CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE (CSRD) IN LITERATURE STUDY

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Abstract

Corporate Social Responsibility Disclosure (CSRD) is important in a company because it is a stakeholder consideration in carrying out Sustainability Reporting as well as material for investors in investing in a company's shares. In this study the authors conducted a literature study obtained from national and international scales of 41 journals. The data taken is then drawn general conclusions as the goals to be achieved by the author. In the results of the study, it can be concluded that as a consideration of an investor and other stakeholders that CSRD is important in making decisions about investment in companies.

Keywords: *CSRD, Financial Ratios, Agents, Legitimacy, Stakeholders*

INTRODUCTION

Companies in their industrial development are never far from the social life of the surrounding community which is a very important factor in the company's activities. So that in carrying out the activities or activities of the company must have a positive or good reciprocal impact on the community around the company. In the early 1990s the company only focused on profit, at which time the company openly polluted the environment so that its goals or profits could be realized.

Also in the 1990s, John Elkington, a writer from England, gave a quote to stakeholders that in the book, he coined the concept of the triple bottom line (TBL), which is a basis that has three urgent elements, namely social justice, environmental quality, and welfare. economics which explains in detail that the company's relationship is not only for business interests but for the interests of the surrounding community.

Initially the basic concept of Corporate Social Responsibility Disclosure (CSRD) was debated for several companies because reporting was mandatory or voluntary, because if it was implemented it would be a burden on the company which would use the company's reserve funds, namely profits and if profits were used it would experience decrease every year. Corporate Social Responsibility Disclosure (CSRD) in terms of theory expressed by Markus J.

In the development of CSRD, it is examined in an increasingly broad theory as a consideration for stakeholders in carrying out the sustainability of their company. Not a few in the implementation of CSRD companies commit abuse of authority or violations in as well as fraud. For example, in Indonesia, the Sidoarjo mudflow case has an impact on all aspects of social and environmental responsibility and also has an impact on the economy of the surrounding community. This of course not only burdens the surrounding community but also burdens the government in terms of providing assistance in handling the Sidoarjo mudflow case.

Noting the importance of corporate social responsibility or CSRD for the company's sustainability, in previous research the authors explored several factors and aspects that influence corporate social responsibility that are considered important including social, economic, environmental, and employee factors. In addition, profitability ratios, liquidity ratios, solvency ratios and activity ratios are one of the influencing factors in CSRD on stakeholders in investing in a company's shares.

METHODS

The method of making this article uses data collection in the form of literature review by searching journals and articles that discuss Corporate Social Responsibility Disclosure (CSRD) which are published nationally and internationally in 41 journals. The data taken is then analyzed and reviewed by the author by drawing conclusions and outlines from the journals sought and explained according to the needs of the authors in this study. So that from drawing conclusions it can help in the development and deepening of the knowledge that the author is researching

RESULTS AND DISCUSSION

Corporate Social Responsibility Disclosure (CSRD)

CSR Disclosure is information provided by the company related to its policies, aspirations and activities towards the community, customers, employees and the environment. (Gray et al., 1995). According to ISO 26000 CSRD is the responsibility of an organization for the results of decisions and activities in society and the environment carried out in transparent and ethical activities in line with the principles of sustainable development.

Factors that influence CSRD in Zhihua Lian's research (2022) which reveals the relationship between CSRD disclosure, effective tax rates, corruption, and sustainable business performance in countries spread across ASEAN. This study shows that sustainable business performance can achieve its goals by disclosing CSRD, managing effective tax rates, and business administration to control corruption, increasing the level of leverage and company value. Companies as actors in the business world should be able to provide the integrity of CSRD practices to the orientation of the company's financial policies and their administration and make regular disclosures in audit reports or annual sustainability reports.

It became a finding in research (weny et al., 2022) in the tourism sector on the Indonesia Stock Exchange that Liquidity has no significant effect on CSRD, Activity Ratio has a significant effect on CSRD, Solvability has no significant effect on CSRD and CSRD has no effect significant to the stock price. Research on other Indonesian Stock Exchanges that examines the effect of CSRD on Return On Assets, Return On Equity (ROE), Earning Per Share (EPS) explains that CSRD has a significant positive effect on ROA and ROE, but CSRD has no effect on EPS. So that the research findings provide consideration to stakeholder management in making their decisions regarding reputation in public. (Ayu Chairina et al., 2022)

