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CORPORATE SOCIAL RESPONSIBILITY, REPUTATION, AND FINANCIAL PERFORMANCE

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Abstract

Nowadays, many companies have implemented CSR programs as a business strategy, where they build community empowerment facilities in the areas of their operations. CSR can be defined as a commitment demonstrated by a company to provide contributions to the sustainable economic development process, prioritizing attention to environmental, economic, and social aspects. This research aims to investigate the relationship between corporate social responsibility (CSR), company reputation, and their influence on the financial performance. The research employs a quantitative approach and collects data from 2019 to 2021 from companies listed on the ESG Quality 45 IDX KEHATI index. CSR is measured through sustainability practice indicators using the Corporate Social Responsibility Index, while company reputation is evaluated through 5 dimensions of measurement. Financial performance is measured using financial ratios involving profitability, liquidity, and leverage. The analysis results indicate that, although there is no significant influence between CSR and company reputation, CSR practices have a significant impact on financial performance. This finding highlights the importance of CSR practices in enhancing the financial aspects of companies. While company reputation significantly affects financial performance, the research shows that reputation does not moderate the relationship between CSR and financial performance.

Keywords: CSR, Company Reputation, Financial Performance

Introduction

Companies, as economic entities, have various forms of business in the industrial, trade and service sectors, with the main objective of achieving optimal profits to increase the wealth of shareholders (Fatemi et al., 2018). The main indicator of company development is reflected in the presentation of its financial performance through financial statements. Efforts to improve financial performance are determined by several factors, including implementing a good social responsibility report (CSR) (Antong & Riyanti, 2021).

CSR can be defined as a commitment shown by a company in providing contributions to the process of sustainable economic development, and prioritizing attention to economic, social and environmental aspects. (Ardianto, 2011). In their research Djamilah & Surenggono (2017) successfully provided evidence that corporate social responsibility (CSR) has a positive effect on financial performance, as measured using Return on Equity (ROE) and Return on Assets (ROA). Similarly, research by Riyanti et al. (2021) agree with these findings by proving that CSR affects on financial performance of a company. The consistent findings of these studies contribute to the understanding that CSR practices not only positively effect on social responsibility and

corporate reputation, but also yield direct effect on financial performance (Zhang & Sun, 2021).

Good CSR also has an impact on corporate reputation in their journal stated that many companies run CSR as a tool that serves to improve the company's reputation for the better. Referring to the description Hasan (2017) mentioned that a company will be able to fulfill the company's objectives efficiently and easily compared to its competitors in a similar industry, because it has a better corporate reputation.

Reputation is part of the firm's resources as it is an intangible asset that acts as a value driver in the firm's performance (Abdulaziz-al-Humaidan & Almaiman, 2024; Lyu et al., 2024). According to Walker (2010), a positive reputation brings various benefits to the company, including reduced operating costs, the ability to set premium prices, attractiveness to investors and customers, and increased profitability that can create a competitive advantage. A good reputation has the potential to encourage stakeholders to take actions that support the company's financial condition, both in an effort to seek profits and increase market value. Good reputation and positive financial performance support each other (Lins et al., 2017). An improved reputation on the one hand can improve the company's financial condition, while a strong financial condition can strengthen reputation (Cheng et al., 2014). Therefore, creating synergy between corporate reputation and financial performance is essential in achieving sustainability and long-term growth (Rezaee, 2018; Saeidi et al., 2015).

Numerous studies have explored the relationship between corporate reputation variables and company financial performance, and the results can vary based on factors such as industry, methodology, and time period. Corporate reputation is a complex and multifaceted concept that encompasses how a company is perceived by its various stakeholders, including customers, investors, employees, and the general public. Research results suggest that past financial performance variables have a positive effect on corporate reputation variables, this kind of thing is called the performance effect, which means that companies that have a better reputation will be able to perform with better operational results. Explained that between the financial performance variables and the company's reputation there was no relationship or no effect. The results of various research results that are not aligned regarding the effect of financial performance on corporate reputation and also the lack of references related to corporate reputation cause researchers to be interested in carrying out a deeper identification of the effect of financial performance on corporate reputation.

