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Corporate Social Responsibility Disclosure and Company Performance: The Moderating Role of CEO Characteristics and Institutional Ownership

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Abtract

This study aims to examine the effect of corporate social responsibility disclosure (CSRD) on company performance with CEO characteristics and institutional ownership as moderating variables. This research is quantitative research using a sample of LQ45 index companies listed on the Indonesia Stock Exchange. This research data collection method uses secondary data sourced from company Annual Reports obtained from the Indonesia Stock Exchange (BEI). This model answers the objectives of this research based on a selected sample of 112 observations from 28 companies between 2019-2022. The research results show that corporate social responsibility disclosure (CSRD) influences company performance, while profitability influences company value. This research also shows that corporate social responsibility disclosure (CSRD) on company performance cannot be moderated by CEO tenure, while corporate social responsibility disclosure (CSRD) on company performance can be moderated by institutional ownership.

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1. Introduction

Most companies must prepare an annual report on corporate social responsibility (CSR) activities, in accordance with ISO 26000 on CSR. According to Mathews (2009); Venkatesh et al. (2020); and Mathew & Babu (2021) there are three reasons for reporting CSR information: (1) to improve the company's financial and economic performance; (2) increase its legitimacy; and (3) to achieve social contact relationships. A possible relationship between CSR disclosure and organizational performance may emerge when organizations are proactive in conveying an impression of goodwill through reproducing and disseminating CSR-related knowledge that meets or pleases stakeholder expectations (Adel et al., 2019; Buallay et al., 2020; Waheed et al., 2020; Kuzey et al., 2021; Aqabna et al., 2023; and Rahi et al., 2024). This assumption is related to the majority of stakeholders being skeptical of CSR practices in some organizations, as they believe that in some cases, the objectives behind CSR initiatives are not genuine. Indeed, they consider some activities to be simply greenwashing, where organizations deliberately demonstrate their commitment to CSR activities, improving social performance while hiding unsustainable business activities (Pham & Tran, 2020; Siddiqui et al., 2023; and Cao et al., 2024).

Data obtained through an internet news survey on the CNBC Indonesia site in September 2022 shows that the average LQ45 company sector experienced an increase in performance. A total of 16 sectors have their respective percentages, 10 sectors have a positive presentation and 6 sectors have a negative percentage. The highest sector occurred in oil & gas, with total net profit reaching 3.9 trillion or an increase of 487% yoy for issuers included in the LQ45 constituents. The lowest sector occurred in construction, with total net profit being -13 trillion or down to -116% yoy for issuers included in the LQ45 constituents.

More extensive research based on a quantitative approach relating to positive, negative and neutral results is still ambiguous if it is used as a strong basis regarding the influence of CSR disclosure on company performance. The company carries out corporate social responsibility disclosure activities with the aim of making the public look favorably on the company and increasing trust in the company's products, thereby having an impact on the company's performance. It can be interpreted that, when the implementation of corporate social responsibility disclosure gets better, there will be an increase in the company's financial performance. Research by Flynn & Walker (2020) and Shurrab et al (2019) based on stakeholder theory, assumes that a company cannot maximize its financial results without meeting the needs of its stakeholders, including customers, staff members, vendors and other communities. Stakeholders must be satisfied with corporate social responsibility disclosure efforts before financial performance is improved. This strengthens the assumption that corporate social responsibility disclosure has a positive influence on company performance (Jemunu et al., 2020; Rehman et al., 2020; Nguyen et al., 2021; Van Hoang & Vo, 2023; and Fauzi & Firmansyah, 2023). Other research also reveals that company performance can increase in the form of profits, if corporate social responsibility disclosure expenditures are carried out well (Oktafor et al., 2021).

