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# The Effect of Corporate Social Responsibility, Intellectual Capital, and Firm Size on Company Financial Performance (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2019–2021)

Lovinza[1*], Wiralestari[2], Rahayu[3]
Universitas Jambi
**Corresponding Author:** Lovinza lovinzajambi@gmail.com

A R T I C L E I N F O

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A B S T R A C T

The purpose of this research is to examine the impact of corporate social responsibility, intellectual capital, and firm size on corporate financial performance. Which is measured by return on Assets (ROA). This research is a form of quantitative research. Secondary data gathered from www.idx.co.id and the company's website is used. This study's population consists of manufacturing businesses registered on the Indonesia Stock Exchange in 2019-2021. While the sample of this study was determined using purposive sampling, so that a total of 183 data points could be processed. The analysis method used is multiple linear regression analysis using SPSS version 25. According to the findings of this study, corporate social responsibility has no influence on the financial performance of a business. This indicates that the high and low disclosure of corporate social responsibility has no influence on the corporate financial performance. While intellectual capital and firm size have an impact on the corporate financial performance



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## INTRODUCTION

One of the growing nations with a comparatively rapid industrial expansion is Indonesia. The quantity of manufacturing businesses that have grown in Indonesia serves as proof of this. In general, each company's primary objective is oriented toward maximizing profit for the company and its stakeholders. One of the benchmarks used by stakeholders in assessing a good or bad company is the financial success of the firm. The financial performance of the firm describes its financial status. Evaluated through financial analysis to determine how well or poorly the company is performing (Sifaiyah, 2018).

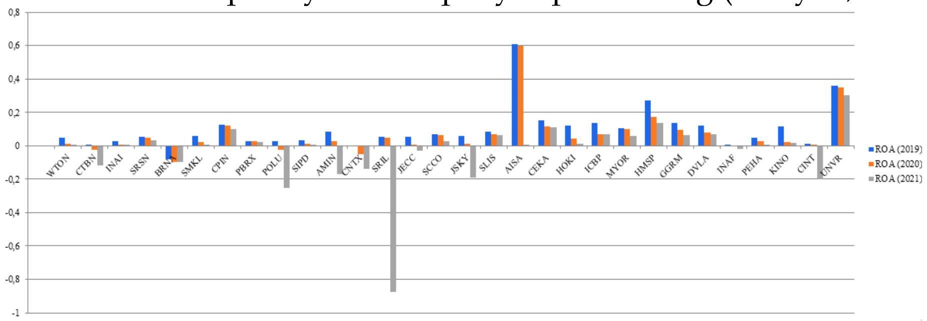


Figure 1. Financial Performance of Several Manufacturing Companies 2019-2021
Source: Annual Report (www.idx.co.id)

According to the diagram at the top, It is possible to deduce that the financial success as projected by Return on Assets shows that several manufacturing firms that will be registed in the Indonesia Stock Exchange 2019 - 2021 are in the range of > 5% to ≤ 1%. During these times, the financial success of the firm declined for three years in a row. One example of a company whose average return on assets has decreased is PT Wijaya Karya Beton Tbk in 2019 of 4.94%, in 2020 of 1.45%, and in 2021 of 0.91%. This shows that PT Wijaya Karya Beton Tbk is less able to utilize the assets of the firm correctly. This is calculated by applying the subsequent criteria for assessing the return on assets ratio as follows.

Table 1. Return on Assets (ROA) Assessment Criteria

| Criteria | Rating |
|---|---|
| >5% | Very Good |
| 3% - 5% | Good |
| 1% - 3% | Less Good |
| ≤ 1% | Not Good |

Source : Sujarweni, 2020

Corporate social responsibility is one of the aspects that might influence financial performance (Massubagiyo & Widyawati, 2022). At this time, the corporation needs to shell out careful attention to the demands of stakeholders, so it must be able to coordinate its relationship with them by developing a corporate social responsibility plan. The rise in the phenomenon of surrounding damage to manufacturing companies can be seen from the case in 2021, where PT Lontar Papyrus, which is engaged in the paper industry, in carrying out company activities caused environmental damage by polluting the river felt by the community in Kalagian Village, Tebing Tinggi District, West Tanjung Jabung

Regency, Jambi (Member of Commission IV DPR RI Yohanis Fransiskus Lema, 2021).