The existing literature on Corporate Social Responsibility (CSR) typically concentrates on all listed companies to investigate its relationship with corporate reputation. This research, however, specifically targets listed companies included in the IDX KEHATI ESG Quality 45 index. The selection criteria for inclusion in this index are based on environmental, social, and governance (ESG) performance. The selection of the ESG Quality 45 index is because in addition to the index being newly launched, the listed companies are considered suitable as a research sample on one of the theories underlying this research, namely the triple bottom line theory presents a holistic perspective on corporate sustainability through three main dimensions: profit, community welfare, and environmental preservation.

This research is motivated as a test of the triple bottom line theory of companies in Indonesia and the inconsistency of the results of previous research and the lack of empirical evidence in Indonesia related to CSR that affects corporate reputation and reputation which ultimately affects the company's financial performance and is also

supported by the research sample of the Quality 45 IDX KEHATI ESG Index that has never been used before. In this research, corporate reputation is used as a moderating variable that has a link to CSR and financial performance.

Hypothesis Development

Signaling Theory

Signaling theory refers to the company's information to external parties with the company's condition. The company seeks to convey information thoroughly to stakeholders with the main objective that they can make the right decisions. The quality of transparent and accurate information, as described has a significant impact on company performance. In addition to being a demand for business ethics, good information delivery also affects reputation, public trust and relationships with stakeholders. Signaling theory, as presented highlight that companies that are active in their performance reporting can increase their value by creating incentives to disclose performance advantages over less transparent competitors. Reinforces this idea by emphasizing that corporate social responsibility (CSR) policies can be a positive signal to the market, reflecting corporate ethics. Both agree that the image of the company as an entity with integrity and good ethics is not only an ethical responsibility, but also a strategy to shift the cost of competition in similar industries.

Triple Bottom Line Theory

The Triple Bottom Line (TBL) concept introduced through his book, "Cannibals with Forks, the Triple Bottom Line of Twentieth Century Business," carries the idea that the company's goal is not only limited to seeking financial gain. Elkington emphasizes the importance of companies to pay attention to and participate in efforts to fulfill the welfare of society (people) and actively contribute to environmental preservation (planet). According to Elkington, the TBL concept measures organizational sustainability by taking into account its impact on profitability, shareholders, social aspects, society, and the environment. also argued that TBL is the essence of sustainability, which includes measuring the impact of the organization globally, including financial, social, and environmental aspects. In the context of the term, the Triple Bottom Line concept is often considered equivalent to Corporate Social Responsibility (CSR). Therefore, TBL provides a holistic framework for companies to not only optimize profitability, but also to consider social responsibility and environmental impact as an integral part of their operations.

Social Responsibility and Corporate Reputation

Corporate Social Responsibility (CSR), according to The World Business Council for Sustainable Development, means companies commit to being ethical and contributing to economic development continually. It goes beyond just making money, focusing on improving the lives of employees and their families. This involves fair business practices, caring for the environment, and participating in activities that help communities. Companies doing CSR recognize they're part of society and aim for sustainable growth that benefits everyone. In action, CSR includes things like giving back to communities, being eco-friendly, and taking care of employees. Overall, CSR is about making ethical, social, and environmental concerns a vital part of how businesses operate. Referring to the description, the advantages stemming from the adoption of Corporate Social Responsibility (CSR) come in various forms. Firstly, there's an augmentation in sales

quantity and market share. Secondly, it bolsters brand positioning. Thirdly, there's an enhancement in corporate image and influence. Additionally, it contributes to an increased ability to motivate, attract, and retain employees. Moreover, CSR leads to reduced operating costs. Lastly, it elevates attractiveness to investors and financial analysts, ultimately aiming to boost stock value.

In today's competitive business landscape, achieving financial success has become a pivotal yardstick for measuring overall business success, as noted by Honggowati et. al. (2017). In instances where traditional business strategies may fall short, companies often explore novel approaches to showcase their standards. Corporate Social Responsibility (CSR) has emerged as a fundamental aspect for companies to construct and enhance their corporate reputation over time. It serves as a strategic tool for companies to not only meet societal expectations but also to differentiate themselves and establish a positive image in the eyes of stakeholders. As businesses navigate challenges, CSR becomes an integral component in shaping perceptions and contributing to sustained success in the dynamic market environment. expressed the view that companies compete with each other to maintain their reputation, given that reputation is considered a key factor in meeting stakeholder expectations. Researchers indicate that companies that successfully implement Corporate Social Responsibility (CSR) strategies well can create a positive reputation (Hasan & Yun, 2017).