There is a negative influence in corporate social responsibility disclosure on company performance, especially on the environment and social issues. There is a detrimental effect on company profits. Disclosures need to also pay attention to inverse relationships. This inverse relationship reveals that higher corporate social responsibility disclosure can have a negative impact on company profits. This is caused by the lack of positive corporate behavior towards these activities, the absence of a sustainable investment culture from investors and consumers who are not very sensitive or aware of corporate social responsibility disclosure practices (Fahad & Busru, 2020 and Ortiz-Martínez et al., 2023). Other results show that the effect of corporate social responsibility disclosure reduces organizational performance because too much budget is spent, whereas corporate social responsibility is long-term oriented and company performance is short-term oriented (Buallay et al., 2020; and Rahi et al., 2024).

This research has an interesting novelty by presenting CEO characteristics and institutional ownership. This research has an interesting novelty by presenting CEO characteristics and institutional ownership. According to agency theory, institutional ownership is share ownership owned by a legal entity or financial institution, which can be referred to as the party that invests capital in the company. Meanwhile, according to agency theory, CEOs are self-interested and risk-averse and have goals that deviate from shareholder goals. This is unique because of course institutional ownership wants how wealth maximization is carried out, while the CEO's characteristics play a role in how this role must fulfill stakeholders and are required to maintain relationships in accordance with the theory. from the stakeholders themselves. This research was developed through research used by Siddiqui et al. (2023) with different company case studies and also where previous research used the moderating variables of CEO integrity and ownership concentration. then, the current research replaces them with CEO characteristics and institutional ownership. Apart from that, previous research used a list of the most admired companies in the world using several countries, while this research uses LQ 45 index companies in one country. This research was conducted with the aim of reviewing aspects that can influence a company's financial performance with differences between research and previous research.

The main contribution of this research is to develop a model that aims to improve the company's financial performance through the implementation of CSR disclosure and to see whether moderating variables strengthen or weaken using CEO characteristics and institutional ownership. For this reason, partial testing, simultaneous testing and moderated multiple regression testing were carried out. The significance of this model lies in its ability to evaluate company performance by examining the impact of CSR disclosure on company financial performance and how the impact is moderated by CEO characteristics and institutional ownership. By analyzing these variables, this research aims to provide a more in-depth picture of the company's financial performance. comprehensive understanding of how companies can create value by balancing social responsibility. This research adds to the existing literature regarding the relationship between CSR and company value by providing empirical evidence of the importance of CSR disclosure in improving company financial performance.

2. Hypothesis Development

There is a theoretical approach that reveals the relationship between CSR and company performance. Referring to Ogden and Watson (1999) Stakeholder theory claims that a company needs to meet the expectations of all its stakeholders including shareholders, lenders, employees, business partners, and the general public in general and the success of managers depends on balancing these competing claims. In addition, Donaldson and Preston (1995) stated that if company management fulfills the rights of its stakeholders then this helps achieve the corporate goals set by its governing body (Siddiqui et al., 2023; Farooq et al., 2024; Cao et al., 2024; and Tajeddini et al., 2024).

Legitimacy theory conceptualized by Suchman (1995); and Markonah et al. (2019) states that entities are members of a community and are expected to operate in a way that meets community expectations. If an entity fails to behave with social standards, it will face threats to its legitimacy. Therefore, companies with bad CSR practices will face the threat of being considered illegitimate. Conversely, companies with good CSR practices will appear legitimate in the eyes of the public and stakeholders who have the power to influence the company's economic results, resulting in increased performance (Pham & Tran, 2020; Khuong et al., 2021; and Zampone et al., 2023).

The research conducted had the same results as those conducted by Van Hoang & Vo (2023) stating that if a company wants to improve its company performance, it must pay attention to CSR in order to form a good image from the perspective of stakeholders, so that it has an impact on optimizing company performance. Based on the explanation above, hypothesis 1 is derived below:

H_1: The effect of Corporate Social Responsibility Disclosure on company performance.

