IJMAR International Journal of Management and Applied Research

HOME ABOUT CURRENT ARCHIVES ANNOUNCEMENTS

Home

International Journal of Management and Applied Research

The *International Journal of Management and Applied Research (IJMAR)* is a peer-reviewed open access journal inviting the submission of research papers reporting on applied research in business, management and entrepreneurship in international contexts. The journal uses double-blind peer review in which the identities of reviewers and authors are concealed from each other. Each article accepted by peer review is published under a Creative Commons license.

The Journal aims to publish a broad spectrum of articles contributing to the latest business and management theory and practice and its learning. The Journal strives for efficient turnaround in the reviewing process. The editor’s response takes up to five days, while the blind review by two independent reviewers takes between four and eight weeks. The accepted articles are being published on a continuous basis.

The following subject areas illustrate the scope of the journal:

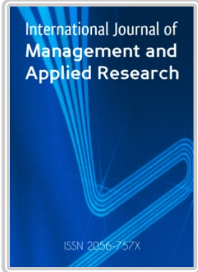
- Contemporary innovative practices in organisations
- Education and technology in education management
- Financial markets and management accounting
- Human resource management
- Information and knowledge management
- Operations and supply chain management
- Entrepreneurship and small business management
- Business development techniques
- Marketing and brand management
- Sustainability, eco-developments and environmental management
- Regional development studies and rural innovations
- Religion and spirituality in organisations

Call for papers: **Back to Business as Usual in a Post-COVID World: Is Relying on a ‘Digitally Enhanced’ Paradigm Sufficient Enough?**

Deadline: 1 November 2021

Most Read Articles

- **How It All Began: The Origins Of LEGO® Serious Play®** by Johan Roos and Bart Victor
- **Using Sketchnotes in PhD Research and Academic Practice** by Deborah Baff
- **Moving to Block Teaching during the COVID-19 Pandemic** by Chrissi Nerantzi and Gerasimos Chatzidamianos



INFORMATION
For Readers
For Authors

CALLS
For papers
For reviewers
For manuscripts

Impact Factor 3.508*

Most Cited Articles

- **Transformational leadership: is it time for a recall?** by Mei Lee
- **Models for Describing Knowledge Sharing Practices in the Healthcare Industry: Example of Experience Knowledge Sharing** by Negar Monazam Tabrizi and Sharon Morgan
- **The Acceptability of Tawarruq as a Product for Financing within the Islamic Banking System** by Ellida Fauziah Ahmad, Mariyam Shihama, NurSulaim Ashikin bt Mohamad Tarmizi, Saidu Mudi Jibril, Samia Ibrahim Djama, and Aishath Muneeza

Recommended Articles

- **Fashion Photography on Social Media: Insights from Hong Kong Fashion Image Producers** by Athena Choi
- **Creating High-Performance Organizations in Asia: Issues to Consider** by André de Waal
- **The Use of Peer Instruction and Flipped Learning to Support Flexible Blended Learning During and After the COVID-19 Pandemic** by Chrissi Nerantzi

ISSN 2056-757X

IJMAR International Journal of Management and Applied Research

About the journal

International Journal of Management and Applied Research

Aims and Scope

The aim of the *International Journal of Management and Applied Research (IJMAR)* is to promote the understanding of managers within and across nations. It is an interdisciplinary journal which aspires to inform practitioners in business and non-profit organisations as well as academics and policy makers.

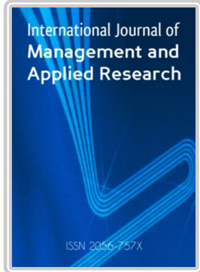
The journal has its focus on managerial practice in culturally diverse business contexts and welcomes considerations for implications of workplace. Areas of interest include the changing needs of an increasingly global society, innovation, change, and reflections on current managerial practice and related areas.

IJMAR will also consider a series of articles which are published together as a 'Special Issue'. The proposed editors of such a series should contact the IJMAR editors as early as possible to ensure allocation of a publication slot. The same reviewing process is applicable to special issues, but it will be carried out in collaboration with the special issue editors to ensure the high quality of the special issue.

The Objectives of IJMAR

- To work towards the general aims of the open access movement in applied management research publishing
- To disseminate the latest management thinking at lowest costs and access barriers.
- To provide the reading audience with journal articles of highest quality.

Paper selection and publication process



INFORMATION
For Readers
For Authors

CALLS
For papers
For reviewers
For manuscripts

1. Upon receiving a paper submission, one of the editors will send a confirmation email to the corresponding author within five working days. If you haven't received this confirmation, your submission might be lost in cyberspace or you might need to check the setting of your Junk mail folder.

2. Peer review. We follow the double-blind peer-review approach; both reviewers and author's identities remain anonymous. The paper will be peer-reviewed by three experts: one is an editorial board member and the other two are external reviewers. The review process may take up to 4 weeks.

3. The results of review will be sent to the corresponding author by one of the editors.

4. The authors revise paper according to Paper Submission Guide, and return the revised manuscript to be verified by respective reviewers.

5. After publication, your paper will be available in HTML and PDF formats on the journal's webpage, free of charge for sharing, download, and linking.

Publication Ethics guidelines

The International Journal of Management and Applied Research and its Editors are fully committed to ethical publication practice. We expect authors submitting their work to the journal to attest that their work is original and has not been submitted or under consideration elsewhere. The submitted work should not have libellous or defamatory statements and the consent has been obtained for any named individuals or organisations. We will be actively scrutinising all submissions, as well as utilising iThenticate software, to ensure that authors adhere to the highest ethical standards.

The journal and its Editors are also aware of the number of ethical issues associated with academic publications, including plagiarism. The other less known ethical issues comprise of self-plagiarism, dual publication, conflicts of interest and fabrications of data. All submitted to the Journal manuscripts will be pre-screened by the Editors. In cases of ethical misconduct, IJMAR will follow the Committee on Publication Ethics (COPE) guidelines.

The journal and its Editors take all cases of alleged ethical misconduct seriously. Each case will be investigated by seeking clarifications from all involved parties. The Journal and its Editors reserve the right to reject or withdraw any acceptance if the case of ethical misconduct is discovered. A retraction notice will be issued in the case of the established ethical misconduct of the published articles.