Another phenomenon is the existence of 254 manufacturing factories in Central Java that generate 616,000 tons of hazardous and toxic waste (B3) per year. According to the calculation of the Environment and Forestry Service, the amount of hazardous and toxic waste (B3) comes from 55,000 tons of agricultural industry waste, 959,000 tons of mining waste, 354,000 tons of service waste, and 1,000 tons of health facility industry waste (Head of Pollution and Control Section of the Central Java Environment and Forestry Service, 2022). This can certainly cause harm to human health, other living things, and the environment. This phenomenon realizes that companies must be not only profit-oriented but also social and environmental. So this concept is introduced as 3P, also known as the Triple Bottom Line concept, as the main basis for the principal foundation in implementing corporate social responsibility.

One of the elements influencing financial success is intellectual capital (Yudha, 2021). Intellectual capital is a resource that helps to firm success by enhancing competitive advantage (Wibisono & Panggabean, 2019). Along with continuous growth, the development of science and technology has made it easier for everyone to do various activities, especially business operations. The very dynamic transition of the business world can be seen in the increasing movement that was initially limited to capital and products to be broadened to labor and knowledge. The existence of knowledge-based business changes directs companies to strive to make changes that produce products in order to survive and compete with other competitors. In order to compete with other competitors, the company must add value by increasing its competitiveness and improving its performance. If the company has managed and utilized existing resources effectively and efficiently, it will produce good intellectual capital performance. The stronger an intellectual capital performance, the better a corporate's financial performance (Ulum, 2017).

According to Top Brand Award data (2022), products such as Lifebuoy, Ulta Milk, Indomie, Betadine, Mustika Ratu, Fresh Care, Chitato, Sari Roti, Yakult, and Cimory have ratings above 30%, and all of these products are products that are ranked first in their category. This is inseparable from the strength of the company's branding in an effort to be liked and recognized so that it is accepted and trusted by the public for consumption. There is a brand and skill to promote or create marketing channels and customer relationships. If this relationship is well established, the company can achieve its goal of increasing profits, which in turn improves corporate financial performance.

Another aspect that may impact the corporate financial performance is the corporation scale, both tiny and large (Rhennata & Kurnia, 2022). Firm size is a description that determines the size of a business. Firm size is the appearance of a corporate that has succeeded in managing and utilizing business operations properly to produce products and services, as well as labor, which is used as a total asset in the company (Dewi & Sudiartha, 2017). The bigger the number of assets possessed and the smoother the asset turnover, the higher the financial return made by the firm. This makes it easier for large companies to obtain funds or capital for operational activities and impact the corporate financial performance.

Based a phenomena, research gaps, and theories in previous studies, it is necessary to carry out further study with the topic of "The Effect of Corporate Social Responsibility, Intellectual Capital, and Firm Size on Company Financial Performance (Empirical Study of Manufacturing Companies List on the Indonesia Stock Exchange in 2019–2021)".

## THEORETICAL REVIEW

### Stakeholder Theory

A corporation must behave in the best values for each of its stakeholders, which include humanity, creditors, shareholders, clients, analysts, suppliers, the government, and other parties (Freeman et al., 2010). Stakeholder Theory offers a perspective on the significance of conducting business to balance the various claims of stakeholders that conflict with the activity undertaken by the company (Kusumawardani et al., 2018). Basically, stakeholders have the expertise to manage or influence the use of economic resources in the company's business operations. Therefore, the power of these stakeholders depends on the amount of stakeholder power over these economic resources.

### Resource Based View Theory

According to the resource based view theory (Grant, 1991), businesses may obtain a strategic edge by creating workable resources that support their long-term survival (Grant, 1991). Wernerfelt (1984) initially put forth this notion in a book titled "A Resource-Based View of the Firm." However, Barney's (1991) essay "Firm Resource and Sustained Competitive Advantage" is one of the research that is most commonly mentioned. It is explained that firm resources have contributed to improving the efficiency and effectiveness of company operations.

Resource-based perspective theory states that in order for a company to perform well, it needs to be encouraged by tangible and intangible resources (Soewarno and Tjahjadi, 2020). Resources consisting of tangible assets such as land, buildings, machinery, production equipment, and others. On the other hand, a resources in the form of intangible assets, such as intellectual capital, are much more hard for companies to build than tangible assets.

### Hypothesis Development

### The Effect of Corporate Social Responsibility on Company Financial Performance

According to the stakeholder theory, corporations that practice corporate social responsibility must consider the interests of all parties who may be influenced by their actions (Rahmawati et al., 2017). In carrying out its operational activities, the company interacts with stakeholders such as investors, suppliers, employees, consumers, the government, and local communities. The company needs support from stakeholders to maintain its existence. Therefore, adequate consideration is needed to obtain stakeholder approval.