CEO characteristics according Martino et al. (2020); Elsayih et al. (2021); Oware & Awunyo-Vitor, (2021); Mukherjee & Sen, (2022); and Skorodziyevskiy et al. (2023) influence strategic decision making on company performance, and research based on CEOs continues. CEO tenure also em-phasizes changes in CEO behavior during the CEO's tenure. CSR-related decision making is part of a company's strategic decision making, and in most companies, CSR-related decisions are made and implemented top-down. In other words, the company's CSR decision making is carried out by the CEO, and the direction of CSR decision making changes according to the CEO's characteristics. Therefore, examining the influence of CEO characteristics on a company's decision making and CSR outcomes will yield an indepth understanding of the organization. In particular, the tenure of the CEO who has the authority and responsibility for final company decision making will be one of the most important determining factors in the company's CSR activities.

CEO tenure is known to influence a company's strategic decisions and outcomes. Although many studies have examined the influence of CEO characteristics (e.g. age and values) on firm performance, the role of CEO tenure in influencing CSR activities has been underemphasized (Carpenter & Sanders, 2004). Previous research suggests that CEO tenure can have different impacts on firm performance. Studies show that the content and influence of CEO characteristics on firm behavior varies depending on the CEO's tenure (McClelland et al., 2012). Longer CEO tenure appears to be detrimental to firm performance (Miller, 1991).

This study proposes that CEOs with long-term and short-term tenure show different tendencies and attitudes towards CSR. CEOs with short-term tenure of less than 3 years, and CEOs with long-term tenure of 4 years or more (Lee et al., 2022). The reason is that short-tenured CEOs may feel pressure to prove their ability to improve business performance and, thus, are more willing to take risks. In their efforts, they may focus on CSR activities at a higher level because this can help the company stand out from its competitors. However, CEOs with long-term tenure may not be interested in new or risky strategic initiatives. They may have already proven their worth to shareholders, and don't feel the pressure to prove themselves. Thus, this research proposes that the influence of CSR dimensions on company performance may differ based on CEO tenure, and CEO tenure has a moderating effect on CSR on company performance (Lee et al., 2022). Based on the explanation above, hypothesis 2 is derived below:

H_2: CEO tenure moderates the effect of corporate social responsibility disclosure on company performance.

Institutional ownership is an important thing that can minimize the causes of agency problems in a company, which occur between principals and agents. With institutional ownership, it is considered capable of carrying out effective supervision in every decision making. Agency theory can be used as a basis for companies not to forget their responsibilities to agents and principals so that company performance improves. Referring to Hillman & Keim (2001) Diverse owners of a company have competing expectations from management and owners who have a larger stake or market knowledge and expertise have greater influence in strategic decision making. Stakeholder Salience illustrates that the presence of institutional ownership in a company's ownership structure influences managerial decisions regarding CSR. Callen and Fang (2013) and Gedajlovic and Shapiro (2002), concluded that the higher level of institutional ownership is quite effective in influencing corporate strategic decision making. Empirically, Liu and Zhang (2017) confirmed the positive relationship between institutional ownership and the CSR practices adopted by companies. Thus, a literature review shows CSR plays an important role in determining company performance (Waheed et al., 2021).

Theoretically, according to La Porta et al (1997) the role of institutional investors is more positive in countries with weak investor protection mechanisms. Thus, in a weak and unstable legal environment, these expert investors with the power of their voices not only discipline management but also motivate them to allocate financial resources to activities. The higher concentration of unscrupulous and opportunistic investment-controlled companies has increased the role of institutional investors in CSR prospects in society (Waheed & Malik, 2019). Based on the arguments above, we have the following hypothesis:

H_3: Institutional ownership moderates the effect of corporate social responsibility disclosure on company performance.

3. Data and Methods

MMR (Moderated Multiple Regression) is the statistical method of choice for identifying moderator effects (interaction effects). A moderated relationship is a relationship in which a variable (Z) interacts with a predictor variable (X) to change the relationship between the predictor variable and the outcome (criterion) variable (Y). To test a moderated relationship using MMR, an interaction term formed as a product of the independent variables is added to the regression equation which first contains the variables that form the interaction term. For example, if you are interested in whether variable Z moderates the relationship between some variable X and criterion Y. So, you will state the interaction as XZ (Villa et al., 2003). In the regression equation, interactions are carried out with the XZ term as in the equation below:

$$Y= \alpha + \beta_1X + \beta_2Z_1 + \beta_3Z_2$$
$$Y = \alpha + \beta_1X + \beta_2Z_1 + \beta_3Z_2 + \beta_4X^*Z_1 + \beta_5X^*Z_2$$

