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Financial Performance on Corporate Social Responsibility Disclosure: Firm Size as Moderating Variable

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Abstract

his study examines and investigates the effect of financial ratios on stock returns in food and beverage manufacturing companies listed on the Indonesia Stock Exchange. This research is quantitative. The population in this study are all retail trading sub-sector companies listed on the Indonesia Stock Exchange from 2019 to 2021, totaling 35 companies. The sample selection in this study used the purposive sampling method; that is, only 11 companies were selected as samples. The data source in this study uses secondary data in the form of annual financial statements for the 2019-2021 period. The analytical method consists of panel data regression analysis with the help of eviews 12. The results show that financial performance as proxied by ROA has a positive and significant effect on retail trade CSR disclosures on the Indonesia Stock Exchange. Meanwhile, company size can moderate the impact of financial performance as proxied by ROA on retail trade CSR disclosures on the Indonesia Stock Exchange.

Keywords: Return on Assets, Corporate Social Responsibility, Firm Size

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Introduction

The capital market plays a big role for business actors. Through the capital market, business actors obtain funds to expand their business by increasing the company's ownership by selling shares. Everyone who buys shares, then we know the investor. Every investor in the capital market always expects a level of profit called return (Pandiangan, 2018). Stock Return is the rate of return on shares and information that investors will use to determine their investment decisions. Stock returns and trading frequency are influenced by many factors, one of which is internet financial reporting (IFR). Fitriani, (2016) argues that IFR is a unique form of disclosure that becomes a medium for companies to provide information to the broader

community as soon as possible. Disclosure of financial information on the company's website is a form of voluntary disclosure practiced by various companies. The Financial Services Authority through the Financial Services Authority Regulation Number 31 /POJK.04/2015 concerning disclosure of material information or facts by issuers or public companies, considering that in order to improve the quality of disclosure by issuers or public companies, primarily related to material information or facts, it is necessary to improve regulations regarding information disclosure that must be immediately announced to the public by stipulating financial services authority regulations regarding disclosure of material information or facts by issuers or public companies (Almilia & Budisusetyo, 2019). To maintain its existence, a company considers not only financial factors but also social and environmental factors. This is because the company's activities will have social and ecological consequences. To demonstrate that the company will be profit-driven and socially and environmentally conscious, we are familiar with the concept of corporate social responsibility. The company's operations are not solely for the benefit of shareholders, workers, local communities, government, non-governmental organizations (NGOs), consumers, and, of course, the environment. (Sulhan, 2014).

In its development, all companies do not carry corporate social responsibility. There were several cases where there were violations of the company's social responsibility, for example, the Lapindo Brantas Inc hot mud flood in Sidoarjo, East Java, and the pollution of Buyat Bay in South Minahasa by PT. Newmont Minahasa Raya, forest fires by oil palm plantation companies in Sumatra and Kalimantan, the problem of empowering tribal communities in the Freeport mining area in Papua, and the conflict between the Acehnese community and Exxon Mobil, which manages natural gas in Arun, are confirmed cases of neglect of corporate social responsibility (Sari & Rani, 2015).

According to Pradnyani (2015), the company agrees to demonstrate various corporate social activities to gain public acceptance. Good reception from the community can help the company achieve its goals to ensure its survival of the company. Legitimacy from the community can make the company grow. According to Maulana (2014), managing legitimacy effectively is by carrying out a legitimacy strategy with disclosures related to CSR. With good CSR disclosure, it is hoped that the company will gain legitimacy from the community it affects the company's existence.

The Triple Bottom Line theory put forward by John Elkington in 1997 through his book "Cannibals with Forks, the Triple Bottom Line of Twentieth Century Business" gives the view that if a company wants to maintain its survival, then the company must pay attention to the "3P" (Profit). , People, Planets). In addition to pursuing profit (profit), companies must also pay attention to and be involved in fulfilling community welfare (people) and actively contribute to preserving the environment (planet) (Indah Merina, 2016).