Editors

Editorial Advisory Board

Publisher

International Journal of Management and Applied Research is published by New Millennium Discoveries, an independent and established academic publisher, located in United Kingdom.
To get in touch, please contact the publisher's representative Macy Lee mei@ijmar.org.

Open Access Policy

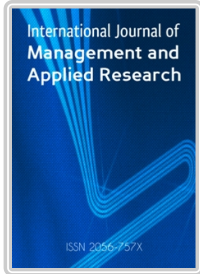
The journal provides an open access to its content based on the principle that research should be freely available to the public and enabling a greater global exchange of knowledge.

ISSN 2056-757X

IJMAR International Journal of Management and Applied Research

Vol 5, No 2 (2018)

Table of Contents



ISSN 2056-757X

International Journal of Management and Applied Research, 2018, Vol. 5, No. 2

Exploring the Sustainable Shareholder Value of Corporate Social Responsibility Activities

Dr. Dra. Juniarti,

Petra Christian University, Indonesia

Abstract:
This research aims to explore the long-term benefit of the consistent implementation of CSR activities in creating sustainable value for shareholders, based on the argumentation of a sustainability approach. The measurement of sustainable shareholder value uses an accounting-based and market-based approach. Since the benefit of CSR cannot be expected in the short-term but in the longer-term, this study requires that the companies should have implemented CSR for at least five years to be included in this research sample. These results support the argumentation of sustainability in which CSR has a positive association with the sustainable shareholder value using both accounting-based and market-based measurement. In addition, this research also uncovers that there is a difference association model of CSR and sustainable shareholder value between firms that have high social and environmental risk (high-profile companies) and firms that have low social and environmental risk (low-profile companies).

Keywords: Corporate Social Responsibility, Sustainability, Indonesia, Sustainable Shareholder Value

Received: 18 May 2018
Revised: 2 June 2018
Accepted: 25 June 2018

ISSN 2056-757X

https://doi.org/10.18646/2056.52.18-004

1. Introduction

In the past three decades, studies and concerns on Corporate Social Responsibility (CSR) have grown noticeably. Despite the increasing attention from various parties, it is still contested whether corporations should take social responsibility beyond wealth generating functions and serving shareholder interest. According to Shareholder Value Theory, the primary function of the company is to maximize shareholder value (Friedman, 1970; Griffin and Mahon, 1997). Proponents of Shareholder Value Theory (e.g. Bansal, 2005; Griffin and Mahon, 1997; Carroll and Shabana, 2010; Slater, 2000) argue that corporate social responsibility will diminish shareholder value since CSR activities not only increase cost but also provide benefit to the shareholders. The emphasis on the shareholders' interest has drawn widespread criticism, especially after a series of financial scandals in the 2000s (e.g. Enron, Worldcom, Lehman Brothers, and Bernard Madoff). Stakeholder Theory, on the other hand, suggests that the purpose of a business is to create value for different stakeholders, including customers, suppliers, employees, communities and shareholders (Donaldson and Preston, 1995; Pirsch et al., 2007; Whelan and Pink, 2016). Companies that keep the interests of the stakeholders aligned are more likely to create value and be sustainable over time (Pirsch et al., 2007; Roberts, 1992; Steurer et al., 2005).

This research proposes a sustainability approach to mediate the arguments between shareholder value theory and stakeholder theory, concerning whether corporations have social responsibility on their stakeholders. From a sustainability perspective, CSR share normative goals with the concept of sustainable practices such as improving environmental and social impacts. As Porter and Kramer (2011) argue, companies could create economic value while addressing social problems that intersect with their business interests. While existing research studied the relationship between CSR and short-term performance, only a few studies associated it with shareholder value, namely, Becchetti et al. (2012), Hillman and Keim (2001), Godfrey et al. (2009) and Sanchez and Sotorio (2007).

The remainder of the paper will discuss the literature review which contains explanations of theory, empirical studies and hypotheses, and the research methods which are included in the approach used in the study and the data analysis. These findings show the results of hypothesis testing, with a discussion on the interpretation of the results of the research. The last part is conclusions, implications, and research opportunities.

2. Literature Review

2.1. CSR in Indonesia

In 2007, Indonesia issued the Corporate Act No. 40, which imposes a mandatory corporate social and environmental responsibility regime on limited liability companies that involve the management and exploitation of natural resources. Sanctions can be imposed for failure to comply with allocating and spending obligatory funding to implement CSR. To a certain extent, the mandatory nature of new regulation gives rises to controversy since it calls for a need to redefine the concept of corporate social responsibility. Over the years, the Indonesian government has introduced a number of initiatives and regulatory changes to promote socially responsible behaviours such as reforestation (Rosser and Edwin, 2010) and countering corruption, and yet the weak law enforcement mechanisms could undermine the implementation of CSR activities (Waagstein, 2011).

2.2. Earning Persistence

The first hypothesis we test is whether CSR boost shareholder value over time. The rationale is that financial markets should be increasingly sensitive to CSR activities due to the following reasons: first, interest of investors grows over time (Becchetti et al. (2012); second, CSR practice has spillover effects on market returns (Bobbie, 2017), and lastly, CSR strategies have long-term effects on shareholder value (Hart and Milstein, 2003; Roberts and Dowling, 2002; Whelan and Fink, 2016). Investors begin to value sustainable practices due to its effect on financial performances (Whelan and Fink, 2016). For instance, Asumadu-Sarkodie and Owusu (2016) show that solar photovoltaic investment has an average internal rate of return of 2.3% to 24.2%. Furthermore, better management of natural resources not only reduces environmental impacts but also improve operational efficiency as well as minimise waste. In other words, CSR activities can help to address environmental and social problems that help to contribute to a more sustainable world and at the same time, increase and sustain shareholder value.

The concept of sustainable shareholder value can be traced back to the work of Hart and Milstein (2003) who used the term “sustainable value” to describe shareholder value. They developed a four-component model of sustainable shareholder value involving current needs, future growth, internal skills, and external knowledge. Each of these four components represents a strategic move in relation to sustainability and wealth creation. For example, if a firm focuses on the current and internal organisational skills, it is likely that the firm would adopt cost and risk reduction CSR strategy, such as waste reduction and pollution prevention; conversely, if a firm focuses on future growth and internal organisational skills, it is likely that the firm would aim to improve its competencies and adopt new technologies. Hart and Milstein (2003) argue that the ability to create sustainable value requires strong performance in four areas.

