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THE EFFECT *OF CORPORATE SOCIAL RESPONSIBILITY* ON FINANCIAL PERFORMANCE WITH THE EFFECT PROFIT MANAGEMENT MODERATION (Empirical Study on Energy Sector Companies on the IDX Period 2021 -2023)

Niken Aristania Fitri[1], Hadi Sucipto[2]

[1] Institute of Technology & Business PGRI Dewantara Jombang, Indonesia
[2] Institute of Technology & Business PGRI Dewantara Jombang, Indonesia

Email : nikenaristaniaf@gmail.com,
hadisucipto@itebisdewantara.ac.id

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ABSTRACT

This study aims to analyze the effect of Corporate Social Responsibility (CSR) on the financial performance of Energy Sector Companies listed on the IDX for the 2021-2023 Period and evaluate the moderating effect of earnings management on the relationship between CSR and financial performance of Energy Sector Companies listed on the IDX for the 2021-2023 Period. The population of this study is energy sector companies whose shares are listed on the Indonesia Stock Exchange (IDX) in 2021-2023 and the research sample is 10 companies. Using processed with SPSS. The results of the study show that CSR has a significant positive effect on financial performance in Energy Sector companies listed on the IDX for the 2021-2023 Period. Earnings management is unable to moderate the relationship between CSR and financial performance in Energy Sector companies listed on the IDX for the 2021-2023 Period.

Keyword: *CSR, Financial Performance, Earnings Management*

INTRODUCTION

The company does not only operate for the benefit of shareholders, but also for the benefit of *stakeholders* in business practices through the implementation of corporate social responsibility (CSR). Many companies continue to strive to ensure that the company has operated in accordance with the rules and norms that apply in the

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community or environment where the company is located, and ensure that the company's operational activities are accepted legally.[1]

According to Yoon et al quoted from Afifah et al., companies can utilize Corporate Social Responsibility (CSR) programs to address social concerns that customers have towards the company. [2]Through CSR, companies are able to shape brand reputation and build good relationships with stakeholders. . [3] According to Elkington, CSR consists of three main elements: people, profit, and planet. These three aspects are often used as a basis for planning, expressing, and evaluating CSR programs, which are then known as the triple bottom line concept.[4]

According to Deegan, in business practice, companies do not only focus on the interests of shareholders, but also pay attention to the welfare of stakeholders through the implementation of corporate social responsibility (CSR). Many companies strive to ensure that their operations are in line with the norms and regulations that apply in the environment or community where they operate. The company also ensures that its business activities are legally and legitimately accepted by the surrounding community, so that its existence is recognized and does not conflict with existing standards.

Many companies today implement CSR in response to the increasing demands of society and stakeholders for social responsibility. CSR functions as a strategy to improve the company's image, as well as an effort to create a positive impact on the community, preserve the environment, and improve social welfare, as well as support long-term business sustainability.

One of the industrial sectors or fields that implement Corporate Social Responsibility is in the energy sector industry. The energy industry has a very important role in driving economic growth and meeting global energy needs, but has a significant environmental impact. Energy sector companies also contribute significantly to environmental damage due to the effects of drilling, excavation, or other activities that can cause environmental damage such as landslides, bad air pollution, and other factors

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that can disrupt the surrounding community caused by some of the company's operations. Although there is already a Regulation of the Minister of Social Affairs of the Republic of Indonesia Concerning Social and Environmental Responsibility of Business Entities, there are still many companies that have not consistently implemented the principles of Corporate Social Responsibility (CSR). It can be seen on the websites of each company in the energy sector that there are still some that have not published sustainability reports that are published in certain years.

The implementation of Corporate Social Responsibility (CSR) is considered to have an effect on the company's financial performance. Because, by improving a positive image through social and environmental initiatives, the company will attract more consumers who care about social responsibility, which in turn can increase sales and profitability. According to Fahmi in Shofwatun et al., financial performance is an analysis carried out to see the extent to which the company has implemented using the rules of financial implementation properly and correctly.[5]

Previous research shows that companies that are active in CSR often experience increased financial performance, because consumers are more likely to choose products from companies that are committed to society and the environment. For example, previous research by Gantino found a positive and significant influence between CSR and the financial performance of manufacturing companies listed on the IDX for the period 2008-2014. [6]Likewise, previous research by Massubagiyo & Widyawati (2022) reflects that CSR programs have a positive effect on the company's financial performance, which means that companies that invest in CSR tend to have better financial performance. So CSR can function as a response to social criticism as well as a strategy to ensure sustainability and sustainable growth for the Company.