In research conducted by Syafi (2020), Damayanti & Septiani (2022), Massubagiyo & Widyawati (2022), and Avilya & Ghozali (2022), They observed that Corporate Social Responsibility had a positive influence on the corporate financial performance as assessed by Return on assets (ROA). Alfawaz & Fathah's research (2022) found a significant positive effect of corporate social responsibility on corporate financial performance calculated through Return on assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). However, it is inversely related to the amount of analysis done by Yudha (2021), Diorzanora & Priyadi (2019), and Hidayah & Wijaya (2022), which found that there is no impact of corporate social responsibility on the corporate financial performance calculated through Return on assets (ROA). Inas & Mildawati's analysis (2022) found no effect of corporate social responsibility on the corporate financial performance calculated through Return on assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). According on the preceding study, the following hypothesis is obtained:

H1 : Corporate Social Responsibility Has No Effect the Corporate Financial Performance.

**The Effect of Intellectual Capital on Company Financial Performance**

According to the Resource Based View Theory (RBV), firms that may manage and utilize intellectual capital better would tend to get good financial performance because they can create value added (VA) and can gain and maintain a competitive advantage. A high Value Added Intellectual Coefficient (VAIC™) value indicates that intellectual capital excellence is believed to affect the corporate financial performance. The stronger an intellectual capital performance, the better a corporate's financial performance (Ulum, 2017).

The primary theoretical basis for illuminating the connection among intellectual capital and company performance is stakeholder theory (Lestari et al., 2016). The company must fulfill the wishes of stakeholders, as evidenced by proper asset management, to generate profits. In order to boost financial performance, all of a firm's potential must be managed properly and to the fullest extent possible, which is why stakeholders are focused on intervening management (Sirojudin and Nazaruddin, 2014). In addition, companies must balance a large amount of wealth with adequate human resources to utilize all company assets to gain a competitive advantage. Therefore, it can be said that there are significant effects between intellectual capital on the corporate financial performance.

According to the findings of a study conducted by Syafi (2020), Yudha (2021), Diorzanora and Priyadi (2021), and Avilya & Ghozali (2022), have an intellectual capital effect on the corporate financial performance was calculated through Return on assets (ROA). Based to Gunawan et al. (2020), intellectual capital has a considerable favorable influence on the financial success of a corporation, calculated through Net Profit Margin (NPM), Return on Equity (ROE), and Return on assets (ROA). However, it is inversely related to the amount of analysis done by Dwijayanti et al. (2022), and Diorzanora & Priyadi (2019), which discovered that intellectual capital had no influence on the corporate financial performance of the firm calculated through Return on assets (ROA). Gunawan et al.'s research (2020) It has also been found that intellectual capital have no impact on the corporate financial performance of a corporation through the Asset Turnover Ratio (ATO). According on the preceding study, the following hypothesis is obtained:

H2 : Intellectual Capital Affects the Corporate Financial Performance.

**The Effect of Firm Size on Company Financial Performance**

Firm size may be defined as the size of a firm, and a huge company is unquestionably one that is effective in carrying out its operational tasks and can thrive in the commercial world. Companies with more assets and resources certainly have a greater opportunity to convert them into cash, or, in other words, have more income. In addition, a company's assets increase its stability as it can better manage market conditions to compete economically. To improve financial performance and meet stakeholder demands, all company assets must be managed efficiently. Firm size can be calculated by logarithmizing assets (Nasir et al., 2014).

In research conducted by Yudha (2021), Rhennata & Kurnia (2022), and Damayanti & Septiani (2021), it was found that business size has an influence on corporate financial performance, which is calculated through Return on assets (ROA). However, it is inversely related to the amount of analysis done by Febriani (2018), Syafi (2020), and Saragih & Sihombing (2021), which found that there is no impact of firm size on the corporate financial performance calculated through Return on assets (ROA). According on the preceding study, the following hypothesis is obtained:

H3 : Firm Size Affects the Corporate Financial Performance.

**METHODOLOGY**

**Research Approach**

The method adopted for this research is a quantitative method. In order to test theories, quantitative approaches look at the relationship between different variables. A quantitative approach to research is one that can result in conclusions that can be quantified by statistical methods or other means (Sujarweni, 2020).