Where: Y= Company Performance; α= Constant variable; β= linear regression direction coefficient; X= Corporate social responsibility disclosure; Z_1= CEO characteristics; Z_2= Institutional ownership

This research uses a quantitative approach to test the hypotheses developed. Quantitative research can be described as a method based on data collection using research instruments, which have statistical properties in the data analysis (Lin et al., 2020). This research focuses on quantitative research methods using several methods such as questionnaires, interviews, observations, notes, online surveys, longitudinal, web-based & email-based (Cooper & Schindler, 2014). Survey Research plays an important role in the field to collect large amounts of data in an efficient manner and obtain feedback. The main aim of this approach is to verify and legitimize the theory developed (Lahane et al., 2020).

This research uses secondary data, namely panel data obtained from the Indonesia Stock Exchange (BEI) for LQ45 shares. All permanent members of LQ45 2018-2022 are the population. The number of registered companies is 28. So, in 4 years the total calculation will be 112 financial reports. Based on the nature of the data, purposive sampling was used in this research. The sample used in this research includes CSR data, CEO characteristics, institutional ownership and company performance in companies listed in LQ45 for 2019 - 2022. To calculate the determination of the number of samples from a particular population being developed, samples were taken using the Slovin formula method.

Nair & Bhattacharyya (2019) in their research measured company performance by return on assets (ROA), the implication of which is (Net income: Total assets) x 100% (Oware, 2022). This opinion on the effectiveness of ROA measurement is strengthened by a study by Alswalmeh & Dali (2020) which found that ROA is the most widely used accounting-based measure (46%), followed by ROE (27%). In addition, profitability is an indication of management efficiency to generate profits using all available resources. Other indicators, such as Tobin-q, EPS, and MV, are very useful for evaluating and helping investors track market fluctuations (Alghizzawi et al., 2022). Bank performance is measured using ROA (Trinugroho et al., 2021).

CSR is a continuous and long-term process guided by organizational and personal values. This is related to society (as stakeholders), the environment and organizational policies, and is influenced by political interests. The implementation of CSR is often associated with monetary benefits or benefits for the initiator" (Isa, 2012). In this research, content analysis is used to extract CSR information from annual reports. Next, activities are separated into four categories, (community, environment, workplace & diverse) which includes an inventory of 32 items (Maqbool & Zameer, 2018). As follows, the 32 inventory displayed on table 1.

Each annual report is thoroughly scrutinized to determine whether disclosure items exist or not. According to Habbash & Haddad (2020), the CSR disclosure score for each annual report or organization is calculated using a dichotomous process. One point is given if the corporation discloses the item, while zero points are given if the company fails to disclose the item (Alghizzawi et al., 2022).

CEO characteristics are presented using the CEO's term of office. whereas, CEO tenure is measured as the number of years a CEO has held the CEO position (McClelland et al., 2012). In this case, a CEO with a long tenure will have many advantages in terms of experience both in running the company and completing his duties. Other measures hold the same opinion CEO Tenure is calculated as the natural logarithm of the number of years of CEO service (LNTenure). Because a CEO's first year in office is coded 1, the LNTenure value is equal to or greater than 0 (Chen et al., 2019).

Table 1. Inventory 32 item CSR

1. Community Involvement	2. Enviromental Contribution
Synergize with educational institusions	Certified under ISO 14000
Assistance to disaster victims	Carrying out land reclamation and reforestation
Road maintenance	Installed waste treatment plant
Contribute to the promotion of arts, culture and sports	Looking for a rain harvester programmer
Provision of drinking water facilities	Recycle pollution and waste
Contribute to health services	Engage in enviromentally friendly products or processes
Contruction of temples, halls, parks or other infrastructure	Efficient use of paper
Promotion of village income increase schemes	Power saving or energy conversion
3. Workplace	4. Various
Provide a better working environment to employees	Handling complaints from workers, employees and shareholders
Pension benefit program	There are no underage workers
Safety measures for accident-prone activities	Various training programs for youth empowement
Training and development programs for employees	Welfare activities for SC, ST and disabled people
Expenditures for employee welfare	Provide agricultural guidance or schemes
Providing health facilities to employees	Financial inclusion scheme
Profit sharing or share ownership program for employees	Attention to orphanages
Handling harassment or woment in the workplace	Better customer service and guidance as well as after-sales service