Henisz et al. (2014) suggests that implementing CSR activities can be conceived as investments in political and social capital which ultimately generate sustainable shareholder value. Such argument is consistent with prior studies where the relationship between CSR and shareholder value is found to be positive (e.g. Becchetti et al., 2012; Godfrey et al., 2009; Hillman and Keim, 2001; Sánchez and Sotorrío, 2007). In a study of corporate reputation, Roberts and Dowling (2002) found that reputable firms, especially those who engage in CSR activities, are better at sustaining profits over time. Arguably, however, the relationship between CSR and shareholder value differs across the industries and nations. Sun et al. (2018) found that initial CSR engagement increase shareholder value, and yet shareholder value turns negative when a firm pursues excessive CSR activities, especially if the firm has low marketing capability.

On the basis of the above observations, the author propose:

***H1**: CSR Index (CRSI) has a positive association with earning persistence*

2.3. Cumulative Abnormal Return (CAR)
The second hypothesis we want to test is whether CSR reporting is associated to significant abnormal returns. To examine the stock price reaction to the announcement of CSR reports, Cumulative Abnormal Return (CAR) is used in this research. Cumulative abnormal return (CAR) is the sum of abnormal returns during a specified window, which is suitable for testing our second hypothesis.

The impacts of announcements of corporate illegalities or CSR activities on shareholder returns are well-documented (e.g. Dijken, 2007; Fombrun, 1997; Golebiewska, 2014; Patten, 2008). In assessing the effect of CSR announcement on companies' stock performance, Bobbie (2017) found that there were significant negative and positive responses to the CSR announcements in the market; more specifically, good news generated a cumulative abnormal return of 0.61%, whereas bad news caused the stocks to drop by −0.57%. Similarly, Hendarto and Purwanto (2012) found that Indonesian listed companies have been implemented CSR, long before CSR became mandatory, enjoyed positive abnormal returns immediately after the government made it compulsory. Other studies that support the association of CSR related press release and shareholder value include: Godfrey et al. (2009); Hillman and Keim (2001) and Sánchez and Sotorrío (2007).

On the basis of the above, the author propose:

***H2**: CSR Index (CRSI) has a positive association with the cumulative abnormal return.*

3. Research Method

3.1. Data Collection
Using panel data on 214 public companies listed on the Indonesian Stock Exchange (IDX) over the period 2007-2012, this study aims to examine the introduction of mandatory CSR on Indonesia companies. Since the adoption of the 2007 Indonesian Law No. 40 involves companies conducting their business activities in the field of natural resources, the data sampling excludes the finance sector. This study acknowledges that selecting a purposive data sample implies that any inferences drawn from the study, are confined to the actual companies studied, and cannot therefore be extrapolated across the entire population.

3.2. Data Analysis
In this study, sustainable shareholder value is proxied by the persistence of earnings and cumulative abnormal return (CAR). Each represents accounting-based and market-based measurement. There are two proposed models to test the hypothesis. Each model will be tested simultaneously with six control variables: industry profiles, earnings, leverage, firm size, book to market equity, competition intensity. Research models of this study are as follow:

$$\mathbf{PERSIST}_{i,t} = \beta_0 + \beta_1 CSRI_{i,t-1} + \beta_2 PROFIL_{i,t-1} + \beta_3 PROFIL_{i,t-1} * CSRI_{i,t-1} + \beta_4 LEV_{i,t-1} + \beta_5 UP_{i,t-1} + \beta_6 BME_{i,t-1}$$

$$\mathbf{CAR}_{i,t} = \gamma_0 + \gamma_1 CSRI_{i,t-1} + \gamma_2 PROFIL_{i,t-1} + \gamma_3 PROFIL_{i,t-1} * CSRI_{i,t-1} + \gamma_4 LABA_{i,t-1} + \gamma_5 LEV_{i,t-1}$$

where:

$\mathbf{CAR}_{i,t}$ = *Cumulative abnormal return*for firm *i*, year *t*

$\mathbf{PERSIST}_{i,t}$ = persistent earnings for firm*i*, year *t*

$CSRI_{i,t-1}$ = CSR index for firm *i*, year *t-1*

$LABA_{i,t-1}$ = earnings for firm *i* , year *t-1*

$LEV_{i,t-1}$ = leverage for firm *i*, year *t-1*

$UP_{i,t-1}$ = firm size for firm*i*, year *t-1*

$BME_{i,t-1}$ = *book to market equity*for firm*i*, year *t-1*

$PROFIL_{i,t-1}$ = industry profile for firm *i*, year *t-1*

$IPER_{i,t-1}$ = competition intensity for firm*i*, year *t-1*

β_0, γ_0 = intercept

$\beta_1 - \beta_7$ = slope of model 1

$\gamma_1 - \gamma_8$ = slope of model 2

$\varepsilon_{i,t}$ = *error*

Variables

Corporate Social Responsibility

This research uses GRI Guideline to measure CSR implementation. GRI is one of the reputable guidelines and has been widely adopted in many countries (Fuente et al., 2017; Global Reporting Initiative, 2015; Toppinen and Korhonen-Kurki, 2013; Wagner and Seele, 2017). The level of CSR implementation is measured by comparing CSR activities reported by companies with the guideline. If companies report their activities under the GRI guideline they are score done, otherwisethey are scored zero. Then all scores are added and scaled by total scores in GRI to obtain CSR score for each company.

Sustainable Shareholder Value

Sustainable shareholder value is proxied by persistent earnings and cumulative abnormal earnings (CAR).

Persistent Earnings

Based on the study of Francis et al. (2004), this study adopts first-order autocorrelation model (AR1) to value persistent earnings. The AR1 model requires several prior periods of earning, usually more than five years to obtain the coefficient of persistent earnings. The slope coefficient is obtained from the following AR1 model:

$$\mathbf{X}_{j,t} = \emptyset_{0,j} + \emptyset_{1,j} X_{j,t-1} + \mu_{j,r}$$
(3)

Where:

$X_{j,t}$ = firm earnings year t

$X_{j,t-1}$ = firm earnings year t-1

Earning is the net income before extraordinary items divided by the weighted average number of outstanding shares. For each observation, use at least seven years window. Value of $\varnothing_{1,j}$ close 1 implies highly persistent earning, the value of $\varnothing_{1,j}$ close 0 suggest lower persistent earning (Belkaoui, 2004; Bredal and Negård, 2015; Francis et al., 2004).