**Population and Sample**

The population of this analysis is made up of manufacturing the firms that are registered on the Indonesia Stock Exchange in 2019-2021. The sample was chosen via purposive sampling, with the intention of obtaining a sample that meets predetermined criteria (Sujarweni, 2020). The purposive sampling method's goal is for researchers to obtain information from specific target groups. There are 61 firms in the sample that match the following criteria:

1. Manufacturing firms that are listed for three consecutive years on the Indonesia Stock Exchange in 2019–2021.
2. Firms post financial reports and annual reports as of December 31 on the Indonesia Stock Exchange, on the corporate website, or on the IDX during the observation period.
3. Manufacturing firms which did not loss during study period.

4. Firms with complete research data.

## Operational Defination and Measurement of Variables

### Corporate Social Responsibility

Corporate social responsibility disclosure refers to actions taken by companies in accordance with their capabilities as a form of responsibility to the environmental and surrounding communities where the company is based in order to improve welfare of stakeholders and increase company profitability. The GRI Standard, which is divided into three main categories and includes 17 economic performance indicators, 32 surroundings performance indicators, and 40 social performance indicators, is using to measure corporate social responsibility (CSR) disclosure and express it in the aplicated form of the Corporate Social Responsibility Index (CSRI). Each of these indications is given a rating of 1 if disclosed and a score of 0 if not. The following equation can be used to determine CSRI:

$$\boxed{\mathbf{CSRIj} = \frac{\mathbf{\Sigma xij}}{\mathbf{nj}}}$$

Notes:
CSRIj = Corporate Social Responsibility Index for each firm category j.
nj = Number of items for the firm j; nj = 89
xij = Score 1 if item i is disclosed, and score 0 if item i is not disclosed.

### Intellectual Capital

The Value-Added Intellectual Coefficient (VAIC™), a model created by Pulic (1998), is using to calculate intellectual capital. The concept and steps of value computation are as follows (Ulum, 2017).

$$\boxed{\mathbf{VA = OUT - IN}}$$

$$\mathbf{VACA} = \frac{\mathbf{Value\ Added}}{\mathbf{Capital\ Emplayed}}$$

$$\mathbf{VAHU} = \frac{\mathbf{Value\ Added}}{\mathbf{Human\ Capital}}$$

$$\mathbf{STVA} = \frac{\mathbf{Structural\ Capital}}{\mathbf{Value\ Added}}$$

$$\boxed{\mathbf{VAIC^{TM} = VACA + VAHU + STVA}}$$

Notes :
VAIC™ = Value added intellectual coefficient.
VACA = Value added capital employed.
VAHU = Value added human capital.
STVA = Structural capital value added.
CE = Capital employed.
HC = Human capital.
VA = Value added.
Out (Output) = Total revenue and other income.
In (Input) = Operating expenses and other expenses.

**Firm Size**

The size of the business represents the overall assets it has. Accordingly, it can be claimed that when a firm gets bigger, its assets grow along with it, and the money required to keep running its operations grows as well. The larger the company, the more it affects business decisions in determining the funds it uses to increase its value (Pratama & Wiksuana, 2016). In this study, researchers used total assets as a measurement scale. The natural logarithm (Ln) of the corporate total assets is used to measure the size.

$$\boxed{\textbf{SIZE = Ln (total assets)}}$$

Notes:
SIZE = Firm size
Ln = Natural logarithm
Total assets = Total assets of the company

**Dependent Variable**

**Company Financial Performance**

Company financial performance in this research is proxied by the level of company profitability. Profitability indicates how effectively a business produces profits. Return on assets ratio is a financial performance metric. Return on assets is a statistic that assesses the capacity of capital invested in all assets to create net profit (Sujarweni, 2020). The following is the Return on Assets formula:

$$\boxed{\mathbf{ROA} = \frac{\textbf{Net Profit After Tax}}{\textbf{Total Assets}}}$$

**Data Analysis Technique**

This study's data analysis approach employs statistical computations through the SPSS (Statistical Product and Service Solution) software. Following the collection of the necessary data for this study, data analysis was performed, which included descriptive statistical methods, classical assumption tests, multiple linear analysis, and hypothesis testing.

## RESULTS

**Descriptive Analysis**

Table 2. Result of Descriptive Statistical Analysis

**Descriptive Statistic**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Corporate Social Responsibility | 183 | 0,044 | 0,629 | 0,2794 | 0,108733 |
| Intellectual Capital | 183 | 0,253 | 5,986 | 2,3953 | 0,842034 |
| Firm Size | 183 | 12,158 | 19,869 | 15,318 | 1,838623 |
| ROA | 183 | -0,016 | 0,222 | 0,0627 | 0,048476 |
| Valid N (listwise) | | | | | |

Source: Results of Data Processing in SPSS Version 25

The analysis of descriptive statistics indicated the variable of corporate social responsibility from 183 data, consisting of 61 companies that became research samples in the 2019-2021 period, had a maximum score of 0.629 and a minimum score of 0.044. The highest score of 0.629 is the nilai owned by PT Japfa Comfeed Indonesia Tbk in 2020. The number of items disclosed was 56 items with a total of 89 items disclosed. The minimum score of 0.044 was held by PT Charoen Pokphand Indonesia Tbk in 2019. The average score of corporate social responsibility disclosure is 0.2794.