Institutional ownership is calculated as the percentage of shares owned by institutional investors. This second moderating variable is measured using the number of institutional shares/number of shares outstanding and then multiplied by 100% (Khidmat et al., 2022).

Control variables are presented with two variables. First, financial leverage is calculated as the debt to equity ratio. a ratio that measures the amount of debt used by a company compared to the use of equity or shareholder capital to finance the company's business activities (Zhou et al., 2021). Second, PBV is the company's net asset value. PBV is calculated by dividing the share price by the total asset value minus intangible assets and costs. The price to book value ratio is important because it brings together external and internal price factors, completing the market and company analysis cycle. This is because the price/earnings ratio refers to the stock market aspect of a company, while return on equity refers to stock market participation (Block, 1964).

Utilizing STATA 13 for analysis tools. This software means a tool for processing statistical data briefly and clearly, so that decision makers can produce various desired outputs.

4. Result

Decriptive Analysis

Using 112 observations, descriptive statistics for the dependent and independent variables are presented in Table 2. The dependent variable is corporate social responsibility disclosure (CSRD), while the independent variable is company performance. Leverage and price to book value are included as control variables. The average ROA generated was 8,350, for the highest position it was 45.43 with the lowest value being -2.86. The average CSRD produced was 0.232, for the highest position it was 0.46, and the lowest was 0.13. The average CEO characteristics proxied using the CEO's tenure in 1,415 positions in the company, for the highest position is 3.09 with the lowest value being 0. The resulting average institutional ownership is 0.634, for the highest position is 4.25 with the lowest value being 0, 44. The average leverage is 2,100, with the highest value being 16.08 with the lowest value being 0.13. The average price to book value is 6,638, for the highest position it is 324.53 with the lowest value being 0.33.

Normality Test

The general claim referred to by Lumley et al (2002) based on the central limit theorem is that with a sample size greater than 30, the parameter estimates will have a normal sampling distribution. The implication is that if the sample is large, there is no need to worry about checking normality to know that the confidence intervals and p values for parameter estimates will be accurate (Field & Wilcox, 2017). Another research conducted by Armutlulu (2008) stated that when the research has a number of observations or n≥30, it automatically has a normal distribution (Polat & Aydın, 2020).

Table 2. Summary of descriptive statistics

Variabel	Mean	St.Dev.	Min	Max
ROA	8.350	8.369	-2.860	45.430
CSRD	.232	.068	.130	.460
CEO_Tenure	1.415	.932	0	3.090
KI	.634	.362	.440	4.250
C_L	2.100	2.947	.130	16.080
C_PBV	6.638	31.722	.330	324.530
Observasion	112			

Where: ROA= Return On Assets, CSRD= Corporate Social Responsibility Disclosure, CEO_Tenure= CEO Tenure, KI=Institutional Ownership, C_L= Control leverage, C_PBV= Control Price to Book Value.

Based on the reference above and looking at the statistical results which have a total of 112 observations, the distribution can be accepted as normal, because the sample size for the experimental and control groups is more than 30. So, the reference above is a reference for answering the normality test in this research.

Classic Assumption Test

Table 3 shows the multicollinearity test matrix which includes tolerance values and variance inflation factors. Table 2 provides no evidence of multicollinearity, which may bias these findings. All variables pass the multicollinearity test as proven by looking at table 3, the resulting values are CSRD tolerance value of 1.24, KI of 1.15, CEO characteristics proxied using CEO tenure of 1.1, leverage of 1.42, and PBV of 1.09. All tolerance values are above 0.1 so that multicollinearity does not occur. Meanwhile, the inflation variance value of the CSRD factor is 0.807, KI is 0.869, CEO characteristics proxied using CEO tenure is 0.901, Leverage is 0.917, and PBV is 0.931. All variance inflation factor values are below 10, meaning the model is free from multicollinearity. The results of the heteroscedasticity test showed no heteroscedasticity, which could bias the findings.