In Indonesia, awareness of the need to protect the environment has developed. This is indicated by the existence of regulations governing this matter in Law No. 40 of 2007 concerning Limited Liability Companies, in chapter IV, the second part of article 66 (2), point c, which regulates the annual report. It is stated that the board of directors must submit an annual report that at least contain a report on the implementation of social and environmental responsibility. Furthermore, in Law no. 40 Article 74 of 2007, chapter V on Social Responsibility. Article 74 (1), (2), (3), and (4) states that companies that carry out their business activities in the fields of or relating to natural resources are obliged to carry out corporate social responsibility, namely in the form of costs that are budgeted and calculated as

company costs, whose implementation is carried out with due observance of compliance and fairness. If the company does not fulfill these obligations, it will be subject to sanctions following the provisions of the legislation. To be sustainable, companies need to consider their social environment in making decisions (Putri, 2017).

Agency theory states that the company is a place or intersection point for contractual relationships between management, owners, creditors, and the government (Harahap, 2008). An agency relationship arises when the principal pays a professional manager to act on his behalf and delegates the power to make decisions about the company or employees (Maulana & Yuyetta, 2014). In agency theory, companies with a high level of profitability tend to disclose more social information because the higher level of profitability reflects the entity's ability to generate higher profits, so the entity can increase social responsibility, as well as disclose social responsibility in the report. Finance more broadly (Ekowati, 2012). This follows empirical studies (Pradnyani & Sisdyani, 2015; Sari & Rani, 2015; Sultan, 2014), which state a positive relationship between ROA and the level of social disclosure. However, other studies such as research (Indah Merina, 2016; Maulana & Yuyetta, 2014) results that ROA does not affect the disclosure of social responsibility. Research (Pradnyani & Sisdyani, 2015) states that ROE positively affects CSR disclosure. However, it is different from the research results (Putri, 2017), which state that ROE has a negative effect on CSR disclosure. This shows that the greater the ROE value generated, the less CSR disclosure the company makes. Putri's research (2017) also reveals that NPM positively influences CSR disclosure.

Larger companies tend to have a higher public demand for information than small companies (Purnama et al., 2014). This is associated with agency theory, where large companies with higher agency costs will disclose more comprehensive information to reduce agency costs; this study uses the number of assets to measure the company's size. According to Yovana (2020), The increase in profit will automatically increase the company's total assets and equity. In agency theory, it is stated that higher profits will make companies disclose more social information (Fauzi et al., 2017). The greater the number of assets of a company, the better the company's condition, and it attracts the attention of investors to invest their shares in the company (Yustiana & Ardiyanto, 2021). The number of investors who invest shares in the company is expected to disclose more social information. There have been several studies using firm size as an independent variable and as a moderating variable. Some of these studies still have different results. Research (Maulana & Yuyetta, 2014; Purnama et al., 2014) using firm size as an independent variable result that firm size influences CSR disclosure, but research (Yovana & Kadir, 2020) states that firm size does not affect CSR disclosure. Research that uses firm size as a moderating variable, as in Fauzi's research (2017), stated that firm size could moderate the relationship between CSP and FFP, but Orlitzky's (2017) research stated otherwise that firm size could not moderate the relationship between CSP and FFP. Justina's research (2021) states that firm size can moderate the relationship between CSR disclosure and ROA but cannot moderate the relationship between CSR disclosure and DER.

Based on the results of previous research reviews, it is known that there are inconsistent (inconsistent) results of previous studies. CSR disclosure is not always determined by financial performance, and company size cannot always moderate the relationship between financial performance and CSR disclosure. On this basis, researchers are motivated to research the effect of financial performance on CSR disclosure with company size as a

moderating variable. This study takes the retail trade sub-sector company as the object of research.