**Classical Assumption Test**

**Normality Test**

**a. Graph Method**

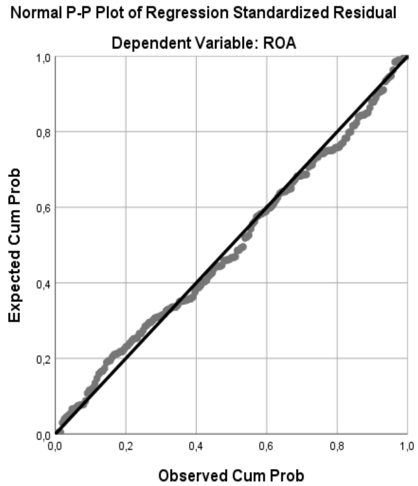


Figure 2.Result of Graph Method
Source: Results of Data Processing in SPSS Version 25

The dots on the normal probability plot graph above are along the diagonal line, indicating that the data is normally distributed. So the normality test is acceptable, or the data is normally distributed.

**b. One Sample Kolmogorov-Smirnov Method**

Table 3. Results of One Sample Kolmogorov-Smirnov Method

| One-Sample Kolmogorov-Smirnov Test | | |
|---|---|---|
| | | Unstandardized Residual |
| N | | 183 |
| Normal Parameters[a,b] | Mean | 0,0000000 |
| | Std. Deviation | 0,03821694 |
| Most Extreme Differences | Absolute | 0,048 |
| | Positive | 0,048 |
| | Negative | -0,045 |
| Test Statistic | | 0,048 |
| 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: Results of Data Processing in SPSS Version 25

The Kolmogorov-Smirnov test results, as shown in the table at the top, indicate these data used in this investigation are normally distributed. This is indicated by the Asymp.Sig. (2-Tailed) of 0.200 which is greater than the significance level of 0.05 (0.200 > 0.05).

**Multicollinearity Test**

Table 4. Results of Multicollinearity Test

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Corporate Social Responsibility | ,862 | 1,160 |
| | Intellectual Capital | ,932 | 1,073 |
| | Firm Size | ,833 | 1,201 |

Source: Results of Data Processing in SPSS Version 25

This may be determined by examining the tolerance score and variance inflation factor (VIF) in the regression model. If the tolerance score is 0.10 and the VIF score is 10, then there is no multicollinearity problem. As a result, the tolerance value of the corporate social responsibility, intellectual capital, and company size variables is greater than 0.10 and the VIF score is less than 10. As a result, it is possible to conclude that there is no multicollinearity in the regression model.

**Autocorrelation Test**

Table 5. Results of Autocorrelation Test

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | ,615[a] | ,378 | ,368 | ,0385358651 | ,986 |
| a. Predictors: (Constant), Firm Size, Intellectual Capital, Corporate Social Responsibility | | | | | |
| b. Dependent Variable: ROA | | | | | |

Source: Results of Data Processing in SPSS Version 25

Based to results of the Durbin-Watson statistical test (DW test) above, the DW score is 0.986. Assuming the above provisions, the resulting Durbin-Watson score lies between -2 to +2, it is concluded that there is no autocorrelation. In the course of this research, the Durbin-Watson score is -2 < 0.986 < 2 so that the regression model is said to have no autocorrelation.

**Heteroscedasticity Test**

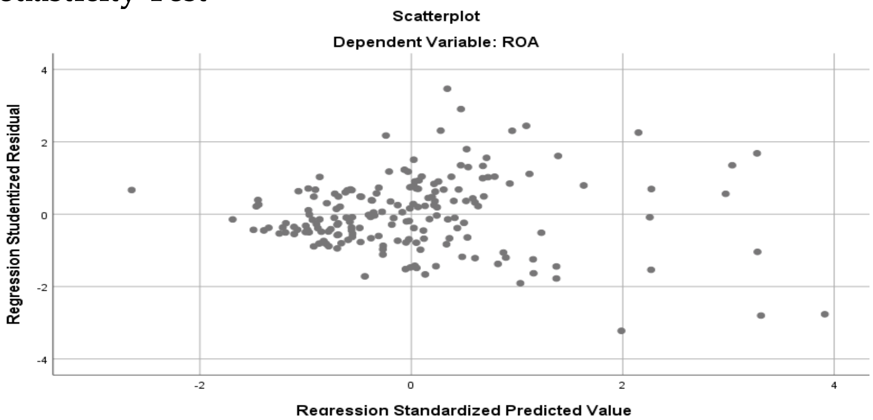


Figure 3. Plot Graph of Heteroscedasticity Test Results
Source: Results of Data Processing in SPSS Version 25