Table 3. Correlation Analysis

Variabel	VIF	1/VIF
CSRD	1.24	0.807
KI	1.15	0.869
CEO_Tenure	1.11	0.901
C_L	1.42	0.917
C_PBV	1.09	0.931
Mean VIF	1.07	

Note: ROA= Return On Assets, CSRD= Corporate Social Responsibility Disclosure, CEO_Tenure= CEO Tenure, KI= Institutional Ownership, C_L= Control leverage, C_PBV= Control Price to Book Value. "The test criteria are if the tolerance value is above 0.01

and the variance inflation factor value is below 10 then it is free from heteroscedasticity and if the tolerance value is below 0.01 and the variance inflation factor value is above 10 then it is subject to heteroscedasticity problems". Correlations between pairs in the model can be used. Judging from the results of the variance inflation factor, it supports the assumption that the research model does not experience multicollinearity problems.

Multiple regression analysis

The influence of corporate social responsibility disclosure (CSRD) on company performance provides statistically significant results. Company performance is positively related to the amount spent on CSR activities. This finding is particularly important because this relationship has rarely been tested and is part of the contribution of the findings of this study. The results in table 4. show a statistically significant model with the t test as evidenced by a p value of 0.058 which is greater than 0.05 but smaller than 0.1 and has a positive t value of 1.920. This means that CSRD has a significant positive effect on company performance partially with a significance requirement of 10%.

CEO characteristics proxied using CEO tenure moderate the effect of corporate social responsibility disclosure on company performance, giving results that are not statistically significant. Company performance is negatively related to the amount spent on CSR activities, if moderated by CEO characteristics which are proxied using CEO tenure. This finding is particularly important because this relationship has rarely been tested and is part of the contribution of this study. The results in table 4 show that the model is not statistically significant using the t test. This is proven by the p value of 0.642 which is greater than 0.050 and has a negative t value of -0.470. This means that CEO characteristics when proxied using CEO tenure are not able to moderate the influence of CSRD on company performance, partially the negative influence is not significant.

Institutional ownership moderates the effect of corporate social responsibility disclosure on company performance, providing statistically significant results. Company performance is positively related to the amount spent on CSR disclosure activities, if moderated by institutional ownership. This finding is important because this relationship has rarely been tested and is part of the contribution of this study. The results in table 4. show a model that is not statistically significant with the t test. This is proven by the p value of 0.002 being smaller than 0.050 and having a positive t value of 3.180. This means that institutional ownership is able to moderate the influence of CSRD on company performance, partially having a significant positive effect.

Table 4. Multiple Regression Analysis

ROA	Coef.	S.E	t	p-values
CSRD	0.651	0.340	1.920	0.058***
CEO_Tenure	0.229	0.101	2.260	0.026**
KI	-0.356	0.095	-3.740	0.000**
_Cons(1)	3.095	0.598	5.170	0.000
CSRD	-1.786	0.851	-2.100	0.038**
CEO_Tenure	-0.079	0.590	-0.130	0.894
KI	1.007	0.446	2.260	0.026**
CSRD*CEO_Tenure	-0.187	0.401	-0.470	0.642
CSRD*KI	0.979	0.308	3.180	0.002**
_Cons(2)	-0.392	1.274	-0.310	0.759