Table 1. Disclosure of CSR of Retail Trade Subsector Companies in Indonesia

No	Stock code	Quarter	CSR Disclosure			
			2013	2014	2015	2016
1	ACES	March	7,69%	7,69%	7,69%	8,97%
		Jun3	7,69%	7,69%	8,97%	10,26%
		September	8,97%	8,97%	8,97%	10,26%
		December	10,26%	10,26%	11,54%	11,54%
2	CSAP	March	10,26%	10,26%	11,54%	12,82%
		June	11,54%	11,54%	12,82%	12,82%
		September	10,26%	11,54%	11,54%	12,82%
		December	11,54%	12,82%	10,26%	12,82%

Based on table 1, it is known that most of the retail trade sub-sector companies are still minimal in CSR disclosure. This can be seen from the small value of CSR disclosure. The average CSR disclosure of retail trade sub-sector companies for three years is 13.92%. The existence of the phenomena that have been conveyed, both the phenomenon of cases of social responsibility violations and the differences in the results of previous research, the researchers are interested in examining the effect of financial performance on the disclosure of corporate social responsibility with company size as a moderating variable in retail trading companies that listed on the Indonesia Stock Exchange.

This study uses agency theory, whereas an agent of a principal who represents all groups with interest in the company, the management discloses social responsibility as an effort to meet public demands. Agency theory concerns the relationship between company members, namely managers as agents and stakeholders and shareholders as principals. In an agency relationship, there may be conflicts between the principal and the agent. Conflict can be caused because the agent does not act following the principal's wishes which can trigger agency costs (Pradita & Suryono, 2019).

The company is not only responsible to the owners (shareholders) regarding economic indicators. However, it has shifted to a broader scope, namely to the social sphere (stakeholders), by considering social factors, so the term social responsibility appears. This phenomenon occurs because of demands from the community due to negative externalities and social inequality. According to Imron (2018), saying that the survival of the company depends on the support of stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts, and also other parties), and that support must be sought so that the company's activities are to seek that support. The more powerful the stakeholders, the greater the company's effort to adapt. Social disclosure is considered part of the company's and its stakeholders' dialogue.

Based on stakeholder theory, it is stated that the company's management is expected to be able to carry out activities as expected by stakeholders and report them to stakeholders. This theory states that stakeholders have the right to know all mandatory and voluntary information, financial and non-financial (social) information. The impact of the company's

activities on stakeholders can be known through the responsibilities provided by the company in the form of financial and non-financial (social) information (Mandaika & Salim, 2015).

Legitimacy theory is based on the social contract between the company and the surrounding community where the company operates and uses economic resources. In a fundamental sense, legitimacy is about certain social relationships that are done as morally proper. Legitimacy is a status or condition that occurs when the value system of an entity is equal and comparable to that of society. Silalahi (2017) explains the concept of a social contract as that social institutions are no exception for companies operating in the community through social contracts, both explicit and implicit, where survival and growth are based on results that can be socially provided to the broader community and distribution of benefits. Economic, social, or political to the group according to their power.

Hadrian (2016) states that legitimacy is given by the community to the company and, at the same time, something that is needed (wanted by the company). Legitimacy is the benefits, opportunities, and potential resources needed to maintain the company's going concern. According to Nguyen (2021), one of the efforts companies need to make to manage legitimacy to be effective is to carry out legitimacy and disclosure strategies related to CSR. With good CSR disclosure, it is expected that the company will gain legitimacy from the community, which affects its existence.

This theory states that organizations are part of society, so they must pay attention to the social norms of society. Community legitimacy is a strategic factor for the company to develop the company in the future. This can be used to construct the company's strategy, especially concerning efforts to position itself in an increasingly advanced society. Legitimacy is a psychological state of partiality of people or groups susceptible to the symptoms of the surrounding environment, both physical and non-physical. Donovan argues that organizational legitimacy can be seen as something that society gives to the company and something that the company wants or seeks from society. For this reason, as a system that prioritizes partiality or the community's interests, the company's operations must follow the community's expectations. Thus, legitimacy has benefits or potential resources for the company to survive (Kalsum, 2021).