According to the diagram generated, it appears that the dots do not form a clear pattern. The dots scatter above and below 0 on the Y-axis, indicating there is no heteroscedasticity problem with the regression model.

**Multiple Linear Regression Test**

Table 6. Results of Multiple Linear Regression Test

| Coefficient[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | ,062 | ,024 | | 2,573 | ,011 |
| | Corporate Social Responsibility | ,017 | ,028 | ,039 | ,615 | ,539 |
| | Intellectual Capital | ,036 | ,004 | ,627 | 10,280 | ,000 |
| | Firm Size | -,006 | ,002 | -,225 | -3,486 | ,001 |
| a. Dependent Variable: ROA | | | | | | |

Source: Results of Data Processing in SPSS Version 25

According on the results of the SPSS output, the resulting regression equation is:

$$Y = 0.062 + 0.017\ X1 + 0.036\ X2 - 0.006\ X3 + e$$

**Hypothesis Test**

**Coefficient of Determination Test (R2)**

Table 7. Results of the Coefficient of Determination Test

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | ,615[a] | ,378 | ,368 | ,038535 | ,986 |

| |
|---|
| a. Predictors: (Constant), Firm Size, Intellectual Capital, Corporate Social Responsibility |
| b. Dependent Variable: ROA |

Source: Results of Data Processing in SPSS Version 25

Based on previous of the table, the Adjusted R Square score is 0.368. This suggests that the factors of corporate social responsibility, intellectual capital, and firm's size explain just 36.8% of the return on assets. The remainder (100% - 36.8% = 63.2%) is described by factors external to this research model. The standard error estimate (SEE) is thus 0.038535; the lower the SEE value, the more exact the regression model in predicting the dependent variable.

**F Test**

Table 8. F test Results

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | ,162 | 3 | ,054 | 36,336 | ,000b |
| | Residual | ,266 | 179 | ,001 | | |
| | Total | ,428 | 182 | | | |
| a. Dependent Variable: ROA | | | | | | |
| b. Predictors: (Constant), Firm Size, Intellectual Capital, Corporate Social Responsibility | | | | | | |

Source: Results of Data Processing in SPSS Version 25

According to the above output table results, it is found that the F count is 36.336, for the F table obtained is 4.476 and the significance value obtained is 0.000. An independent variable may impact an independent variable at the same time if F table < F count and significance < 0.05. Therefore it can be concluded that F table < F count (4,476 < 36,336) then the significance score is 0.000 < 0.05 so that there is a significant impact between the variables of corporate social responsibility, intellectual capital and firm size simultaneously or together on the corporate financial performance.

**T test**

Table 9. T Test Results

| Coefficient[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | ,062 | ,024 | | 2,573 | ,011 |
| | Corporate Social Responsibility | ,017 | ,028 | ,039 | ,615 | ,539 |
| | Intellectual Capital | ,036 | ,004 | ,627 | 10,280 | ,000 |
| | Firm Size | -,006 | ,002 | -,225 | -3,486 | ,001 |
| a.Dependent Variable: ROA | | | | | | |

Source: Results of Data Processing in SPSS Version 25

The significance level of each variable is known from the table above. The corporate social responsibility variable has a negative direction and a significance score of 0.539> 0.05. The findings of this study show that the variable of corporate social responsibility has no meaningful influence on corporate financial performance as measured by return on assets. The variable intellectual capital has a significance level of 0.000<0.05. According to this research finding, the variable of intellectual capital has a considerable effect on corporate financial performance as measured by return on assets. The firm's size variable has a significance score of 0.001<0.05, which indicates that it has a substantial influence on corporate financial performance as measured by return on assets.

