q = \frac{(EMV + D)}{(EBV + D)}$ Tobin's Q will be assessed by comparing the ratio of the company's stock market value to the book value of the company's equity (Tobin, (1969) and Lindenberg & Ross, (1981), Smithers & Wright, 2007).
Independent Variables: **ROA**	ROA describes the ability of the company for the overall funds invested in activities that are used for company operating activities with the aim of generating profits by utilizing its assets. (Anggraini, 2006; Handoko, 2010; Musa & Nawaiseh 2017)	ROA can be calculated by the following equation: $ROA = \frac{\text{Net income}}{\text{Total assets}}$
ROE	ROE describes the company's ability to invest in activities for the company's operational activities with the aim of generating profits by utilizing the capital it owns. ROE shows whether management increases firm value at an acceptable level (Rahayu, 2010, Attig, et al.2013).	ROE can be calculated by the following equation: $ROE = \frac{\text{Net income}}{\text{Total Capital}}$
Moderating Variable: **CSR Disclosure**	Disclosure of Corporate Social Responsibility (CSR) is the disclosure of information related to corporate responsibility in the annual report. Selcuk, E. A., & Kiymaz, H. (2017).	The CSR disclosure measurement refers to the 78 disclosure items used by Siregar (2008)

Control Variables: •**LEVERAGE**	*Leverage* defined as the proportion of debt to equity capital held by the company	Total liabilities divided by total assets (Brigham and Huston, 2001)
•**GROWTH**	Growth is company existing is assumed to have ability generating higher earnings than established the new company (Zen & Herman, 2006; Bestiavano, 2013).	Growth (sum of years from formation of the companies) (Sari, 2016 and Jatiningrum et al, 2016)
•**FSIZE**	*Firm Size* defined as the entire the number of employees, total assets, total sales, and market capitalization (Jatiningrum, et al, 2016)	Firm size is measured as the *natural logarithm* of total asset (jatiningrum, et al, 2016)

4. Analysis Method

The analysis data using the multiple regression method on proposed model. Hypothesis testing used normality analysis, heteroskeda between the dependent, independent variables, and moderating variables (Ghozali, 2013). Based on the purpose of study the theoretical framework that formed is as follows:

$$\mathbf{FV = \alpha_0 + \alpha_1\, ROA + \alpha_2 ROE + \alpha_3 CSR + \alpha_4 ROA{*}CSRD + \alpha_4 ROE{*}CSRD + \varepsilon}$$

Infromation:

FV	= Firm Value (Tobin's Q)
α_1ROA	= Return On Asset
α_2ROE	= Return On Equity
α_3CSRD	= Corporate Social Responsibility Disclosure
ROA*CSRD	= Interaction of ROA and CSR Disclosure
ROE*CSRD	= Interaction of ROE and CSR Disclosure

This research study will be conducted based on conceptual framework bellow:

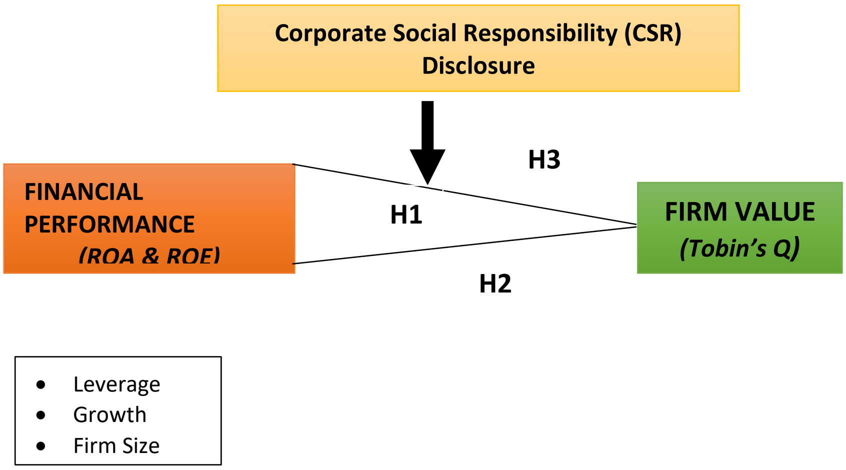

Figure 1 The Conceptual Framewor

5. Result And Discussion

1. Result Study

Table 3. Descriptive Statistics

	N	Minim	Max	Mean	Std. Deviation
ROA	315	0,01	0,28	0,09	0,06
ROE	315	0,04	0,64	0,18	0,11
Tobin's Q	315	87,90	8716,30	1019,37	1305,27
CSR Disclosure	315	0,10	0,47	0,29	0,18
Leverage	315	0,36	0,86	0,45	0,23
Firm Size	315	7,64	16,05	12,28	0,97
Growth	315	8,00	75,00	33,42	13,12
Valid N (listwise)	315				

Table 3 presents descriptive statistics, which include the minimum, maximum, mean (mean), and standard deviation values. The minimum (maximum) value for ROA is 0.01 (0.28). The minimum (maximum) value for Return On Equity is 0.04 (0.64). The minimum (maximum) value for the firm value is 87.90 (8716.30), and the average (standard deviation) firm value is 1019.37 (1305.27). The minimum (maximum) value for CSR is 0.10 (0.47). Overall the average of ROA, ROE, FirmValue and CSR is positive, this means that the data are identical and the research can use parametric methods.