Cumulative Abnormal Return (CAR)
CAR is measured using a market model (Aguinis and Glavas, 2012; Godfrey et al., 2009; Bird et al., 2007), with the following steps:

1. Choose the event window; this research uses a 12 months event window (-3,0,+8), three months before the month of financial reporting issued, and eight months after the month of the publication month. Month 0 is the month of the annual report publication
2. Regress monthly stock return to the market return for 60 months to obtain estimation parameters (α, β), with the following formula:
   $$R_{it} = \alpha + \beta_i R_{mt} + \varepsilon_{it} \quad (4)$$
3. Calculate expected return $E(R_{it})$ using α and β from above step, with the following formula:
   $$E(R_{it}) = \alpha + \beta_i R_{mt} \quad (5)$$
4. Calculate abnormal return (AR) share i for month t, with the following formula:
   $$AR_{it} = R_{it} - E(R_{it}) \quad (6)$$
5. Calculate CAR by adding 12 months event window of AR, as follow:
   $$\text{CAR}_i = \sum_{t-3}^{t+8} AR_{it} \quad (7)$$

Current Earning (LABA) is measured by net income before extraordinary item divided by average total assets (Holbrook, 2010; Dhaliwal et al., 2011).

Leverage (LEV) is measured by total debt divided by total assets.

To control *Firm Size (UP),* the author measured a firm's total market capitalization (Log Market Value) at the end of accounting period (Belkaoui, 2004; Bird et al., 2007; Holbrook, 2010).

Book to Market Equity (BME) is measured by the book value of equity divided by the market value of equity.

Competition intensity (IPER) is measured using Herfindahl index (HHI), calculation of HHI is obtained from the following formula:

$$HHI_{it} = S_1^2 + S_2^2 + S_3^2 + \cdots + S_n^2$$

where:
$S_1, S_2, \ldots S_n$ = market share of firms in the same industry

Industry Profile (PROFIL)
Prior studies have categorised industries into high-profile and low-profile according to industry characteristics (e.g., sales growth, market share of the firm, regulatory risk, and the intensity of competition), and these studies have demonstrated a positive association between such an industry classification and CSR disclosure (Lu and Abeysekera, 2014; Roberts, 1992). Lu and Abeysekera (2014), for instance, showed that high-profile industries (e.g. high consumer visibility and high polluting industries) are more likely to make more social and environmental disclosure than the low-profile industries. In this study, we classified industry profiles into two groups: the high-profile industry (H) and low-profile industry (L) based on the operational activities of the firms. Industry profile is measured using dummy variables corresponding to the industrial group, 1 for a high-profile industry and 0 for the low-profile sector.

4. Results and Discussion

4.1. Sample Profiles
Based on the sample's criteria, 214 firm-years qualify with the requirements during two years of observation. Data are analyzed using Eviews 8. Table 1 shows the descriptive statistics of the observation.

Table 1: Statistic Descriptive

Variable	Mean	Median	Maximum	Minimum	Std. Dev
CAR	-0.14699	-0.16817	1.39064	-1.16952	0.44316
PERSIST	0.44013	0.52550	0.99200	-0.92000	0.42238
CSRI	0.22636	0.23810	0.57143	0.05952	0.10586
LEV	0.57860	0.46733	8.24998	0.07071	0.71579
UP	6.09557	6.03310	8.41262	4.22272	0.88558
BME	0.80034	0.80298	7.35293	-18.83421	1.77962
IPER	0.30090	0.23706	0.90894	0.07411	0.18842
LABA	134.62190	6.60619	2268.99400	-94.78699	330.87610
PROFIL			HIGH	97	45,33%
			LOW	117	54,67%

Overall, samples have moderate CSRI scores. The average score of CSRI is 22.64%, which means that companies have an adequate concern to implement CSR. Based on the value of standard deviation we can conclude that variance of the implementation among companies is quite low. CSR implementations are expected to be greater in a high-profile industry group in comparison to low-profile group due to the higher risk of pollution and thus subject to tighter regulatory controls (Lu and Abeysekera, 2014). From the results of a T-Test (Table 2), the average CSRI in both sample groups is significantly different at the 0.01 significance level. Based on firm size, the results show that CSRI at large and small companies are significantly different at a significance level of 0.1. However, there is no difference of CSRI in high and low intensity of competition. This is likely due to the majority of the samples being in high intensity of competition.

Table 2: Independent Sample T-Test

Sample Group		**N**	**Mean**	**Std. Dev**
Industry Profile	High profile	97	0.22201	0.11930
	Low profile	117	0.23036	0.09257
Firm Size	Big	110	0.21806	0.10769
	Small	104	0.23557	0.10257
Competition Intensity	High	186	0.22465	0.10643
	Low	28	0.23936	0.09872

*, **, *** = significant at level 0.1, 0.05 and 0.01 respectively

4.2. Test of Hypothesis 1

Hypothesis 1 tested the association between CSR and sustainable shareholder value proxied by earnings persistence (PERSIST). The association model of CSR and persistence of earnings is presented in Table 3. The model shows that the persistence of earnings will increase by 0.5447 * CSRI, the higher CSR index, the higher the earnings persistence of the companies. The results show that there was no difference of association model between high profile and low profile companies. Even though theoretically high profile companies have amore significant impact on society and the environment, and would be subject to the rules of higher costs for pollution control and other expenses related to the environmental effects (Konar and Cohen, 2001), but the empirical results show differently. Overall, the equation model meets the goodness of fit indicated with the value of adjusted R2 amounted to 14.88% and the value of F significant at the 0.01.