## DISCUSSION

### Interpretation of Research Results

1. **The Effect of Corporate Social Responsibility on Company Financial Performance**

   The results of multiple linear regression hypothesis test indicate a significance level possessed by the corporate social responsibility variable is 0.539 with a negative direction (0.536> 0.05), so the first hypothesis ($H_1$) is rejected. This means that corporate social responsibility has no impact on the corporate financial performance as measured by Return on Assets (ROA). The findings of this research are not in accordance with the hypothesis stating that corporate social responsibility disclosure affects the corporate financial performance. This shows that the high or low disclosure of corporate social responsibility has no impact on the corporate financial performance. The disclosure of corporate social responsibility has no effect on the corporate financial performance due to the lack of public understanding of corporate social responsibility activities and the low level of public awareness. In other words, although the company maintains a social environment, its operations will not impact significantly on the corporate financial performance.

   Wibisono (2007) argues that it is difficult to measure the benefits of implementing corporate social responsibility because no one can guarantee that the company will gain certain benefits if it implements it well. According to a perspective of descriptive statistics, the average disclosure of corporate social responsibility activities in the manufacturing sector still accounts for about 27.6% of all Global Reporting Initiative (GRI) disclosure indicators. According to Pratuti and Budiasih (2019) in general, companies only disclose corporate social responsibility as part of their advertising and avoid providing relevant information. Thus, it is not uncommon for companies to disclose good things about themselves and ignore things that are considered unfavorable to them. The companies would like users of the report to read the "good news" about the corporate financial performance, for example, in the social sphere. This reduces the perceived quality of corporate social responsibility disclosures and deters investors from using this information as a decision-making basis. This does not support stakeholder theory, which explains that companies are not organizations that act solely for the benefit of stakeholders but also need to benefit stakeholders for business continuity through corporate social responsibility disclosure. The findings of this research suggest that corporate social responsibility disclosures made by manufacturing sector firms have not been able to provide information about the firms' activities that may impact stakeholders.

The findings of this research are backed by Syafi (2020), Febriani (2022), Damayanti & Septiani (2022), Massubagiyo & Widyawati, and Alvilya & Ghozali (2022), which proves that corporate social responsibility affects the corporate financial performance. But, this research supports the results of analysis by Devi & Badera (2017), Diorzanora & Priyadi (2019), Yudha (2021), Hidayah & Wijaya (2022), and Inas & Mildawati (2022) in which it is states that corporate social responsibility does not affect the corporate financial performance.

2. **The Effect of Intellectual Capital on Company Financial Performance**

The findings of multiple linear regression hypothesis test indicate a significance level possessed by the intellectual capital variable is 0.000 with a positive direction (0.000 <0.05), thus the second hypothesis (H2) is retrieved. This means that intellectual capital affects the corporate financial performance proxied by Return on Asset (ROA). The results of this study support the hypothesis that intellectual capital affects a corporate financial performance. Thus, the corparate financial performance may be maintained properly, minimizing all risks and maximizing the corporate financial performance. This suggests that higher the intellectual capital, the stronger the corporate financial performance. Intellectual capital has an impact on the corporate financial performance because it creates a competitive advantage that is adaptable to changing business environments. Thus, the corporate financial performance can be maintained properly, minimizing all risks and maximizing the corporate financial performance.

The findings of this research are in accordance with a study by Rhennata and Kurnia (2022), which showed that intellectual capital affects the corporate financial performance. These results indicate that corporations may manage intellectual capital well so as to generate a better return on assets. The results of this research are consistently using the resource based view theory which states that corporations can obtain competitiveness by using their resources, which includes intellectual capital, whether they are employees (human capital), tangible assets (physical capital), or structural capital, and thus companies have to realize the importance of managing their intellectual capital (Rhennata & Kurnia, 2022). Resources and knowledge owned and managed properly by the corporate can increase the corporate financial performance (Faradina et al., 2016). Signals from companies that manage intellectual capital well and increase return on assets can be positive in terms of attracting investors to invest. Stakeholder theory describes how to keep connections with employees, communities, suppliers, investors, and creditors intact. To accomplish the aim of influence and mutual advantage, the connection between the firm and the parties participating in the company's operations must be handled effectively. If a firm has high intellectual capital, its financial success in its financial statements will boost stakeholders' faith in it since they believe in it and are prepared to invest in it. This is to maximize company assets and enhance the qualities of employees to increase the corporate profits.

The findings of this research are backed by Yudha (2021), Diorzanora & Priyadi (2021), Faradina et al. (2016), and Alvilya & Ghozali (2022), which shows that intellectual capital affects the corporate financial performance. However, in contrast to the results of Dwijayanti et al. (2022), Gunawan et al. (2021), and Diorzanora & Priyadi (2019) in which it is states that intellectual capital affects the corporate financial performance.