Political economy theory explicitly recognizes the power of conflict in society and the various struggles that occur in various groups in society. According to Deegan, the perspective included in legitimacy and political economy theory is that society, politics, and economics cannot be separated. Economic issues cannot be investigated meaningfully without a view of the political and economic institutional framework in which economic activity is carried out by considering the issues that affect the organization's activities and what information is chosen to be disclosed (Sari & Rani, 2015).

According to The World Business Council for Sustainable Development (WBCSD), Corporate Social Responsibility is defined as a business commitment to contribute to sustainable economic development through collaboration with employees and their representatives, their families, local communities, and the general public to improve the quality of life by ways that are beneficial for both the business itself and for development (Aras et al., 2018). CSR disclosure is one of the media chosen to show the company's concern for the surrounding community. In other words, if the company has contracts with foreign stakeholders both in ownership and trade, the company will be more supported in disclosing

social responsibility (Naseem et al., 2017).

CSR activities can be informed and communicated to stakeholders through disclosure in the company's annual report or a separate social report (Malik & Kanwal, 2018). According to Hadrian (2016), The report is one way to reflect the level of corporate accountability, responsibility, and transparency to investors and other stakeholders. In Indonesia, the practice of CSR disclosure is regulated by the Indonesian Institute of Accountants (IAI) in the Statement of Financial Accounting Standards (PSAK) No.1 Paragraph 9, which states that: Companies can also present additional reports such as reports on the environment and value-added reports. Statement), especially for industries where environmental factors play an important role and for industries that consider employees as a group of report users who hold essential reports. Likewise, in Law number 40 of 2007 concerning Limited Liability Companies in chapter IV, the second part of article 66 (2) point c states that the company's annual report must contain a report on the implementation of social and environmental responsibility, meaning that the report on social responsibility is a report that must be reported to the public. The company's annual report is published for shareholders and stakeholders.

Companies use performance measurement to make improvements to their operational activities to compete with other companies. For investors, information about the company's performance can be used to see whether they will maintain their investment or look for other alternatives (Thuy et al., 2021). Financial ratio analysis aims to assess a company's financial performance (Usman & Amran, 2015). To measure the company's ability to generate profits, the type of financial ratio used is the profitability ratio. The profitability ratio is a ratio to measure the company's overall performance and efficiency in managing assets, liabilities, and wealth. This ratio consists of gross profit margin, operating profit margin, net profit margin (NPM), cash flow margin, return on assets (ROA), return on Equity (ROE), and cash return assets (Giannarakis et al., 2016).

Return On Assets is a ratio to measure the business's rate of return on all existing assets. This ratio describes the efficiency of the funds used in the company (Platonova et al., 2018). Companies with good ROA value indicate that the company is in good performance condition and has a strong competitive position. This will trigger reactions from stakeholders to encourage the company to make efforts to improve and care for environmental and social problems (Indah Merina, 2016). Return On Equity is a ratio to measure the business's rate of return on all existing capital. ROE is one of the indicators used by shareholders to measure the success of their business (Putri, 2017). Meanwhile, Net Profit Margin (NPM) is a ratio that describes the company's ability to provide returns from net sales, so the more significant the NPM ratio will show the company's performance well (Maulana & Yuyetta, 2014).

Company size is defined as the size of a company that can be measured by the total assets of a company, sales, and market capacity. This study uses the number of assets to measure the size of the company. According to Yovana (2020), The increase in profit will automatically increase the total assets and total Equity of the company. In agency theory, it is stated that higher profits will make companies disclose more social information (Putri, 2017). The greater the number of assets of a company, the better the company's condition, and attracts investors' attention to invest their shares in the company (Maulana & Yuyetta, 2014). The number of investors who invest shares in the company is expected to disclose more social information.