In the world of Islamic banking companies, it has been found that the implementation of CSRD in the world of conventional and Islamic banking has similarities and differences from various aspects. In terms of similarities, they both have social and environmental responsibility before God in terms of differences and the results of Islamic banking have a positive value because CSRD practices are mostly related to Islamic terms such as justice and social, accountability, giving zakat, financial structure and implementing Islamic ethical values. (Ambren et al., 2012). In terms of the world of banking, other research provides another discussion (Hasan et al.,) that CSRD does not have a positive influence on Return On Assets, Return On Equity, Net Profit Margin, Investment Account Holders, Debt and Financial Ratios. So that ,

Furthermore, (Alia et al., 2019) in disclosing the economic and CSRD aspects in terms of the environment, they have no effect on stock returns. Meanwhile, CSRD and social CSRD have a positive and significant effect on stock returns. In addition, Return On Assets is able to moderate the positive social influence of CSRD with stock returns. However, ROA cannot moderate the influence of CSRD, CSRD in terms of the economy and the environment with stock returns. So that the higher the disclosure of CSRD and CSRD in the social aspect, the return on shares will also be high and ROA also strengthens the influence of CSRD on the social side with stock returns. Research in sharia mining business also supports this research (Henny Ariani et al., 2021) explains that CSRD has a positive and significant influence on profitability ratios. So that this research has a contribution to the development of the theory of Good Corporate Governance (GCG) which has a relationship to CSRD activities, especially for companies engaged in Sharia mining. This research also provides positive insights in relation to corporate governance, achieving profitability ratios to CSRD activities.

Corporate Social Responsibility Disclosure (CSRD) with Profitability Ratios has an effect on Tax Avoidance in Islamic Jakarta (Ajeng Tita et al.,) Other results show that CSRD has a negative and insignificant effect on Tax Avoidance. Profitability ratios have a negative and significant effect on Tax Avoidance where CSRD and Profitability have a simultaneous effect on Tax Avoidance. So that overall in order to be able to develop the characteristics of other companies that have an influence on tax evasion other than the variable Profitability ratio. This research can also be developed using environmental, social,

The theory of CFP (Corporate Financing Performance) as an analysis in the statement of financial position in a certain period that examines the efficiency in generating corporate income has a strong influence on environmental performance, the environment has an influence on CSRD, CSRD has an influence on CFP, and environmental performance has an influence on CFP without having to go through CSRD (Riska Rumaningsih et al., 2021). During the Corona Virus Pandemic it had an impact on the company's financial performance which affected the social outlook of the community and investors with the sustainability of the risk of financial distress. Companies currently need a program in order to make improvements to the situation after the Corona Pandemic. CSRD and the implementation of GCG will be able to help improve the company's financial performance. Research explains that CSRD, independent board of commissioners, audit committee, and company size have a significant effect on financial performance, on the other hand institutional ownership and board of directors do not have a significant effect on financial performance. (Desra Tulhasanah et al.,) Testing the effect of CSRD with annual reports on Profitability Ratios and Earning Response Coefficient (ERC). CSRD has a significant positive effect on ROA and ROE. In addition, CSRD does not affect NPM and ERC. So from ity, this study examines the effect of CSRD with profitability ratios and ERC with size and leverage as control variables. CSRD in the view of stakeholders is a useful asset. Besides that, CSRD will encourage investor confidence in the company which then increases the company's ROE. CSRD has no effect on net profit margin (NPM). Control Variables This explains which as an indicator of the company's reporting in the financial statements has no effect on the company's NPM. CSRD has no influence on the income response coefficient (ERC)

CSRD provides an explanation that company ownership and leverage have no effect on CSRD, while company size and return on assets have a significant positive effect on CSRD. Company Value provides an explanation that Company Size, Company Ownership, and Return on Assets, have no effect on Firm Value and Leverage (DAR) has a negative and significant effect on Firm Value, while CSRD has a positive AND significant effect on Firm Value. CSRD does not mediate the influence of Company Ownership, Return on Assets and Leverage (DAR) with Firm Value (Fitria et al., 2018).

In various countries, for example Kenya CSRD disclosures are carried out in a stakeholder approach using financial reports as the data tested. There is no significant impact in CSRD on the company's financial performance which in theory provides an unequal company internal control suggestion from a company's stakeholders in growing competition in terms of its financial performance (Robert A Kingwara: 2020). CSRD in Jordan in tracing companies engaged in the industry sector provides results where CSRD can bring competitive advantage because it will contribute to a company's strong financial performance.

Corporate Social Responsibility Disclosure (CSRD) is a method of presenting a financial and non-financial report that is closely related to an organization's social and economic environment, as set forth in the company's financial statements and its sustainability report separately (Guthrie & Mathew, 1985). Global Reporting Initiative (GRI) Explains 6 indicators, namely economic, environmental, labor practices, social, product and human rights performance.