However, to ensure that these positive impacts can be realized, companies must also pay attention to how they manage their financial statements, especially through earnings management practices. Earnings management serves as a strategy that allows companies to manipulate the numbers in their financial statements to create a better

[5]Shofwatun, H., Kosasih, K., & Megawati, L. Financial Performance Analysis Based on Liquidity Ratio and Profitability Ratio at PT Pos Indonesia (Persero). *KRISNA: Accounting Research Collection* , *13* (1), 2021. 59-74.

[6]Gantino, R.. The influence of corporate social responsibility on the financial performance of manufacturing companies listed on the Indonesian Stock Exchange for the period 2008-2014. *Journal of Accounting and Business Dynamics* , *3* (2), 201619-32.

image in the eyes of the public and stakeholders. [7]In implementing CSR, companies often use earnings management to demonstrate a greater commitment to social responsibility through increased investment in visible CSR programs. There, companies hope to strengthen positive perceptions among consumers and investors.

Profit management strategies that can be used by companies, for example, are allocating costs for CSR programs in financial reports, which can enable companies to highlight their contributions to society. For example, companies can classify spending on CSR activities as investments that are expected to provide long-term benefits, not just as costs. This can influence public perception and increase consumer trust, as well as create greater loyalty to the brand. (Wardhani & Lastanti, 2023).[8]

But according to Ramli & Kartini, the use of earnings management must be done carefully, because if it is revealed that the company is trying to deceive the public in this way, it can cause negative reactions that are detrimental to the company's image. Therefore, companies must ensure transparency in their financial reporting while still utilizing earnings management ethically to improve public perception of their CSR activities.[9]

The relationship between CSR and earnings management is dynamic, where both elements influence each other in the context of a company's financial performance. Earnings management can serve to strengthen the positive impact of CSR by providing better information about the company's contribution to society and the environment, to the point of potentially weakening trust if done in a non-transparent manner. In many cases, companies that integrate CSR with good earnings management can show stronger financial performance. For example, previous research from Budiman et al. showed that companies with strong CSR programs tend to show better financial performance if their companies also implement transparent earnings management.[10]

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Therefore, based on previous phenomena and studies, the author wants to analyze the effect of Corporate Social Responsibility (CSR) on the financial performance of energy sector companies listed on the IDX in 2021-2023, by considering the moderating effect of earnings management. This study aims to understand the interaction between CSR and earnings management in a company's performance. Although several previous studies have shown a positive relationship between Corporate Social Responsibility (CSR) and financial performance, there is still a lack of understanding of the role of earnings management as a moderator in this relationship, especially in the energy sector industry. Previous studies have not deeply analyzed whether earnings management can or cannot influence public perception of CSR and financial performance, especially in the face of criticism related to health.

RESEARCH METHOD

The type of research used in this study is quantitative research with a descriptive approach. Quantitative research methods are one type of research whose specifications are systematic, planned and clearly structured from the beginning to the creation of the research design. According to Sugiyono, quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research certain populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the hypothesis that has been set. This study uses a descriptive approach with the aim of describing the object research or research results. The definition of descriptive according to Sugiyono is a method that functions to describe or provide an overview of the object being studied through data or samples that have been collected as they are, without conducting analysis and making generally applicable conclusions. The type of research used in this study is quantitative research with a descriptive approach. The population of this study is energy sector companies whose shares are listed on the Indonesia Stock Exchange (IDX) in 2021-2023 . S a m p e l study as many as 1 0 p e r u s a h aa n. The data collection technique in this research uses secondary data, using literature and documentation research . After the data is collected *, the classical assumption test will be* carried out, and multiple

regression analysis and *Moderated R e g r e ss i on Anal y s i s* which is assisted by using the SPSS statistical tool .

RESULTS AND DISCUSSION

In this study, the population obtained was 75 Energy Sector companies listed on the Indonesia Stock Exchange and their shares were active from 2021-2023. Based on the appropriate sample criteria, the total number of companies that have appropriate data is 10 company samples with each data taken from 2021 to 2023 or for 3 years so that the number of observation data used in this study is 10x3 = 30 observation data.