Research findings provide evidence supporting a positive relationship between Corporate Social Responsibility (CSR) and financial reputation. Similarly, has demonstrated a positive correlation between CSR and corporate reputation. Husted & Allen (2007) assert that the value of CSR has a positive impact on corporate reputation. This is achieved through CSR activities, such as enhancing product awareness among customers and various stakeholder groups. Additionally, highlights the significant influence of reputation on a company's value, suggesting that a positive reputation can increase the company's worth based on its actions and arguments, while a negative reputation can significantly depreciate the value of its products. These findings collectively emphasize the crucial role of CSR in fostering positive financial and reputational outcomes for businesses.

Based on the literature review of the relationship between CSR and corporate reputation and supported by previous research where CSR has an influence on corporate reputation, hypothesis one (H1) can be prepared that:
H1: Corporate Social Responsibility (CSR) affects Corporate Reputation.

Social Responsibility and Financial Performance

Financial performance reflects the results and achievements of company management in managing assets during a certain period. Financial performance that meets expectations will strengthen investor confidence and extend cooperation with the company, while unsatisfactory performance can trigger consideration of other options, including termination of cooperation. Return on equity (ROE) is the most common measure of a company's financial performance. (Magni, 2015; Rodriguez-Fernandez, 2016).

According one approach to enhancing firm performance is by addressing low capital availability. This constraint directly influences a company's ability to make significant investment decisions and choose an optimal capital structure. Benabou & Tirole (2010) further support this idea, suggesting that companies with superior Corporate Social Responsibility (CSR) performance can effectively navigate and overcome

challenges posed by low capital constraints. Building on these insights, draw three key conclusions. Firstly, better CSR performance correlates with superior stakeholder engagement, mitigating risks and discouraging opportunistic short-term investment strategies, thereby potentially reducing overall costs. Secondly, companies with enhanced CSR performance can convey a positive message to all market participants, serving as a long-term signaling mechanism. Lastly, improved CSR performance is associated with enhanced data accountability and transparency, thereby mitigating information asymmetry between managers and investors and ultimately lowering capital constraints. These perspectives collectively highlight the multifaceted advantages of incorporating CSR into business strategies, demonstrating its potential to positively influence financial performance and address capital limitations.

In various research results regarding CSR with financial performance that have been conducted. Djamilah & Surenggono (2017) in their research proves that CSR has a positive effect on financial performance as measured by ROA and ROE. This is in line with the results of the study which proves that CSR variables partially affect ROE as a proxy for financial performance. Likewise in research Riyanti et al. (2021) where CSR can affect the company's financial performance.

Based on the literature review of the relationship between CSR and the company's financial performance and supported by previous research where CSR has an influence on the company's financial performance, hypothesis two (H2) can be prepared that:
H2: Corporate Social Responsibility (CSR) affects financial performance.

Company Reputation and Financial Performance

Reputation, as described encompasses the image of a company, incorporating aspects like credibility and overall quality. further delineate corporate reputation into two dimensions: perception and reality. Perception involves stakeholders' interpretations of all information related to the company, while reality pertains to the actual details, encompassing procedures, systems, policies, and performance. Lyu et al., (2024) underscores that corporate reputation is an intangible asset with the power to drive value and confer a competitive advantage to a company's performance. Recognizing these benefits, many companies are increasingly investing in developing and preserving a positive reputation. Additionally, research by Lyu et al., (2024) underscores the idea that corporate reputation can serve as a measure of overall firm value, dissecting intangible assets and components in the firm's market value.

A positive relationship between good corporate reputation and company performance is supported by previous research, with providing empirical evidence of a positive correlation between corporate reputation and superior earnings quality. This indicates that companies with a strong and favorable reputation tend to exhibit higher-quality earnings. The link between corporate reputation and enhanced financial performance underscores the significance of managing and cultivating a positive image, as it can positively influence various aspects of a company's operational and financial success. This good corporate performance will ultimately lead to a good corporate reputation, in line with the increasing trust of stakeholders in the company. explained that between the financial performance variables and corporate reputation, there was no relationship or no effect.

Based on the literature review of the relationship between corporate reputation and financial performance and supported by previous research, it can be concluded that corporate reputation has an influence on financial performance even though some studies

prove that it does not support this statement. However, based on the latest research from shows a relationship between reputation and financial performance, then hypothesis three (H3) can be formulated that:
H3: Corporate Reputation affects Financial Performance.