Note: indicator (1) is equation 1 and indicator (2) is equation 2

The coefficient of determination, the results of CSRD on company performance have an Adjusted R^2 value of 0.481 or 42.5%, the remaining 57.5%. So, it can be concluded that the model is only able to explain 42.5%. Mean-while, 57.5% is explained by other variables not included in this regression model. CSRD results were obtained on company performance when moderated by CEO characteristics which were proxied by CEO tenure using the second equation. Based on the coefficient of determination test, the Adjusted R^2 value is 0.481 or 48.1%, the remaining 51.9%. So it can be concluded that there has been an increase from the previous 5.6% but it is still only able to explain 48.1%. Meanwhile, 51.9% is explained by other variables not included in this regression model. CSRD results were obtained on company performance when moderated by institutional ownership using the second equation. Based on the coefficient of determination test, it has an Adjusted R^2 value of 0.481 or 48.1%, the remaining 51.9%. So, it can be concluded that there has been an increase from the previous 5.6%

but it is still only able to explain 48.1%. Meanwhile, 51.9% is explained by other variables that are not included in this regression model.

Referring to table 5, after carrying out the F test using the first equation, statistically significant model results were obtained as evidenced by the value of 0.000 which is smaller than 0.05. This means that CSRD influences company performance simultaneously and research can be used. Meanwhile, when using the second equation model it also shows that the model is statistically significant, as evidenced by the value of 0.000 being smaller than 0.05. This means that CEO characteristics, if proxied using CEO tenure, are able to moderate the influence of CSRD on company performance simultaneously and can be used in research and this means that institutional ownership is able to moderate the influence of CSRD on company performance simultaneously and can be used in research.

Table 5. Hypothesis Testing and Model Accuracy

ROA	Coef.	S.E	t	p-values
CSRD	0.651	0.340	1.920	0.058***
Prob>F(1)	0.0000			
R-Square(1)	0.4252			
CSRD*CEO_Tenure	-0.187	0.401	-0.470	0.642
CSRD*KI	0.979	0.308	3.180	0.002**
Prob>F(2)	0.000			
R-Square(2)	0.482			

Note: ***, **, * indicates statistical significance at the 1%, 5%, and 10% levels, respectively. indicator (1) is equation 1 and indicator (2) is equation 2. ROA= Return On Assets, CSRD= Corporate Social Responsibility Disclosure, CEO_Tenure= CEO Tenure, KI= Institutional Ownership, C_L= Control leverage, C_PBV= Control Price to Book Value.

5. Discussion

The effect of corporate social responsibility disclosure on company performance

This model shows that increasing spending on CSR activities improves company performance. The research results strengthen the theoretical basis of this research. By disaggregating the results, the authors determine that revenue growth is positively related to the amount spent on CSR activities. This model shows that when CSR disclosure is done well it can increase the company's profitability. This means that the company has legitimacy from the community and support from stakeholders, so that the company's operational activities continue to run well. When better CSR implementation results in increased company performance which will have a positive impact on attracting investors. This is explained by profitability as a proxy for company performance, where investors in the capital market really appreciate the company's ability to generate, maintain and increase profits. The company will provide certain information if it improves the company's performance. By implementing CSR, companies will gain social legitimacy and maximize their financial resources in the long term. This shows that the greater the implementation of CSR, the more active criticism it will face from market players. Companies that serve stakeholders by spending greater CSR costs will maintain relationships between the company and stakeholders which will have an impact on increasing the company's reputation and influencing sales.

This finding contradicts the conclusion of Fahad & Busru (2020), the result of which is that Indian companies spend this excess cash flow in other areas to increase their profit margins due to high competition, lack of positive attitudes and a culture of sustainability towards CSR. However, these findings are in accordance with the research position of Oktafor et al (2021) which states that technology companies in the US can improve their financial performance and competitive advantage by utilizing CSR as a corporate strategy. This research also shows that spending on CSR initiatives affects an organization's return on assets and share value.