**3. The Effect of Firm Size on Company Financial Performance**

The findings of multiple linear regression hypothesis testing indicate that the significance level possessed by the firm size variable is 0.001 with a positive direction (0.001 <0.05), so the third hypothesis ($H_3$) is retrieved. The research results are in accordance using the theory which states that the bigger The assets owned by this corporation describe the rights, liabilities, and capital of the corporate. The companies with large total assets reflect the stability of the corporate. Established companies are usually financially stable. Larger companies have greater economies of scale and reduce the cost of collecting and processing information. The total assets owned by large companies can reduce the risk of corporate bankruptcy and business failure. In addition, large corporate tend to have easier access to financing through bank loans than small corporate. Larger corporates have wider access to funds to support the corporation's operational activities, which may be increase the corporate productivity and affect the corporate financial performance. In this way, the company has sufficient assets so that it can easily generate profits. The company must utilize its total assets optimally to improve its financial performance. This study supports stakeholder theory, which is shown through firm size, which is measured using total assets, and can fulfill stakeholder satisfaction because it has the potential to boost the corporate financial performance.

This study's findings are backed by Yudha (2021), Rhennata & Kurnia (2022), and Damayanti & Septiani (2022), which prove that firm size affects the corporate financial performance. However, contrary to the findings of Febriani (2018), Syafi (2020), and Saragih & Sihombing (2021) in which it is state that firm size affects the corporate financial performance.

**4. The Effect of Corporate Social Responsibility, Intellectual Capital, and Firm Size on Company Financial Performance**

Based on the analysis of the F test, it is known that the corporate social responsibility, intellectual capital, and firm size variables simultaneously have an influence on the financial performance as proxied by return on assets, with a significance score of 0.000 with a positive direction (0.000 <0.05). So, it has been concluded that the fourth hypothesis ($H_4$) that states corporate social responsibility, intellectual capital, and company size simultaneously affect the corporate financial performance proxied by return on assets in manufacturing firms listed on the Indonesia Stock Exchange is confirmed and $H_0$ is denied. The effect of corporate social responsibility, intellectual capital, and firm size simultaneously on corporate financial performance proxied by return on assets in manufacturing companies listed on the Indonesian stock exchange is 36.8%, which can be seen in the coefficient of determination test results, where 63.2% is influenced from another factor external to this research.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

The analysis conducted for this study leads to the following conclusions:

1. Corporate social responsibility has no effect on the corporate financial performance. The disclosure of corporate social responsibility has no impact because of the lack of public understanding of corporate social responsibility activities and the lack of consistency in planning, implementing, and disclosing corporate social responsibility activities by company management, so that investors are not sufficiently convinced by this voluntary information.
2. Intellectual capital affects the corporate financial performance. This suggests that the bigger the intellectual capital, the greater the financial success of the corporate. If a company can effectively and efficiently empower its intellectual capital, it can save internal costs. The combination of intellectual capital and cost reductions will raise the company's profit, so improving its financial performance.
3. Firm size affects the corporate financial performance. This demonstrates that the greater number of assets a corporation has, the more money it invests. Increased assets, followed by improved operating performance, will strengthen external parties' trust in the company. Investors and creditors would be more likely to invest in the corporation as external parties' faith in it grows, which can increase its financial performance.
4. Corporate social responsibility, intellectual capital, and firm size simultaneously affect the corporate financial performance. The coefficient of determination (R) test result from this research is 36.8%, demonstrating the limits of the independent variables utilized in this investigation to describe the dependent variable. In this research, the independent variables are only able to describe 36.8% of the dependent variable, leaving the rest 63.2% is influenced by other factors that researchers did not investigate, such as ), enterprise risk management, financial distress, good corporate governance (GCG), leverage, capital structure, company age, and others.

### Recommendations

Several recommendations may be made based on the study findings presented above, including:

1. For companies, companies should produce sustainability reports in line with the Global Reporting Initiative (GRI) standards to eliminate the possibility of subjective judgment.
2. For investors, it is advised that investors assess the adoption of the Global Reporting Initiative (GRI) standards for corporate social responsibility (CSR) reporting in a firm before opting to invest as a form of support for sustainable development.
3. For future researchers, it is suggested that future studies include elements that might impact the company's financial success, such as enterprice risk

management, leverage, financial distress, capital structure, company age, good corporate governance (GCG), and others. In this case, it is also expected to be possible to use different companies as a comparison, such as those in mining, finance, health, agriculture, and others. To obtain more reliable results, future researchers are also anticipated to lengthen the study duration.

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