Based on the legitimacy theory, it can be explained in an argument that through a high ROA value, companies can have the opportunity to form a social contract with the community, namely by implementing and reporting all CSR activities. This aims to gain legitimacy or a positive reaction for the company to gain public trust, which leads to the company's strength in the long term.

The implementation of corporate social responsibility is believed to be able to encourage an increase in the company's financial performance, which later investors will prefer to invest their capital in the company by carrying out CSR activities in their company for investors; companies that carry out CSR activities tend to bring more profits than companies that do not carry out CSR activities within their companies, then the company can encourage the improvement of its financial performance. The relationship between corporate profitability and corporate social responsibility disclosure has become a basic assumption to reflect the view that social reactions require a managerial style. Therefore, the higher the level of company profitability, the greater the disclosure of social information. The Return On Assets (ROA) ratio is applied to measure how capable the company is of generating profits. The fulfillment of the agent's duties to the principal, namely obtaining profit, will free the management of a company to carry out CSR, which is an effort to perpetuate good relations with stakeholders. Sultan (2014) states that the higher level of profitability reflects the ability of the entity to generate higher profits so that the entity can increase its social responsibility and disclose its social responsibility in financial statements more broadly. This is in line with the statement (Sari & Rani, 2015) that a positive relationship exists between profitability (ROA) and CSR disclosure.

H$_1$: ROA has a significant effect on CSR disclosure in retail trading companies listed on the Indonesia Stock Exchange.

Companies with larger company sizes are estimated to have the opportunity to attract large amounts of debt compared to small companies. After all, the value of assets pledged as collateral is more significant than small companies because the value of assets used as collateral is more significant, and the level of bank confidence is also higher. The company's size can be seen from the total assets owned by the company because the more significant the assets owned by a company, the greater the size of the company. Large companies are more of a concern for the government and the public. In this case, large companies view the importance of social disclosure in explaining the possibilities of other costs incurred (Maulana & Yuyetta, 2014). This is associated with agency theory, where large companies with higher agency costs will disclose more comprehensive information to reduce agency costs (Purnama et al., 2014). In this study, the size of the company is a moderating variable where the size of the company is expected to be an intermediary factor that can strengthen or weaken the relationship between ownership structure and company financial performance with CSR disclosure. The larger the company's size, the easier it is to obtain both internal and external sources of funds (Pramana & Mustanda, 2016). According to Adam and Hardwick (1998) in Susanti and Santoso (2011), the larger the company's size, the greater the company's obligation to carry out CSR. Therefore, the company is expected to be able to disclose social programs as well as possible to increase its positive image and gain social legitimacy from

stakeholders. Research (Fauzi et al., 2017) uses firm size as a moderating variable which states that firm size can moderate the relationship between financial performance and CSR. Companies with a high level of profitability tend to try to increase CSR to convince investors that the company does not only pay attention to the short-term impact (profit).

H$_2$: Firm size can moderate the relationship between financial performance and CSR disclosure in retail trading companies listed on the Indonesia Stock Exchange.

Research Design and Method

This type of research is quantitative research. The population in this study are all retail trading sub-sector companies listed on the Indonesia Stock Exchange from 2019 to 2021, totaling 35 companies. The sample selection in this study used a purposive sampling method, namely, taking samples from a population with specific criteria (Sugiyono, 2017). The criteria used are a) Retail trading sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. b) Retail trade sub-sector companies that have never experienced losses during the 2019-2021 observation period. c) Retail trade sub-sector companies that have complete data required in this study. Based on the sample criteria, it is known that of the 35 retail trading companies that are the object of observation, only 11 companies are selected as samples. The data source in this study uses secondary data in the form of annual financial statements for the 2019-2021 period. Data collection techniques use the documentation method, namely data collection based on records or documents related to the research object. The analytical method used is panel data regression consisting of descriptive statistical analysis, classical assumption test consisting of (normality test, multicollinearity test, heteroscedasticity test), and testing all hypotheses through the coefficient of determination f-count test, and Moderate Regression test—analysis (MRA).