Table 4. Result of Kolmogorov – Smirnov **Test of Normality**

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Log Firm Value	0,119	315	0,113	0,949	315	0,046
Log ROA	0,164	315	0,052	0,948	315	0,054
Log ROE	0,112	315	0,195	0,959	315	0,125
CSR Disclosure	0,117	315	0,137	0,914	315	0,123

a. *Lilliefors Significance Correction*

The normality test result using Kolmogorov-Smirnov presented in table 4 above. The result shows that the statistical value of the ROA logarithm for manufacturing companies is 0.164 with a significance level of 0.052. The statistical value of ROE Logarithmic Results for Manufacturing companies is 0.112 with a significance level of 0.195. The statistical value of the firm value for manufacturing companies is 0.119 with a significance level of 0.113. The CSR statistical value for manufacturing companies is 0.117 with a significance level of 0.137.

Table 5. F Test Statistics ROA, ROE and CSR Disclosure

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F
1	Regression	2,771	3	0,924	7,31
	Residual	5,177	311	0,126	
	Total	7,948	314		

a. Predictors: (Constant), Log ROA (X1), Log ROE(X2), Log Interaksi X1.X3, Log I X2.X3

a. Dependent Variable: Log Nilai Perusahaan (Y)

Based on Table 5, it shows that this test is carried out simultaneously between company performance and CSR disclosures that affect the relationship between company values in manufacturing companies in Indonesia. The test was carried out using the F test at a 95% confidence level or of 0.05. From the results obtained, it can be seen that the calculated F is 7.316 > F table and with a significance level of 0.001 < 0.05. Thus Ha is accepted, which means that CSR disclosure affects the relationship between ROA and ROE with firm value in manufacturing companies in Indonesia.

Table 6. The Result of Hypothesis Test**Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3,593	0,188		19,102	0,000
	Log ROA(X1)	0,966	0,284	0,760	3,404	0,001
	Log ROE(X2)	0,377	0,383	0,220	2,985	0,023
	CSR Disclosure	0.641	0,376	0.777	2,441	0.005
	*Log ROA*CSR*	0,922	0,302	0,850	3,051	0,004
	*Log ROE*CSR*	0,543	0.402	0,376	1,352	0.012

a. Dependent Variable: Log Firm Value (Y)

Table 6 presents the results of CSR testing as a moderator between the relationship between ROA and ROE on firm value. The test was carried out with a 95% confidence level or of 0.05. Statistics result proving that CSR disclosure on ROA has a significant where t-count of 3.051 and the ROE-ROE relationship has a t-count of 1.352 which is greater than t-table. The result of testing the interaction between CSR Disclosure and ROA is significant at p-value 0.004 or it means that 0,004 < 0.05, and the interaction between ROE and CSR disclosure is significant at p-value 0.012 or it means that 0,012< 0.05. Therefore, Ha is supported, which means that CSR disclosure as moderating the relationship between ROA and ROE on firm value has a significant effect. This result is one of the research evidences that CSR Disclosure is a moderating variable that affects the relationship in Indonesia manufacturing listed companies.

Table 7. The Direct Relationship and Moderating Relationship

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Direct Relationship	0,420[a]	0,362	0,312	0,20836
Moderating	0,590[a]	0,449	0,401	0,35535

a. Predictors: (Constant), Log ROA (X1), Log ROE (X2), Interaction LogROA*CSRD, Interaction Log ROE*CSRD

Table 7 above explains strongly that the interaction relationship between moderating CSR disclosure on Profitability (ROA and ROE) on firm value is compared with a direct relationship before and after being moderated. The table shows that the results of the adjusted R square R^2 test after being moderated by CSR disclosure, the level of the R^2 relationship becomes more strengthening. The relationship before moderated by CSR Disclosure adjusted R2 is 0.302 and the relationship after being moderated is

0.401. The increase occurs when there is a moderating CSR disclosure of 0.89 or an increase of 22% is empirical evidence of the main findings of this study. This result means that the relationship between firm performance and firm value is stronger with the disclosure of CSR in Indonesian companies.