CSRD management within the company applies several principles according to ISO 26000 as reporting on Social and Environmental Responsibility including accountability, transparency, respect for stakeholders, ethical behavior, legal compliance, respect for human rights and respect for international behavior. In ISO 26000 it is also explained that CSR is not only carried out by a company, but can be carried out by institutions or other agencies. In corporate CSRD reporting, the higher the level of debt and equity ratios, the higher the possibility of violating the agreement so that stakeholders automatically report higher profits. In order to report high profits, companies reduce reporting numbers in the sense of reducing CSRD reporting as well.

Agency Theory

Agency theory is a theory that explains the relationship between stakeholders and shareholders. Through agency theory, CSRD provides an explanation of companies implementing CSRD aiming to create a positive corporate reputation in the eyes of society. The company subsequently undertook lower normal monitoring and contracting costs, and increased political visibility. Therefore, the implementation of CSRD has a positive effect on performance in the social, economic, and political visibility and is negatively correlated with regulatory and agency costs.

CSRD in several studies uses agency theory as its conceptual framework which explains that principals and agents have very different interests which can lead to agency conflicts. Stakeholders in this agency theory are given a mandate by investors for the company's activities to carry out annual financial reports, but in reporting, the manager or stakeholder reports that are not in accordance with the existing conditions.

Legitimacy theory

This theory is an initial theory that provides a basis for understanding the relationship between people in a social contract in which companies that carry out operations with resources in the economic sector. Legitimacy does not focus on the interests of investors but also focuses on the interests of society. The company makes efforts to gain legitimacy from the social and environmental fields through CSRD in the reporting contained in the sustainability report processed by the company. Legitimacy theory also explains that gaining public trust in the company's operational activities is very important because it influences social values in society.

Stakeholder Theory

This theory conducts in-depth discussions about people or organizations that influence or vice versa by organizational decisions. The meaning of the word stake is ownership, which includes shareholders, the government and other stakeholders. This relationship shows that not only investors but there are other parties as real stakeholders

Three important arguments in stakeholder theory according to Banham (1990) include:

1. Descriptive argument which in this argument the company must focus on so that the company's operations really run well so that agents focus on periodical financial reporting that the company applies
2. Instrumental arguments in this argument explain in general that if stakeholders have good relationships with various groups, it will have an impact on increasing the company's financial performance.
3. The normative argument in this argument is that the company has a large influence on actions in decision making and influences other resource factors

CONCLUSION

In the rapid development of the theory of Corporate Social Responsibility Disclosure (CSRD), many studies have used various variables to measure disclosure of corporate social responsibility in general. In testing it is in terms of measuring assets, capital, company size, stock prices and many others. Furthermore, CSRD is also a measure of a company in the implementation or disclosure of CSRD on the company's financial performance which is a consideration for investors in making their investments. From the search for theories examined from various fields of companies, there are hotels, conventional and sharia banking, then there is also mining where CSRD in companies has become important because it is a material consideration for investors in investing in their shares. Which in the allocation of CSR Disclosure funds is greater, the financial performance will automatically increase as well. Unlike the case with companies that report less CSR disclosure, it will be a material consideration for investors not to invest their shares in the company and automatically the company's financial performance will decrease. CSRD is also supported through the signal theory that a company will be better than other companies if CSRD reporting is greater than that of other companies and has a good impact on the social environment so that it can also become a perspective for positive social life related to company reputation. Unlike the case with companies that report less CSR disclosure, it will be a material consideration for investors not to invest their shares in the company and automatically the company's financial performance will decrease. CSRD is also supported through the signal theory that a company will be better than other companies if CSRD reporting is greater than that of other companies and has a good impact on the social environment so that it can also become a perspective for positive social life related to company reputation. Unlike the case with companies that report less CSR disclosure, it will be a material consideration for investors not to invest their shares in the company and automatically the company's financial performance will decrease. CSRD is also supported through the signal theory that a company will be better than other companies if CSRD reporting is greater than that of other companies and has a good impact on the social environment so that it can also become a perspective for positive social life related to company reputation.

This research is very limited because it only outlines Corporate Social Responsibility Disclosure (CSRD), as it should be material for further research in a more in-depth aspect. In several journals that have been studied, there have been many developments in the theory of CSRD development which can also be linked to ESG and SDGs. SDGs or Sustainable Development Goals is a global development program that has the foresight to achieve overall human well-being. The program is a sustainable development program that has 17 goals with 169 targets that will be achieved in a measurable manner and has been agreed upon by more than 193 countries.

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