Table 2. Operational Variables

Variables	Indicator	Major References
Financial Performance	$\text{ROA} = \frac{\text{Net profit}}{\text{Total Assets}}$	(Sari & Rani, 2015; Sulhan, 2014)
Corporate Social Responsibility	$\text{CSRDI} = \frac{\Sigma \text{Xij}}{\text{nj}}$	(Maulana & Yuyetta, 2014)
Firm Size	Size = Log natural (Total Assets)	(Yovana & Kadir, 2020)

Results and Discussion

Statistical Result

The results of this study were obtained based on the processing of 33 company financial statement data related to financial performance variables proxied by ROA, company size, and

CSR disclosure. The results of descriptive statistics are presented in table 3.

Table 3. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean
Financial Performance	33	0.35	4.3575	6.35
Firm Size	33	21.70	28,95	25.29
CSR	33	.010	.13	.08
Valid N (listwise)	33			

Source: Processed data (2022)

Table 3 shows that the highest ROA value is 4.3575, the lowest is 0.35, and the average ROA for all research samples during the observation period is 6.35. Firm size, measured by the natural logarithm of total assets, has the highest value of 28.95, the lowest value of 21.70, and the average firm size of 25.29. Meanwhile, the CSR disclosure index has the highest acquisition value of 0.13, the lowest is 0.10, and the average CSR disclosure index in this study is 0.08.

The data normality test is used to determine whether the resulting error has a normal distribution in a regression model. The normality test for the residuals in this study used the Jarque-Bera (JB) test, with a significance level of = 0.05. The test results are shown in Figure 1 below:

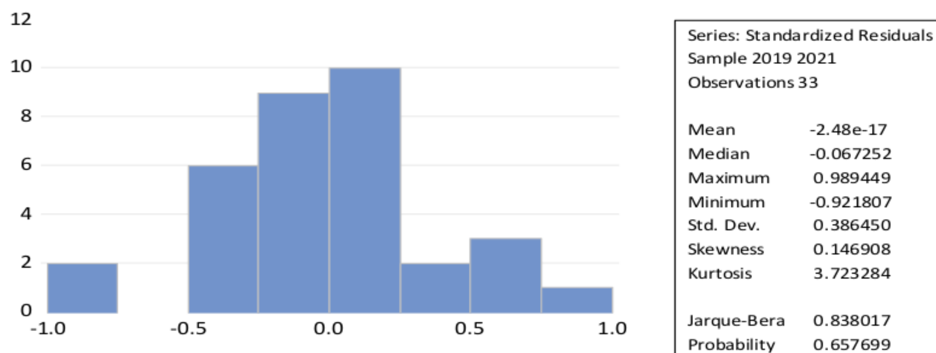

Figure 1. Normality Test

Source: Data processed by eviews, 2022

Figure 2 shows that the probability value of Jarque Bera's statistic is 0.657699. Because the probability value, which is 0.657699, is greater than the significance level, which is 0.05. This means that the assumption of normality is met. The multicollinearity test is one of the classical assumption tests to find correlations or relationships between independent variables. Multicollinearity tests can only be performed on Study models with the number of independent variables or predictors of two or more variables. A regression model can be good if the independent variables do not have a high correlation. The statistical tool that can be used to test the multicollinearity barrier in this research model is the coefficient value between the variables, the Centered VIF value is less than 10, so this research model is said not to have multicollinearity.