Corporate Reputation as Moderation of Social Responsibility and Financial Performance

Corporate Social Responsibility (CSR) disclosure is considered a parameter for assessing a company's contribution to the welfare of the environment and society. By actively implementing and announcing CSR programs, companies can build a positive image, attracting the attention of not only investors but also the general public. Participation and transparency in CSR programs can improve a company's image, positively impacting the response of investors, who now focus not only on financial performance but also on a company's social and environmental impact. This concept emphasizes that a company's commitment to social responsibility can build positive relationships with society and gain further support from interested parties (Antong & Riyanti, 2021). Effective implementation of Corporate Social Responsibility (CSR) has a major impact on the company's reputation. Reputation, as a key capital, plays a role in increasing corporate goodwill, enabling premium prices for products, attracting employees, improving customer perceptions, reducing risks, and increasing opportunities for business cooperation. A good reputation is also considered a potential source of competitive advantage.

Previous research Riyanti et al. (2021) has used company reputation as a moderating variable to measure how CSR impacts financial performance. Where the research found that there is an effect of reputation in moderating the relationship between CSR and financial performance in state-owned companies in Indonesia. Based on the description and previous research, hypothesis four (H4) can be formulated that:
H4: Corporate Reputation can strengthen the relationship between Corporate Social Responsibility and Financial Performance.

Research Method

This research delves into the interaction between Corporate Social Responsibility (CSR) and financial performance, with a focus on how this relationship is moderated by corporate reputation. The study targets companies listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2021. The research population comprises companies listed on the ESG Quality 45 IDX KEHATI index, specifically chosen for their outstanding ESG performance, financial quality, and robust liquidity. The index consists of the top 45 stocks, showcasing a combination of excellence in ESG practices and financial strength. By honing in on this subset of companies, the study aims to provide insights into the nuanced interplay between CSR, corporate reputation, and financial performance within a specific and well-defined context.

This research applies the Structural Equation Model (SEM) approach to analyze the data that has been collected. Model evaluation consists of two main stages, namely outer model and inner model. With PLS-SEM, this research effectively investigates and measures the influence of latent variables, and ensures the validity and reliability of the model used.

Hypothesis testing is done by looking at the path coeffisient value on the bootstrapping results where the value of the t-count value> 1.96, the hypothesis is

accepted, while if the t-count value < 1.96, the hypothesis is rejected and the P-Values value < 0.05 indicates that the variable has a significant effect. In moderation testing, Moderated Regression Anaysis will be used with the P-Values <0.05 criterion, so the moderating variable plays a role in moderating the relationship of an exogenous variable to an endogenous variable.
The model of this research is shown in figure 1.

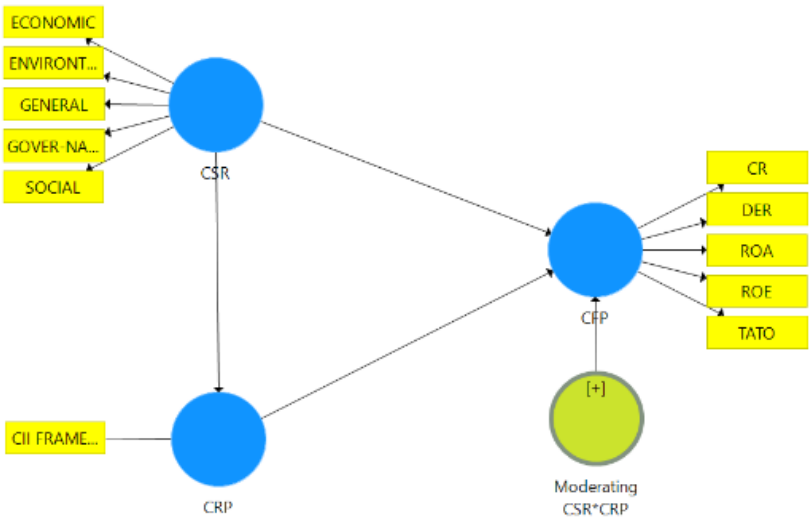


Figure 1. Research Model
Source: Data processed 2024

Social Responsibility Measurement

For this research, the independent variable is the disclosure of the Corporate Social Responsibility Index (CSDI) which is obtained based on the website www.globalreporting.org. The variable disclosure of the Corporate Social