Descriptive statistical analysis of the results of this study provides a picture of the data that can be seen from the average value (mean), standard deviation, variance, maximum, minimum. This study uses a sample of energy sector companies whose shares are listed on the Indonesia Stock Exchange (IDX) in 2021-2023 . The research variables used in this study are the Independent (X) variable , and Dependent (Y) and moderating (Z) . The independent variables in this study are *Corporate Social Responsibility* (CSR) and the dependent variable is Financial Performance, while the moderating variable is earnings management . The descriptive analysis data in this study are presented as follows:

Table 1 Descriptive Statistics Distribution Data

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CSR	30	0.1011	0.8989	0.543820	0.2405432
Financial performance	30	-0.0940	0.5851	0.121728	0.1427898
Profit management	30	-0.1067	0.1966	-0.001468	0.0598009
Valid N (listwise)	30				

Source: SPSS data processing results, 2025

If we look at the data from the descriptive statistical analysis in the table above, it shows that the minimum value of the CSR variable is 0.1011 with a maximum value of 0.8989 and an average of 0.543820 and a standard deviation value of 0.2405432 . The average CSR value is higher when compared to the average value of financial performance, earnings management and CSR moderation*earnings management.

Furthermore, if we look more closely, the highest average CSR value is in PTBA while the lowest CSR value is in the ELSA company.

Based on the results of the analysis, the minimum value of the financial performance variable in this study is -0.0940 with a maximum value of 0.5851 and an average of 0.121728 and a standard deviation of 0.1427898. Furthermore, the minimum earnings management value is -0.1067 with a maximum value of 0.1966 and an average of -0.001468 with a standard deviation of 0.0598009 . This means that the value of earnings management in the company used in the research sample with a minimum value lies in the AKRA company.

A. Classical Assumption Test

In this study, the classical assumption test aims to see whether the data used deviates from the classical assumption or not. In the classical assumption test conducted, there are 4 tests used, namely the normality test, the multicollinearity test, and the heteroscedasticity and autocorrelation tests . The data from the classical assumption test analysis are presented as follows:

1. Normality Test

The normality test aims to test whether in the regression model, the confounding variables or residuals have a normal distribution or not. Data normality is carried out using the Kolmogorov-Smirnov test , where if the significance value is <0.05 then the data distribution is not normal, and vice versa. The results of the variable data normality test obtained a significance value of <0.05 or less than 0.05 so that the data is said to be not normally distributed. Therefore, data transformation is carried out so that the following normality test results are obtained:

Table 2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		10
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	.66265556
Most Extreme Differences	Absolute	.151
	Positive	.112

	Negative	-.151
Test Statistics		.151
Asymp. Sig. (2-tailed)		.200 [c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: SPSS data processing results, 2025

Based on the results of the normality test analysis in the table above with the Kolmogorov-Smirnov statistical test showing *a Sig (2-tailed) value* of 0.200 or greater than 0.05 , it can be concluded that **the data is normally distributed.**

2. Multicollinearity Test

Multicollinearity Test aims to test whether the regression model finds correlation between independent variables. A good regression model should not have correlation between independent variables, if the independent variables are correlated with each other, then these variables are not orthogonal. Multicollinearity can also be seen from (1) the tolerance value and its opposite (2) the variance inflation factor VIF. So a low tolerance value is the same as a high VIF value (because VIF = 1 tolerance). The cutoff value that is generally used to indicate multicollinearity is a tolerance value ≤ 0.10 or the same as VIF ≥ 10.

Table 3 Multicollinearity Test Results

Variables	Tolerance	VIF	Information
CSR	0.945	1,058	There is no multicollinearity
Profit management	0.945	1,058	There is no multicollinearity