2. Discussion

The results of the ROA hypothesis test indicate that there is a significant effect of ROA on firm value with a significance level of 5%, meaning that there is a significant effect of ROA on firm value in manufacturing companies. The results supported the hypothesis which states that ROA effect on firm value in Indonesia manufacturing companies. This finding consistent with Handoko (2010); Galant, & Cadez, (2017); Sari & Saputra 2021). These results also support the theory proposed by Modigliani and Miller as well as research conducted by Sheu, & Yang (2005); Yuniasih and Wirakusuma (2008); Akisik & Gal (2014). The theory proposed by Modigliani and Miller states that firm value is determined by the earnings power of the firm's assets. While if the results of company is positive this indicate that greater of earnings power, thus the more efficient the asset turnoverand also the higher the profit margin of company obtined. This will have an impact on the value of the company. The ROA value can describe the effectiveness of a company in managing its company assets with the aim of increasing the company's profit margin. One of the goals of investors to invest in a company is to get a return either in the form of dividends or in the form of capital gains. Expected that a company can provide high returns to its shareholders if the company gets high profits. High profits can be obtained if the company can manage its assets properly. The high net profit obtained will make the company's ROA value also higher. The greater the ROA, the better the performance, because the greater the rate of return (Miarti, 2010; Ahmed et al. 2014).). If the company's ability to generate profits increases, the share price increases. In other words, profitability will affect stock prices (Miriati, 2010, Oikonomou, et al, 2014). So it can be concluded that the high value of ROA indicates the better the company's financial performance, the implications of which will increase the value of the company. The implication of this research is that investors will positively evaluate companies that are able to manage their assets well because this will have an impact on increasing the company's profit margins in the future. So the conclusion is that ROA can be taken into consideration by investors in making investments. However, not commonly result Suranta and Kanwal et al (2013) and Nizamuddin, M. (2018) found that ROA has a negative effect on firm value. Negative results indicate that the smaller the earning power, the less efficient the asset turnover and/or the smaller the profit margin obtained by the company.

The results of the ROE hypothesis test indicate that it supports the alternative hypothesis (Ha) which states that there is a significant influence of ROE on firm value with a significance level of 5%, meaning that there is a significant effect of ROE on firm value in manufacturing companies. Significance results mean that apart from seeing ROA, investors also see ROE as a measure in making investment decisions. These results support research conducted by Ayuk (2006); Handoko (2010) and Musa & Nawaiseh (2017). found that financial performance as measured by Return On Equity (ROE) has a significant positive effect on firm value. Increasing demand and supply from customers in the market means increasing sales of products/services so that profits continue to increase. If the company's net profit continues to grow, investors will choose to invest heavily, and this will continue to increase the value of the company. Because one of the main reasons companies operate is to generate profits that are beneficial to shareholders, the measure used in achieving this reason is the high or low ROE number that has been achieved. Investors who will buy shares will be interested in ROE or the share of total profitability that can be allocated to shareholders. The higher the ROE, the higher the company's ability to generate profits for shareholders (Hidayati, 2010 & Aryani, 2011).

The results of the hypothesis test of CSR disclosure will strengthen the relationship between ROE and ROA with firm value indicating that there is a significant and accepted influence with a significance level of 5%, meaning that there is a significant effect of ROA and ROE on firm value in manufacturing companies. These results are consistent with the research conducted by Handoko (2010) and Almsafir (2014). This shows that the CSR variable is considered to be able to strengthen the relationship between ROE and firm value. It can be concluded, CSR disclosure can strengthen the relationship of financial performance (ROA and ROE) with firm value. In theory, CSR disclosure can be considered by investors before investing, because it contains social information that has been carried out by the company (Almsafir, 2014; Sari & Saputra, 2021). This information is expected to be a consideration for investors to invest (Rahayu, 2010). In the Limited Liability Company Law No. 40 of 2007 Chapter IV concerning Social and Environmental Responsibility, it is stated that companies carrying out their business activities in the field and/or related to natural resources are obliged to carry out social and environmental responsibilities. There are indications that investors need to look at the CSR disclosures that have been made by the company, because there are guarantees stated in the Limited Liability Company Law no. 40 of 2007, that the company must implement CSR and disclose it, because if the company does not implement CSR, the company will be subject to sanctions in accordance with the provisions of the legislation. This means, apart from seeing the financial performance reflected in the financial statements, investors also give a positive response to companies that disclose information about their social responsibility.

6. Conclusion

This study provides empirical evidence for the inconclusive result over the previous studies regarding the role of CSR Disclosure on the relationship Financial Performance and Firm Value. The results of this study indicate the financial performance at Indonesia manufacturing listed on IDX has a significant effect on firm value. Financial performance which proxies by ROA and ROE refers to the theory and previous research while firm value using the Tobin's Q measurement. The main findings show that CSR Disclosure significantly influences and strengthens the relationship between Financial Performance and Firm Value in manufacturing companies listed on IDX. Future research should extend the observation period in order to exactly predict with long-term research results and use the relevant CSR disclosure measurement index in Indonesia. Measurement of CSR Disclosure in Indonesia should more comprehensive measurement. This study only using ROA and ROE as a proxy for financial performance. In suggestion for future research, using other financial performance proxies such as EPS, DER, or PER. The contribution of this study is expected to be able to contribute to regulators and decision makers in the manufacturing industry, especially investors, potential investors, creditors, and capital market authorities regarding the relevance of disclosure of Corporate Social Responsibility (CSR) information in the annual report in relation to the value of company and financial performance.

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