Table 3: **Results of Hypothesis 1 Test**

Description	**Model 1a**			**Model 1b**		
	Coefficient	t-stat	Sig	Coefficient	t-stat	Sig
CSRI	0.77626	2.88798	***	0.54472	1.99451	**
PROFIL				-0.03133	-0.48348	
PROFIL* CSRI				-0.04018	-0.45598	
LEV				-0.02225	-0.49170	
UP				0.04257	1.18889	
BME				-0.03179	-1.89941	*
IPER				0.14191	0.94905	
C	0.26442	3.93833	***	0.12064	0.38713	
R-squared	0.03785			0.19296		
Adj R-squared	0.03331			0.14879		
F-stat		8.34045	***		4.36893	***

*, **, *** = significant at level 0.1, 0.05 and 0.01 respectively

4.3. Test of Hypothesis 2

Hypothesis 2 tests the association between CSR and sustainable shareholder value proxied by the CAR. The testing of model 2A without entering a control variable shows the positive association of CSRI and CAR, but this is not significant. Further testing of CSR includes all the control variables (model 2B) shows that model fulfills the goodness of fit and has higher F than prior tests (model 2A). The results show that PROFILE in models 2B is significant at 0.05 level whereas the CSR PROFILE * is significant at the 0.01 significance level. PROFILE provides a substantial difference in the model association of CSR and CAR. A high slope on association model of CSR and CAR of 0.57531 indicates that the implementation of CSR in the high-profile group of companies provides a sharp rise in the CAR. Contrarily, if the company ignores the implementation of CSR or fails to fulfill these responsibilities, it will be followed by a significant decrease in CAR as well. A high-profile group always receives a higher CAR, compared with a low profile. The market will still appreciate the social responsibility actions undertaken by the high profile group.

Table 4. Results of Hypothesis 2 Test

Description	**Model 1a**			**Model 1b**		
	Coefficient	t-stat	Sig	Coefficient	t-stat	Sig
CSRI	-0.41852	-1.24337		-0.41572	-1.44082	
PROFIL				0.10926	1.82119	*
PROFIL* CSRI				1.01182	10.83324	***
LEV				0.06337	1.47316	
UP				-0.00291	-0.07385	
BME				0.01698	0.96830	
IPER				0.06498	0.40940	
LABA				0.00004	0.41726	
C	-0.01442	-0.71169		-0.07336	-0.29421	
R-squared	0.00727			0.38260		
Adj R-squared	0.00257			0.35839		
F-stat		-1.61043			15.80253	***

*, **, *** = significant at level 0.1, 0.05 and 0.01 respectively

5. Discussion

Results show that the CSR activities have a positive and significant association with sustainable shareholder value proxied by the persistence of earnings. The results also reinforce the view that engagement in sustainable practices and CSR activities generate long-term shareholder value (Achda, 2006). Our main findings document that the impact of CSR activities has risen over time, and that the abnormal returns around the announcement of CSR reporting are positive. The results of this study complements previous research conducted by Hendarto and Purwanto (2012) in Indonesia, Cheung et al., (2010) on Asian firms; Hillman and Keim (2001) on S&P firms; Sánchez and Sotorrío (2007) in Spain.

However, the association model of CSR and CAR varies across industries. In high-profile industries, the consistent implementation of CSR is valued by the market. A high-profile company is a company whose operations are more related to the utilization of natural resources. These industry groups are committed to implement CSR and deliver sustainable value to shareholders. On the other hand, CSR activities seem to have fewer impacts on stock performance in the low-profile industry group.

6. Conclusion

This research address the concerns related to the benefits that can be provided to shareholders by companies that consistently implement CSR. It is proven that the company's involvement in CSR activities generates sustainable shareholder value. These results also reinforce the confidence of the proponents of a sustainability approach. That is, companies which take responsibility for social and environmental concerns will earn higher profits in the long term. The concerns of the proponents of shareholder value theory that the implementation of CSR impedes the company capability to deliver value to shareholders are not proven.

Our study provides several managerial implications, particularly for Indonesian firms as well as multinational enterprises that currently have, or seek to establish, subsidiary operations in Indonesia. First, CSR strategy should be aligned with both current needs and future growth of the company. Rather than engaging CSR activities that are remotely connected to business interests, organisations should be more careful with resource allocation and low carbon investment. International managers should also be careful not to assume that financial return on CSR activities is immediate.

6.1. Limitation and Future Research

The limitations of this research are as follows. First, this research only focused on shareholder value and assumed that all other stakeholders including employees, customers, suppliers, and the local community have benefited from the CSR activities. While this research proves that the companies are able to deliver shareholders value, future research could consider creating shared values with all key stakeholders. Second, in this research, the evaluation of CSR implementation is only based on the disclosure of CFR in the annual report due to access constraint. Future research could explore the value of CSR from various stakeholders to support the argumentation of stakeholders theory that the ability of companies to accommodate all stakeholders' interests. Other possible source to evaluate the CSR implementation, such as comparison with external assurance, is highly recommended for future research.

7. References

1. Achda, B. T. (2006), "The Sociological Context of Corporate Social Responsibility Development and Implementation in Indonesia", *Corporate Social Responsibility and Environmental Management,* Vol. 13, No. 5, pp. 300-305. https://doi.org/10.1002/csr.133
2. Aguinis, H. and Glavas, A. (2012), "What We Know and Don't Know About Corporate Social Responsibility: A Review and Research Agenda", *Journal of Management*, Vol. 38, No. 4, pp. 932 – 968. https://doi.org/10.1177/0149206311436079
3. Asumadu-Sarkodie, S. and Owusu, P. A. (2016), "The potential and economic viability of solar photovoltaic power in Ghana", *Energy Sources, Part A: Recovery, Utilization, and Environmental Effects*, Vol. 38, No. 5, pp. 709-716, https://doi.org/10.1080/15567036.2015.1122682

4. Bansal, P. (2005), "Evolving Sustainably: A Longitudinal Study of Corporate Sustainable Development", *Strategic Management Journal,* Vol. 26, No. 3, pp. 197-218. https://doi.org/10.1002/smj.441

5. Becchetti, L., Ciciretti, R., Hasan, I. and Kobeissi, N. (2012), "Corporate social responsibility and shareholder's value", *Journal of Business Research*, Vol. 65, No. 11, pp. 1626-1635. https://doi.org/10.1016/j.jbusres.2011.10.022

6. Belkaoui, A. R. (2004), "The Impact of Corporate Social Responsibility on the Informativeness of Earnings and Accounting Choices", in: (Ed) *Advances in Environmental Accounting and Management,* Volume 2, Emerald Group Publishing Limited, pp. 121 - 136.

7. Bird, R., Hall, A. D., Momente, F., and Reggiani, F. (2007), "What corporate social responsibility activities are valued by the market?", *Journal of Business Ethics,* Vol. 76, No. 2, pp. 189-206. https://doi.org/10.1007/s10551-006-9268-1

8. Bredal M. H. and Negård, N. (2015), *The Price of Ethical Investing: Evaluating the performance of socially responsible indices*, Master Thesis, Bergen: Norwegian School of Economics, [Online], available from: https://brage.bibsys.no/xmlui/bitstream/handle/11250/300219/MasterThesis.PDF?sequence=1 [accessed on 2 June 2018].