Responsibility Index (CSDI) is measured based on the GRI (Global Reporting Initiative) which is composed of five disclosure focuses, including volunteerism, stakeholders, social, environmental, and economic. Researchers in conducting this research used disclosure, which consists of economic, environmental, general, governance, and social indicators with a maximum value of disclosure of 1. For the calculation of CSDI, the approach used is a dichotomous approach, namely that each CSR item contained in the research instrument is given a value of 1 if disclosed, and given a value of 0 if not disclosed. Then, the score for each item is added to get the result for the overall score of each company.

Company Reputation Measurement

This research measures corporate reputation based on 5 dimensions. This research measures corporate reputation based on five dimensions, including commitment to stakeholders, financial performance, media exposure, brand value and awards. This research is operationalized by converting the five dimensions of corporate reputation into an index with a maximum score of 7. The detailed scoring of the index is in table 1.

Company Reputation Measurement

Financial performance measurement is done through financial statement analysis. Financial ratios are the main tool in conducting financial analysis. Compared to the

previous two variables, financial performance is more consistent and easier to measure. Based on previous studies, in the existing literature there are two methods to measure financial performance. One is to adopt accounting indicators; the most common indicator is Return on Assets (ROA) and Return on Equity (ROE) (Petitjean, 2019). This research chose ROA & ROE as a proxy for financial performance in terms of profitability. Furthermore, researchers use Debt to Equity (DER) ratio analysis as a measurement of financial performance in terms of solvency. The solvency ratio or termed the debt ratio is the company's ability to fulfill all its obligations, both short-term and long-term obligations (Pura, 2021).

In liquidity researchers will use the current ratio (Current Ratio). Where Current Ratio is a ratio that shows the company's ability to pay its short-term obligations using its current assets (PA & Marbun, 2016). Companies with a good current ratio can be said to have good performance. Finally, on the activity side, the Total Assets Turn Over

Table 1. Company Reputation Framework

No.	Dimensions	Measurement	Index Value
1.	Commitment to stakeholders	a. Score 0 (if there is no interaction with stakeholders) to 5 (maximum score)	"1" if the value is ≥the average sample score and "0" if below the average score.
		b. Company reports/executes CSR	"1" if the company reports/executes CSR and "0" if not.
2.	Financial Performance	a. Return Of Equity (ROE)	"1" if the value is ≥ the sector average and "0" if below the average.
		b. Share Return =(price_t-price_(t-1))/price_(t-1)	"1" if the value is ≥ the sector average and "0" if below the average.
3.	Media Exposure	Differentiation between positive and negative news	"1" if positive news is more than negative news and "0" otherwise
4.	Brand Value	Appreciation of the company's brand and/or product	"1" if it can win awards related to the company's products and "0" if not
5.	Award	In the top 5 of the CII Awards	"1" if the company is included in the top 5 Corporate Image Index Awards (CII) and "0" if not

Results and Discussion

Descriptive Analysis

Descriptive statistics serve as an important first step in data exploration, providing insight into patterns, trends, and general characteristics of the observed variables.

In Table 2, the general indicator CSR variable found an average value of 0.83, indicating that the companies studied have almost entirely made disclosures. Followed by economic indicators with an average of 0.66, environment 0.52, social 0.66, and governance 0.64.

The corporate reputation variable measured by the CII Framework found a minimum value of 2 in four companies and as many as eleven companies that received a score of 7. Accompanied by an average value of 4.7 indicates that the research sample has a good reputation value.

Table 2. Descriptive Statistics

	Mean	Median	Min	Max
CSR				
GENERAL	0.83	0.92	0.43	0.95
ECONOMICS	0.66	0.67	0.00	1.00
ENVIRONTMENT	0.52	0.50	0.00	1.00
SOCIAL	0.66	0.67	0.00	1.00
GOVERNANCE	0.64	0.68	0.00	1.00
CRP				
CII FRAMEWORK	4.770	5.000	2.000	7.000
CFP				
ROA	5.8%	3.6%	-8.6%	35.8%
ROE	13.8%	10.9%	-15.3%	145.1%
DER	0.659	0.450	0.001	3.390
CR	1.865	1.360	0.001	9.280
TATO	0.629	0.490	0.040	3.180