Table 4. Multicollinearity Test

No	Auxiliary	Centered VIF	Information
1	ROA	2,173	there is no multicollinearity
2	Firm Size	1,941	there is no multicollinearity
3	CSR	2,518	there is no multicollinearity

Source: Data processed by eviews, 2022

Table 4 shows the results of testing the correlation between independent variables. The test results with the VIF value of each independent variable are more minor or less than 10. So it can be concluded that there is no correlation between the independent variables in this research model. This test is conducted to determine whether there is a correlation or relationship between the residuals in one observation with other observations in the regression model. A statistical tool that can be used to determine the correlation between residuals in this study is the Durbin-Watson test. Detection of autocorrelation can be seen from the provision that the DW number below -2 means that there is a positive autocorrelation, between -2 to +2 means that there is no autocorrelation, and above +2 means that there is a negative autocorrelation.

Table 5. Autocorrelation Test

No	Autocorrelation	Value	Information
1	Durbin-Watson stat	2,040194	Positive Autocorrelation

Source: Data processed by eviews, 2022

Table 5 shows the results of the Durbin Watson test. The value on the test output is 1.071 where the DW number is between -2 to +2. So, it can be concluded that there is no autocorrelation. The heteroscedasticity test aims to see whether there is an inequality of variance in the residuals from one observation to another. Heteroscedasticity test in this study used ARCH test. Which is presented in Table 5 below:

Table 6. Heteroscedasticity Test

No	Information	ARCH Test
1	F. Statistics Prob. F	1,439967 0,111846
2	Obs* R-Square Prob. Chi-Square	1,741902 0,696126

Source: Data processed by eviews, 2022

Prob value. From the calculated F and Chi-Square counts of all tests greater than the significance value of 5%, there is no heteroscedasticity in the equation model.

Table 7. Simultaneous Test (f test)

No	Informaton	F-Test
1	F. Statistics Prob. F	7,41902 0,00006

Source: Data processed by eviews, 2022

The result of the calculated f-test is 7.41902, and the probability value of the f-statistic is 0.00006 < 0.05, so ROA and company size simultaneously significantly influence CSR in retail trading sub-sector companies listed on the Indonesia Stock Exchange in 2019 until 2021. The coefficient of determination (R2), according to Ghozali (2006) in Prasinta (2012), is used to measure and determine the suitability of the relationship between the independent variable and the dependent variable in a regression equation. The value of the coefficient of determination is between 0 and 1. If the value of R2 is small, it is close to 0; then it shows that the ability of the independent variable to explain the dependent variable is minimal. Conversely, if R2 is close to 1, it shows the ability of the independent variable to provide almost all the information needed to explain the dependent variable.

Table 8. Coefficient of Determination

Information	R Squared	Adj. R-Squared
Model 1	0,4648	0,4170
Model II	0,5581	0,4314

Source: Data processed by eviews, 2022

Based on the results of the determination coefficient test in table 8, the R Square value obtained is 0.464, which indicates that CSR disclosure is influenced by financial performance variables proxied by ROA of 46.4%, and the remaining 53.6% is influenced by other variables that have not been studied in the study. This. Moreover, based on the results of the coefficient of determination model II, the R Square value obtained is 0.558, which indicates that CSR disclosure is influenced by financial performance variables (ROA), company size, and financial performance moderated by company size by 55.81% and the remaining 43.19% influenced by other variables that have not been studied in this study.

The value of R Square of the effect of financial performance (ROA) on CSR disclosure after moderation is greater than the value of R Square before moderation. This indicates that company size can moderate the effect of financial performance (ROA) on CSR disclosure.

Table 9. Coefficient of Determination

Variables	Coefficient	t-Statistic	Sig.
Contant	21.628	6.805	.000
ROA	.714	.509	.614
Firm Size	-.470	-3.659	.001
ROA*Firm Size	.022	2.439	.003