9. Bobbie, D. (2017), "Stock market response to CSR announcements: an event study of the Finnish pulp and paper industry", *Master Thesis*, Finland: Lappeenranta University of Technology, [Online], available from: http://urn.fi/URN:NBN:fi-fe201710068913 [accessed on 5 June 2018].

10. Carroll, A. and Shabana, K. M. (2010), "The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice", *International Journal of Management Reviews*, Vol. 12, No. 1, pp. 85-105. https://doi.org/10.1111/j.1468-2370.2009.00275.x

11. Cheung, Y. L., Tan, W., and Zhang, Z. (2010), "Does Corporate Social Responsibility Matter in Asian Emerging Markets?", *Journal of Business Ethics,* Vol. 92, No. 3, pp. 401–413. https://doi.org/10.1007/s10551-009-0164-3

12. Dhaliwal, D. S., Li, O. Z., Tsang, A., and Yang, Y. G. (2011), "Voluntary Nonfinancial Disclosure and the Cost of Capital: The Initiation of Corporate Social Responsibility Accounting", *The Accounting Review,* Vol. 86, No. 1, pp. 59-100. https://doi.org/10.2308/accr.00000005

13. Donaldson, T., and Preston, L. E. (1995), "The Stakeholders Theory of the Corporation: Concepts, Evidence, and Implications", *The Academy of Management Review,* Vol. 20, No. 1, pp. 65-91. https://doi.org/10.5465/amr.1995.9503271992

14. Francis, J., LaFond, R., Olsson, P. M., and Schipper, K. (2004), "Costs of Equity and Earnings Attributes", *The Accounting Review,* Vol. 79, No. 4, pp. 967-1010. https://doi.org/10.2308/accr.2004.79.4.967

15. Friedman, M. (1970), "The Social Responsibility of Business is to Increase its Profits", *The New York Times Magazine*, p. 12. [Online], Available from: https://www.nytimes.com/1970/09/13/archives/article-15-no-title.html [accessed on 1 June 2018].

16. Fuente, J.A. García-*Sánchez*, I.M. Lozano, M.B. (2017), “The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information”, *Journal of Cleaner Production*, Vol. 141, pp. 737-750. https://doi.org/10.1016/j.jclepro.2016.09.155.
17. Global Reporting Initiative (2015), *G4 Sustainability Reporting Guidelines* [Online], Available from: https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf [accessed on 1 June 2018].
18. Godfrey, P. C., Merrill, C. B., and Hansen, J. M. (2009), “The Relationship Between Corporate Social Responsibility and Shareholders value; An Empirical Test of The Risk Management Hypothesis”, *Strategic Management Journal,* Vol. 30, No. 4, pp. 425-445. https://doi.org/10.1002/smj.750
19. Griffin, J. J., and Mahon, J. F. (1997), “The Corporate Social Performance and Corporate Financial Performance Debate-Twenty Five Years of Incomparable Research”, *Business and Society,* Vol. 36, No. 1, pp. 5-31. https://doi.org/10.1177%2F000765039703600102
20. Hart, S. L., and Milstein, M. B. (2003), “Creating Sustainable Value and Executive Commentary”, *Academy of Management,* Vol. 17, No. 2, pp. 56-69. https://doi.org/10.5465/ame.2003.10025194
21. Henisz, W. J., Dorobantu, S. and Nartey, L. J. (2014), “Spinning gold: The financial returns to stakeholder engagement”, *Strategic Management Journal*, Vol. 35, No. 12, pp. 1727-1748. https://doi.org/10.1002/smj.2180
22. Hendarto, K. A., and Purwanto, B. M. (2012), “Market Reactions of Mandatory Implementation of Corporate Social Responsibility: Indonesia Context”, *Asia Pacific Management Review,* Vol. 17, No. 4, pp. 379-402. https://doi.org/10.6126/APMR.2012.17.4.03
23. Hillman, A. J., and Keim, G. D. (2001), “Shareholders Value, Stakeholders Management, and Social Issues: What's the Bottom Line?”, *Strategic Management Journal,* Vol. 22, No. 2, pp. 125-139. https://doi.org/10.1002/1097-0266(200101)22:2<125::AID-SMJ150>3.0.CO;2-H
24. Holbrook, M. E. (2010), *Corporate Social Responsibility and Financial Performance: An Examination of Economic Benefits and Costs as a Manifested in Accounting Earnings.* Ph.D. Thesis, USA: University of Kentucky.
25. Konar, S., and Cohen, M. A. (2001), “Does the Market Value Environmental Performance?”, *The Review of Economics and Statistics,* Vol. 83, No. 2, pp. 281-289. https://www.jstor.org/stable/3211606
26. Lu, Y. and Abeysekera, I. (2014), “Stakeholders' power, corporate characteristics, and social and environmental disclosure: evidence from China”, *Journal of Cleaner Production*, Vol. 64, pp. 426-436, https://doi.org/10.1016/j.jclepro.2013.10.005
27. Patten, D. M. (2008), “Does the market value corporate philanthropy? Evidence for the response to the 2004 Tsunami Relief Effort”, *Journal of Business Ethics,* Vol. 81, No. 3, pp. 699-607. https://doi.org/10.1007/s10551-007-9534-x