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The Return of Assets (ROA) indicator in this research has a minimum value of -8.6% for EMTK issuers and the highest value of 35.8% is SCMA. Return of Equity (ROE) has a minimum value of -15.3% in EMTK issuers and the highest value is UNVR with a value of 145.1%. Levrage criteria measured based on Debt Equity Ratio (DER) has a minimum value of 0.001 in the issuer INTP and the highest value of 3.39 in JSMR. Measurement of liquidity aspects through Current Ratio (CR) has a minimum value of 0.001, the majority of which are found by banking sector issuers including BBCA, BBNI, BBRI, BBTN, BMRI, BNII, and BTPS. The highest value of 9.28 is found in the POWR issuer. The activity indicator, namely Total Asset Turn Over (TATO), has a minimum value of 0.040 in the PPRO issuer and the AMRT issuer has the highest value of 3.18.

Model Analysis

Improvements to the reflective model to identify the CSR latent were made by removing indicators that had a loading factor value of less than 0.7, following the guidelines suggested. The initial stage of evaluation eliminated the General indicator with a score of 0.256, and this process continued iteratively, where each iteration eliminated indicators with a loading factor <0.7. These steps ended when a final model was found with no loading factor values <0.7, indicating a significant contribution of each remaining indicator in representing the latent CSR. (Ghozali, 2014). After performing the expenditure stage of the initial model, the final model is formed in the following figure 2.

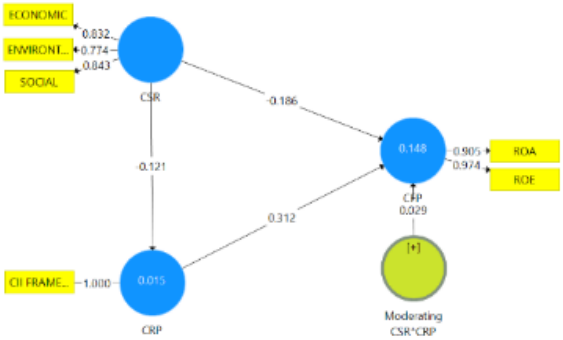


Figure 2. Final Research Model
Source: Data processed 2024

From the results of the model analysis in Figure 2, the loading factor value on the CSR latent variable shows that the economy has a loading factor value of 0.832, the environment is 0.774, and social is 0.843. These values exceed the 0.7 threshold, indicating that the indicators are valid in measuring the CSR construct. Thus, it can be concluded that good CSR implementation is when the three indicators are implemented optimally and effectively.

The results of the CRP latent variable analysis show that the CII Framework indicator with a value of 1,000 is valid and reflects the company's increasingly good reputation. In the CFP latent variable, ROA and ROE are valid indicators, reflecting the ability to pay short-term liabilities and good financial performance. High ROA and ROE profitability ratios indicate the ability to generate profits from asset value. With a good reputation and positive financial performance, it can be concluded that the company has the ability to pay liabilities well and is able to optimize the use of assets for profit.

Evaluation of Measurement Model

Two common methods for measuring the validity of reflective indicators are Average Variance Extracted (AVE) and Composite Reliability. AVE measures the extent to which indicator variance can be explained by the latent construct, with values above 0.5 signaling good validity. Composite Reliability measures the reliability of the combined indicators in measuring the latent construct, with values above 0.7 considered good. The combination of these two methods is often used to ensure the validity and reliability of the measurement model, so if both provide satisfactory results, it can be concluded that the measurement is valid and reliable. The AVE value for each of these variables can be reviewed based on table 3.

Based on the AVE value of the latent variable CSR worth 0.668, CRP of 1.000, and CFP with a value of 0.884 has exceeded the minimum limit of 0.5 so that it can be said that the three constructs have a high level of convergent validity. *Composite reliability* is a measure used to measure the reliability of constructs or dimensions in *Structural Equation Modeling* (SEM) analysis. Based on table 5, it is found that the *composite reliability* value of CSR of 0.857, CRP worth 1,000, and CFP of 0.938 has exceeded the minimum limit of 0.7 so that these results indicate that the three constructs are reliable and can be considered to have excellent reliability.