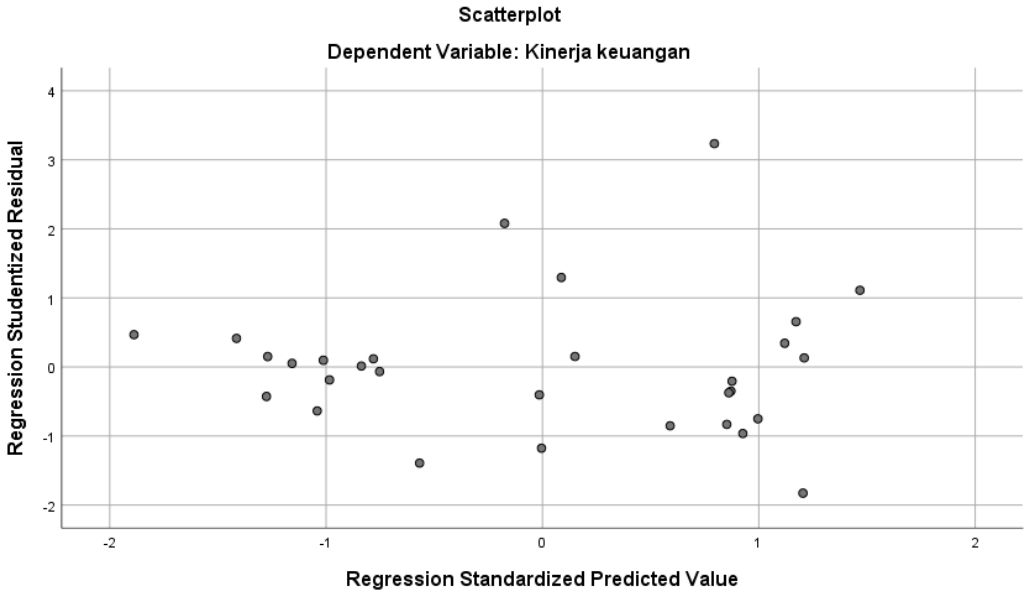
Source: SPSS data processing results, 2025

Based on the table above, it can be seen that the results of the *tolerance calculation* show that there are no CSR and earnings management variables that have a tolerance value ≤ 0.10 and a VIF value >10 , so it can be concluded that the regression model in the study does not show multicollinearity so that it can be continued in the next test.

3. Heteroscedasticity Test

The Heteroscedasticity Test aims to test whether in the regression model there is inequality of variance from residuals or other observations. If the variance from one observation to another observation remains the same, it is called homoscedasticity and if it is different, it is called heteroscedasticity. Several ways to find out whether or not there is heteroscedasticity in the regression model, but in this study using the Glejser test:

Figure 4 Heteroscedasticity Test Results



Source: SPSS data processing results, 2025

Based on the graph above, it can be seen that the distribution of points is far apart and spread randomly without forming a pattern, so it can be said that there is no heteroscedasticity problem in the regression model.

4. Autocorrelation Test

The autocorrelation test aims to test whether in the regression model there is a correlation between the disturbance error in period t with the disturbance error in period t-1 (previously). If there is a correlation, it is called an autocorrelation problem. To detect the presence or absence of autocorrelation, a statistical test can be carried out using the *Durbin Watson test* . The results of the autocorrelation test analysis are presented as follows:

Table 5 Autocorrelation Test Results

Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.593 [a]	.352	.302	.12145	1,793

a. Predictors: (Constant), Earnings management, CSR

b. Dependent Variable: Financial performance

Based on the results of the analysis above, the Durbin Watson value is 1.793 and this value will be compared with the Durbin Watson table value with a significance value of 5% with a sample size of 30 data, so that the lower limit DW value/dl is 1.352 and the upper limit value/du is 1.489. In other words, the basis for making decisions on autocorrelation tests is from du <d <(4-du), which can be interpreted as the absence of autocorrelation between variables.

B. Multiple Linear Regression Analysis

The data analysis technique used in this study is multiple linear regression analysis to determine the effect of CSR on Financial Performance with Earnings Management as a moderating variable. The results of multiple linear regression analysis include determination coefficient test, t test and F test.

1. Coefficient of Determination Test (R2)

The coefficient of determination (R^2) to measure the ability of the model to explain the variation of the dependent variable. The value $R^2$is between 0 and 1. A R^2small value means that the ability of the independent variables to explain the variation of the dependent variable is very limited. The data from the analysis of the coefficient of determination in multiple linear regression are shown in the table below:

Table 6 Results of Analysis of Determination Coefficient R2

Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470 [a]	.221	.193	.1282832

a. Predictors: (Constant), CSR

b. Dependent Variable: Financial performance

Based on the results of the analysis above, the coefficient of determination *(R Square)* value was obtained as 0.221 , which shows that 22.1 % of the financial performance variables can be explained by the independent variables (CSR, profit management), the remainder (100% - 22.1 % = 77.9 %) is explained by other factors outside the variables that are not included in this study.