28. Pirsch, J., Gupta, S., and Grau, S. L. (2007), "A Framework for Understanding Corporate Social Responsibility Programs as a Continuum: An Exploratory Study", *Journal of Business Ethics,* Vol. 70, No. 2, pp. 125-140. https://doi.org/10.1007/s10551-006-9100-y
29. Porter, M. and Kramer, M. (2011), "Creating shared value", *Harvard Business Review*, Vol. 89, No. 1/2, pp. 62-77.
30. Roberts, R.W. (1992), "Determinants of corporate social responsibility disclosure: an application of stakeholder theory", *Accounting, Organisations and Society*, Vol. 17, No. 6, pp. 595-612. https://doi.org/10.1016/0361-3682(92)90015-K
31. Roberts, P. W., and Dowling, G. R. (2002), "Corporate Reputation and Sustained Superior Financial Performance", *Strategic Management Journal,* Vol. 23, No. 12, pp. 1077-1093. https://doi.org/10.1002/smj.274
32. Rosser, A. and Edwin, D. (2010), "The politics of corporate social responsibility in Indonesia", *Pacific Review*, Vol. 23, No. 1, pp. 1-22. doi:10.1080/09512740903398314
33. Sánchez, J. F., and Sotorrío, L. L. (2007), "The Creation of Value through Corporate Reputation", *Journal of Business Ethics,* Vol. 76, No. 3, pp. 335-346. https://doi.org/10.1007/s10551-006-9285-0
34. Slater, R. (2000), *The GE way fieldbook*, New York: McGraw-Hill Professional.
35. Steurer, R., Langer, M. E., Konrad, A., and Martinuzzi, A. (2005), "Corporations, Stakeholders and Sustainable Development I: A Theoretical Exploration of Business Society Relation", *Journal of Business Ethics,* Vol. 61, No. 3, pp. 263-281. https://doi.org/10.1007/s10551-005-7054-0
36. Sun, W.; Yao, S. and Govind, R. (2018), "Reexamining Corporate Social Responsibility and Shareholder Value: The Inverted-U-Shaped Relationship and the Moderation of Marketing Capability", *Journal of Business Ethics,* pp. 1-17. https://doi.org/10.1007/s10551-018-3854-x
37. Toppinen, A. and Korhonen-Kurki, K. (2013), "Global Reporting Initiative and social impact in managing corporate responsibility: a case study of three multinationals in the forest industry", *Business Ethics: A European Review*, Vol. 22, No. 2, pp. 202-217. https://doi.org/10.1111/beer.12016
38. Waagstein, P. R. (2011), "The Mandatory Corporate Social Responsibility in Indonesia: Problems and Implications", *Journal of Business Ethics,* Vol. 98, No. 3, pp. 455-466. https://doi.org/10.1007/s10551-010-0587-x
39. Wagner, R. and Seele, P. (2017), "Uncommitted Deliberation? Discussing Regulatory Gaps by Comparing GRI 3.1 to GRI 4.0 in a Political CSR Perspective", *Journal of Business Ethics*, Vol. 146, No. 2, pp. 333–351. https://doi.org/10.1007/s10551-017-3654-8
40. Whelan, T., and Fink, C. (2016), "The Comprehensive Business Case for Sustainability". *Harvard Business Review Digital Articles*, pp. 2-8. [Online], Available from: https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability [accessed on 1 June 2018].

- Word Count: 5162

Plagiarism Percentage

18%

sources:

1 8% match (Internet from 02-Jun-2017)
http://www.academic-conferences.org/download/17349/

2 1% match (publications)
International Journal of Law and Management, Volume 55, Issue 3 (2013-05-27)

3 1% match (Internet from 03-Feb-2013)
http://indianresearchjournals.com/pdf/IJSSIR/2012/July/2.pdf

4 1% match (publications)
Edmonds, Christopher T., Ryan D. Leece, and John J. Maher. "CEO bonus compensation: the effects of missing analysts' revenue forecasts", Review of Quantitative Finance and Accounting, 2013.

5 < 1% match (Internet from 13-Mar-2017)
http://www.virtusinterpress.org/IMG/pdf/COC__Volume_8_Issue_3_Spring_2011_-2.pdf

6 < 1% match (Internet from 19-Mar-2009)
http://fisher.osu.edu/fin/faculty/stulz/Homebias.PDF

7 < 1% match (publications)
Fani Cahyandito, Martha. "Accelerating the achievement of Millennium Development Goals (MDGs) through Corporate Social Responsibility (CSR) : an actual discussion in Indonesia and Germany", Universität Freiburg, 2012.

8 < 1% match (Internet from 26-May-2016)
http://uir.unisa.ac.za/bitstream/handle/10500/18986/thesis_ackers_b.pdf?isAllowed=y&sequence=1

9 < 1% match (Internet from 07-Sep-2015)
http://ro.uow.edu.au/cgi/viewcontent.cgi?article=5421&context=theses

10 < 1% match (publications)
Melissa A. Williams. "CEO Stock Options and Equity Risk Incentives", Journal of Business Finance & Accounting, 1/2006

11 < 1% match ()
http://www.aj.co.nz/WEB/website.nsf/content/press+releases/$FILE/081015%20ING%20IDSI%20NZ%20Release%2014Oct08%20FINAL.pdf

12 < 1% match (publications)
Francis, Jennifer, Ryan LaFond, Per M. Olsson, and Katherine Schipper. "Costs of Equity and Earnings Attributes", The Accounting Review, 2004.

13 < 1% match (Internet from 06-Sep-2016)
https://ml.scribd.com/doc/239144986/SNA-Ke-XVI-MANADO

14 < 1% match (Internet from 20-Aug-2013)
http://essay.utwente.nl/61660/1/MSc_I_Hofland.pdf

15 < 1% match (Internet from 19-Dec-2012)
http://www.afaanz.org/openconf/2012/modules/request.php?module=oc_proceedings&action=view.php&a=Concurrent&id=270

16 < 1% match (Internet from 12-Sep-2013)
http://www.efmaefm.org/efma2006/papers/385888_full.pdf

17 < 1% match (publications)
Tang, Tanya Y.H.. "Does Book-Tax Conformity Deter Opportunistic Book and Tax Reporting? An International Analysis", European Accounting Review, 2014.

18 < 1% match (Internet from 05-Jan-2017)
http://researchdirect.westernsydney.edu.au/islandora/object/uws%3A37591/datastream/PDF/download/citation.pdf

19 < 1% match (Internet from 06-Sep-2014)
http://www.doria.fi/bitstream/handle/10024/98562/Stock%20Market%20reaction%20to%20the%20CSR%20announcements%20of%20American%20fast%20food%20companies-Nadezda%20Kurilets-Master%20Thesis.pdf?sequence=2

20 < 1% match (Internet from 18-May-2014)
http://www.emeraldinsight.com/journals.htm?articleid=17015713

21 < 1% match (Internet from 04-Jan-2017)
http://researchbank.rmit.edu.au/eserv/rmit:161632/Pandey.pdf

22 < 1% match (Internet from 13-Oct-2014)
http://mak.trunojoyo.ac.id/wp-content/uploads/2014/04/FACM.pdf

23 < 1% match (Internet from 05-Mar-2016)
https://ex.hhs.se/dissertations/220630-FULLTEXT01.pdf