Table 3. Overview of the reflective model

	AVE	Composite Reliability	Cronbach's Alpah	R Square
CSR	0.668	0.857	0.754	
CRP	1.000	1.000	1.000	0.007
CFP	0.884	0.938	0.880	0.129
CSR*CR	1.000	1.000	1.000	

Source: Data processed 2024

The discriminant validity analysis of cross-loading criteria is crucial for assessing whether a construct exhibits adequate discriminant validity. This is achieved by comparing the loading values of each indicator with their intended construct against the loading values of other constructs. In Table 4, it is evident that the loading values of each indicator with its respective latent variable are higher than those with other latent variables. This observation leads to the conclusion that the construct, as indicated by these loading values, possesses sufficient discriminant validity. In essence, the analysis suggests that the indicators are more strongly associated with their intended construct, reinforcing the distinctiveness of the measured construct in comparison to others.

Table 4. Discriminant validity analysis of cross loading criteria

	CSR	CRP	CFP
ECONOMICS	0.832	-0.035	-0.243
ENVIRONTMENT	0.774	-0.141	-0.104
SOCIAL	0.843	-0.135	-0.175
CII FRAMEWORK	-0.121	1.000	0.338
ROA	-0.218	0.156	0.905
ROE	-0.207	0.409	0.974

Source: Data processed 2024

Structural Model Evaluation

The structural model, also known as the inner model, delineates the connections between latent variables. Specifically, it elucidates the direct relationships among Corporate Social Responsibility (CSR), Financial Performance (CFP), and Corporate Reputation (CRP). The R-Square criterion, applied to endogenous latent variables, serves to illuminate the extent to which the variability in endogenous variables can be clarified by exogenous variables. In other words, it provides a quantitative measure of how well the model accounts for the diversity observed in the endogenous variables based on the influence of the exogenous variables. This criterion is valuable for gauging the explanatory power and effectiveness of the structural model in capturing the relationships and dynamics within the latent variables under consideration.

Endogenous variables in this research are corporate reputation and financial performance. The results of the study can be seen in table 3 which shows the company's reputation is influenced by CSR with a value of 0.007 which can mean that the change in company reputation can be explained by CSR with a diversity of 0.7%, the remaining 99.3% is explained by other variables not included in this research. This value R^2 according tincluded in the low category. With the value of R^2 , it is suspected that the implementation conducted by the company did not run effectively so that it did not have a major effect on the company's reputation. Research results Streimikiene et al. (2021)

also states that there is no relationship between CSR and corporate reputation where past activities conducted by the company have little effect on the company's future reputation.

The financial performance variable is influenced by CSR and corporate reputation with a value of 0.129 which means that the financial performance variable can be explained by CSR and corporate reputation with a diversity of 12.9%, the remaining 87.1% is explained by other variables not included in this research. With a value of R^2 which is also low, it is suspected that the implementation of CSR by the company is not perfect and not fully based on the awareness of the internal company, but still just following the *trend* and information that must be disclosed to comply with applicable regulations. This is in line with research Fauziah et al. (2016) where it also gets a low valueR^2 . CSR categories disclosed are only limited to current issues that are directly affected such as economic, environmental, and social to affected communities.

Hypothesis Test

Furthermore, hypothesis testing will be conducted in this research. The calculation results in table 7 show the bootstrap value of the path coefficient if the t-count value> 1.96 accompanied by *P-Values* <0.05 then the hypothesis is accepted.

Conclusion

In this research, the results show that although companies have implemented Corporate Social Responsibility (CSR) policies, there is no significant effect on corporate reputation. This is thought to be due to differences in stakeholder perceptions or a mismatch of CSR practices with community expectations. Furthermore, an interesting finding is that CSR practices have a significant influence on corporate financial performance. This indicates that CSR efforts can make a positive contribution to financial aspects such as through increased consumer confidence, operational efficiency, or other long-term benefits. This can improve the company's financial performance in the long run and build sustainable corporate value.

In addition, the company's own reputation also has a significant influence on financial performance. Companies with a good reputation tend to have more positive financial performance, allegedly due to customer trust, investor support, and other benefits associated with a positive image. These conclusions provide insight into the dynamics between CSR, reputation, and financial performance in the context of this particular study. The implications of these findings may help firms to design more effective CSR strategies and understand the role of reputation in shaping financial performance. In addition, this research also opens up opportunities for further research to explore factors that may moderate the relationship between CSR and financial performance.

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