Source: Data processed by eviews, 2022

Based on the table 9, the regression equation formed in this regression test is:

$$Y = 21{,}628 + 0{,}714X - 0{,}470Z - 0{,}022XZ$$

In the regression equation, it can be explained that the constant value (α) is 21,628; this means that if there is no change in the independent variable, namely financial performance as proxied by ROA, company size, and financial performance (ROA) with moderate company size, CSR disclosure is equal to 21,628. The regression coefficient value for financial

performance as a proxy for ROA in this study is 0.714. In this study, it can be stated that financial performance as proxied by ROA has a positive effect on CSR disclosure. This shows that when there is an increase in financial performance as proxied by ROA, it will impact increasing CSR disclosure by 0.001. The regression coefficient value for the company size in this study is -0.470. In this study, it can be stated that company size has a negative effect on CSR disclosure. This shows that when there is an increase in company size, it will impact decreasing CSR disclosure by 0.470. The regression coefficient value for financial performance (ROA) with firm size moderation in this study is 0.022. In this study, it can be stated that financial performance (ROA) with moderate firm size positively affects CSR disclosure. This shows that when there is an increase in financial performance (ROA) with the moderation of company size, it will impact increasing CSR disclosure by 0.022.

Discussion

Based on multiple linear regression analysis, it is known that financial performance as proxied by ROA has a positive coefficient which means that financial performance is in line with CSR disclosure. Meanwhile, based on the partial test, it is known that the financial performance proxied by ROA significantly affects CSR disclosure. This means that financial performance is a determining factor for CSR disclosure. Financial performance in this study is proxied by return on assets (ROA). ROA is one of the profitability ratios considered essential to determine the size of the company's effectiveness in generating profits by utilizing its assets and measuring the efficiency of using resources (assets) to generate net income for the company. The measurement scale used is the ratio scale. The relationship between a company's financial performance and disclosure of social responsibility would be better expressed with the view that the social response demanded from management is equal to the ability required to make a company earn a profit. Based on the legitimacy theory, it can be explained in an argument that through a high ROA value, companies can have the opportunity to form a social contract with the community, namely by implementing and reporting all CSR activities. This aims to gain legitimacy or a positive reaction for the company to gain public trust, which leads to the company's strength in the long term. The results of this study are in line with the research of Mudjiyanti (2017), which states that the higher level of profitability reflects the ability of the entity to generate higher profits so that the entity can increase social responsibility, as well as disclose its social responsibility in financial statements more broadly. The results of this study are also in line with the results of Almilia's (2019) research that there is a positive relationship between profitability (ROA) and CSR disclosure.

Based on the study's results, it is known that company size can moderate the effect of financial performance as proxied by ROA on CSR disclosure. This indicates that company size can strengthen the influence of financial performance (ROA) on CSR disclosure. Company size is defined as the size of a company that can be measured by the total assets of a company, sales, and market capacity. This study uses the number of assets to measure the size of the company. The scale used is the ratio. Large companies are more of a concern for the government and the public. In this study, the size of the company is a moderating variable where the size of the company is expected to be an intermediary factor that can strengthen or weaken the relationship between ownership structure and company financial performance with CSR disclosure. The larger the company's size, the easier it is to obtain both internal and

external sources of funds (Pramana & Mustanda, 2016). In this case, large companies view the importance of social disclosure in explaining the possibilities of other costs incurred (Maulana & Yuyetta, 2014). This is associated with agency theory, where large companies with higher agency costs will disclose more comprehensive information to reduce agency costs (Purnama et al., 2014). This study's results align with the results of research from (Fauzi et al., 2017; Orlitzky, 2017), which found that company size is an intermediary factor that can strengthen a company's financial performance with CSR disclosure.

Conclusions

Based on the results of research and discussion in the previous chapter, this study concludes that financial performance proxied by ROA has a positive and significant effect on retail trade CSR disclosures on the Indonesia Stock Exchange. While the company's size can moderate the effect of financial performance as proxied by ROA has a positive and significant effect on retail trade CSR disclosures on the Indonesia Stock Exchange. Based on the conclusions that have been put forward, the suggestions that can be put forward are that retail trading companies listed on the BEI must pay attention to the disclosure of their social responsibilities. Moreover, for further researchers to be able to develop this research by changing the object of the research, adding other variables, and expanding the research population.

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