2. t-Statistic Test (Partial)

This test aims to see whether the dependent (free) variable has an influence on the independent (bound) variable if testing is carried out individually using the t-test. Based on the data from the regression analysis results, the test results from the t-test for each variable are as follows:

Table 7 Results of t-Test Analysis

Variables	Regression coefficient	T	Sig.	Information
(Constant)	-0.030	-0.510	0.614	
CSR	0.279	2,816	0.009	Ha accepted

Source: SPSS data processing results, 202 5

If we look at the analysis above, the regression equation from the statistical calculation results is as follows:

Financial performance = -0.030 + 0.279X + 0.05

1. The regression coefficient value of the CSR variable (X) is 0.279, this illustrates that CSR has an influence in the same direction as financial performance, where if CSR shows an increase, financial performance will increase.
2. The t-value of the CSR variable is 2.816 or can be said to be > t-table value of 2.052 with a significance value of 0.009 or < p value of 0.05. This means that the Ha hypothesis is accepted, Ho is rejected so that there is a significant positive influence between the CSR variable and financial performance.

3. F-Statistic Test

In this study, the F statistical test aims to determine the extent to which the independent variables used are able to explain the dependent variable. The results of the F statistical test analysis with the dependent variable of financial performance in the study are presented below:

Table 8 Results of the F Statistical Test

ANOVA [a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.130	1	.130	7,930	.009 [b]
	Residual	.461	28	.016		
	Total	.591	29			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), CSR

The results of the F test analysis above illustrate that the calculated F value obtained is 7.930 and the F table is 3.354 or it is said that the calculated F value> F table. This means that it can be said that the hypothesis is accepted with a significance value of 0.009 or a p value < α0.05, then simultaneously or together the independent variables (CSR, earnings management) have a significant effect on the Y variable (financial performance).

C. MRA Analysis Results

Table 9 Results of t-Test Analysis

Variables	Regression coefficient	T	Sig.	Information
(Constant)	-0.030	-0.510	0.614	
CSR	0.279	2,816	0.009	Ha accepted

Source: SPSS data processing results, 202 5

If we look at the analysis above, the regression equation from the statistical calculation results is as follows:

Financial performance = -0.030 + 0.279X + 0.05

4. The regression coefficient value of the CSR variable (X) is 0.279, this illustrates that CSR has an influence in the same direction as financial performance, where if CSR shows an increase, financial performance will increase.
5. The t-value of the CSR variable is 2.816 or can be said to be > t-table value of 2.052 with a significance value of 0.009 or < p value of 0.05. This means that the Ha hypothesis is accepted, Ho is rejected so that there is a significant positive influence between the CSR variable and financial performance.

Table 10 Results of Analysis of the Determination Coefficient R2

Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470 [a]	.221	.193	.1282832

a. Predictors: (Constant), CSR

b. Dependent Variable: Financial performance

Based on the results of the analysis above, the coefficient of determination *(R Square)* value was obtained as 0.221 , which shows that 22.1 % of the financial performance variables can be explained by the independent variables (CSR, profit management), the remainder (100% - 22.1 % = 77.9 %) is explained by other factors outside the variables that are not included in this study.

Table 11 Results of Analysis of the R2 Determination Coefficient of the MRA Model

Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.477 [a]	.227	.138	.1325568	1.251

a. Predictors: (Constant), CSR*Earnings management, CSR, Earnings management

b. Dependent Variable: Financial performance

Based on the results of the analysis above, the coefficient of determination *(R Square)* value of the variable after moderation was obtained. of 0.227 , which shows that 22.7 % of the financial performance variable can be explained by the independent variables (CSR, earnings management, and earnings management as moderating variables), the remainder (100% – 22.7 % = 77.3 %) is explained by other factors outside the variables that are not included in this study.

CONCLUSION

Based on the data and research results, it can be concluded that CSR has a significant positive effect on financial performance in Energy Sector companies listed on the IDX for the 2021-2023 period with a t- value of 2.816 at a significance level of 0.009 or < 0.05 . The higher the company's CSR value, the higher the company's financial performance. Earnings management is unable to moderate the relationship between CSR and financial performance in Energy Sector companies listed on the IDX for the 2021-2023 period with a t- value of 0.434 at a significance level of 0.668 or > 0.05 . Earnings management has not been able to influence and strengthen the influence of CSR on the company's financial performance.

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