CEO tenure moderates the influence of corporate social responsibility disclosure on company performance

This model shows that increasing spending on CSR activities will reduce company performance, if moderated by CEO tenure. The research results strengthen the theoretical basis of this research. By disaggregating the results, these findings determine that firm performance is negatively related to the amount spent on

CSR activities, if moderated by CEO characteristics proxied using CEO tenure. This finding is particularly important because this relationship is rarely tested in a single model and is part of the contribution of this finding. The research model also shows that the more an organization spends on CSR activities, if it is moderated by CEO characteristics which are proxied using the CEO's tenure, the results will not be good. Furthermore, using moderated regression analysis, the authors identify corporate governance as a channel through which CSR can be used to improve a company's financial performance but actually has a less favorable impact. In other words, these findings provide evidence showing that when viewed from agency theory, there is a difference in importance between the moderating variables of CEO characteristics which are proxied using CEO tenure and institutional ownership, which is indeed proven by the results of this research, with CEO characteristics that are required to maintain relationships, actually provides bad governance.

The results of CEO characteristics tested using the CEO's tenure have a negative impact on the company. The company's CSR policy is implemented by the CEO, and the direction of the policy changes based on the CEO's characteristics. An extended CEO term can be detrimental to the company. This may occur because long-tenured CEOs are not interested in new or risky strategic initiatives. They have already demonstrated their capabilities to shareholders, and they have no desire to prove themselves. This finding is in line with research by Chen et al (2019). This study confirms that tenured CEO engagement with CSR in a case study of US companies in 1999–2013 shows a negative relationship between CSR performance early in his tenure and the likelihood of CEO dismissal.

Institutional ownership moderates the influence of corporate social responsibility disclosure on company performance

This model shows that increasing spending on CSR activities will improve company performance, if the company is moderated by institutional ownership. The research results strengthen the theoretical basis of this research. By disaggregating the results, the authors determine that revenue growth is positively related to the amount spent on CSR activities, when moderated by institutional ownership. This finding is very important because this relationship is rarely tested in industries with the same capitalization scale and is part of the contribution of the findings of this study. The research model also shows that the more organizations spend funds on CSR activities, if moderated by institutional ownership, good governance will be created. Furthermore, using moderated regression analysis, the authors identify corporate governance as a channel through which CSR can be used to improve a company's financial performance. In other words, these findings provide evidence that shows that when viewed from agency theory, there is a difference in importance between the moderating variables of CEO tenure and institutional ownership, which is indeed proven by the results of this research with institutions. ownership that desires wealth pays great attention to a wide range of stakeholders.

Looking at the results, institutional ownership should have strong support for corporate social responsibility. This is because when the level of institutional ownership is high it will result in greater monitoring efforts in CSR disclosure. This will create more opportunities and improve company performance. These findings are in line with research by Waheed et al (2021). This research confirms a case study of 327 companies listed on the Pakistan Stock Exchange from 2007 to 2018. On the one hand, this research confirms the stakeholder theory in the Pakistani scenario in explaining the relationship between CSR and company performance. This research further explores that based on agency theory, the presence of institutional ownership not only stimulates companies to actively participate in CSR activities but also positively moderates the relationship between CSR and company performance. the presence of long-term institutional investors (pension funds) in the company's ownership structure, monitoring management effectively, and ensuring policies that enable the company to achieve long-term growth and profitability goals.

6. 6. Conclusion, application, and suggestions

Conclusion

The implementation of corporate social responsibility disclosure has a positive and significant impact on company performance as shown by the results of data analysis. By increasing disclosure of CSR activities, a company can gain a positive image and foster trust among stakeholders in its contribution to the environment and social surroundings. Institutional ownership was found to moderate the effect of CSRD on company performance. However, CEO characteristics proxied using CEO tenure have not been found to moderate the influence of CSRD on company performance. This shows that CSRD has not been implemented optimally to foster a sense of trust and support company performance. Therefore, institutional ownership is a strong factor in moderating the relationship between CSRD and company performance. Meanwhile, the ability of CEO characteristics is not a strong factor in moderating the relationship between CSRD and company performance.

Suggestions

Suggestions for further research are changing the presentation or adding presentations for measuring CEO characteristics with measurements other than CEO tenure in order to get maximum research results. CEO characteristics are not only seen from one side, there are still many factors that influence CEO characteristics. It is also recommended that further research be applied to companies with different capitalization scales so that they can compare the results of the influence of CSRD on samples of other companies.

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