24 < 1% match (Internet from 15-Feb-2012)
http://repositorium.sdum.uminho.pt/bitstream/1822/8578/1/MCB_PhD_Thesis_Final.pdf

25 < 1% match (Internet from 21-Jun-2017)
http://www.emrbi.org/bop/EuroMed-5-2012.pdf

26 < 1% match (Internet from 21-Jun-2017)
http://emrbi.org/wp-content/uploads/2015/10/euromed2015%20book%20of%20proceedings-2015-10-04.pdf

27 < 1% match (Internet from 27-May-2016)
http://www.inderscience.com/storage/f711512368124109.pdf

28 < 1% match (Internet from 01-Mar-2013)
http://oaithesis.eur.nl/ir/repub/asset/5668/M478-Bosvanden_289582.doc

29 < 1% match (Internet from 13-Mar-2017)
http://www.virtusinterpress.org/IMG/pdf/COC__Volume_12_Issue_1_Autumn_2014_Continued9_-2.pdf

30 < 1% match (Internet from 13-Mar-2017)
http://www.virtusinterpress.org/IMG/pdf/COC__Volume_14_Issue_1_Fall_2016_Continued1_.pdf

31 < 1% match (Internet from 18-Dec-2012)
http://digitool.library.colostate.edu//exlibris/dtl/d3_1/apache_media/L2V4bGlicmlzL2R0bC9kM18xL2FwYWNoZV9tZWRpYS84ODY2OA==.pdf

32 < 1% match (Internet from 24-Feb-2016)
http://researcharchive.vuw.ac.nz/xmlui/bitstream/handle/10063/4443/thesis.pdf?sequence=2

33 < 1% match (Internet from 10-Mar-2016)
http://www.asers.eu/asers_files/jarm/JARM%20Volume%20IV,%20Issue%201%287%29,%202013%20short.pdf

34 < 1% match (Internet from 17-Feb-2017)
http://discovery.dundee.ac.uk/portal/files/1252384/Mina_phd_2010.pdf

35 < 1% match (publications)
Wang, Ying Zhao, Jing. "Hedge funds and corporate innovation.(Report)", Financial Management, Summer 2015 Issue

paper text:

Corporate Social Responsibility in Emerging Economies: Exploring Sustainable Shareholder Value (Indonesia Context) Juniarti1, **Arsono** Laksmana2, **Andry** 1

Irwanto3 1Petra Christian University, Indonesia 2Airlangga University, Indonesia 3Airlangga University, Indonesia yunie@petra.ac.id, laksmana@gmail.com, airwanto@gmail.com,

Abstract. This research proposes sustainability approach to mediate the conflicting arguments between shareholder value theory and 1

stakeholder theory related to CSR in emerging economies. This research aims to prove whether companies which implement CSR consistently are able to create sustainable shareholder value as implied by sustainability approach. The research sample includes all listed firms except finance sector and have at least 5 years implementation of CSR since 2007. There are 214 observations that meet the sample criteria. Sustainable shareholder value is proxied by earning persistence and cumulative abnormal return (CAR), each represents accounting-based and market-based measurement. Data are analysed by using Eviews 8. The results support the argumentation of sustainability approach that CSR has a significant positive association with sustainable shareholder value. There are different models of association between high and low industry profiles.

This study also proves that each aspect of CSR is unable to create sustainable shareholder value, consistent with the argumentation of integrative sustainable triangle. This results are robust through several tests in various time scenarios. Implications of these findings for practical and theoretical are discussed. The

results of the study open various venues for future research, include exploring the value of CSR from various other stakeholders view, using source other than annual report in order to improve the validity of CSR measurement and investigating the implementation issues of CSR at the corporate level. In addition, lengthier period of study after a certain interval of implementation is suggested to strengthen the argumentation of sustainability approach. Keywords: corporate social responsibility, sustainable shareholder value, stakeholder theory, sustainability approach 1

1. Introduction Despite the increasing attention from various parties

related to the Corporate Social Responsibility (CSR), the pros and 31

cons on whether CSR as the part of companies responsibility is still on going debate. Traditionally, companies are only focus on shareholder interest. According to Shareholder Value Theory, the main function of the company is to maximize shareholder value (Friedman, 1970; Griffin and Mahon, 1997). Proponents of Shareholder Value Theory believe that corporate social responsibility will diminish shareholder value. CSR activities will only increase cost but not provide benefit to the shareholders (Bansal, 2005). The emphasis to the shareholders interest has drawn widespread criticism, especially after financial crisis in the 2000s. Stakeholder Theory, on the other hand argues

that the responsibility of the company is not only to generate return to the 19

shareholers but also to balance the various stakeholders interest (Freeman, 1984; Donaldson and Preston, 1995; Pirsch et al., 2007). Companies that harmonize their shareholders and other stakeholders interest by their commitment to pay the cost of social and environment will be sustainable (Lopez et al., 2007; Pirsch et al., 2007; Steurer et al., 20

2005).

This research proposes sustainability approach to mediate the conflicting arguments between shareholder value theory and stakeholder theory related to whether CSR 1

as the part of company responsibility or not. Sustainability issues have become concern for business community in the world. In Indonesia, after the issuing the Corporate Act No. 40 in 2007 that mandate companies to implement CSR, the concern of businessman are highlighted to the cost and competitive advantage consequencies in the future (Waagstein, 2011). Comitment to promote sustainable development through economic growth, ecological and social balancing has been realized through establishing Indonesia Business Council for Sustainable development (IBCSD) in 2011. From the sustainability perspective,

CSR is the company's contribution to sustainable development. 7

Companies that concern to its operational impact on social and environment will attain higher profit in the long term (Reinhart et al., 2008; Achda, 2006). Prior studies generally emphasized on the relation of CSR and the short-term performance, only a few studies which associate it with shareholder value, among them are Herman and Keim (2001), Godfrey et al. (2009), Sanchez and Sotorio (2007). The

research sample include all listed firms except finance sector that have at least 5 years CSR implementation since 2007. There are 214 firm-years meet the sample criteria. Sustainable shareholder value is proxied by earning persistence and cumulative abnormal return (CAR), each represents accounting-based and market-based measurement. 1

Several control variables that consists of firm operating and firm specifics characteristics included in the model. The results reveal

that CSR has a significant positive association with 1

earning persistence and CAR, both are the proxies of sustainable shareholder value. This finding enhances the prior research results by demonstrating that market appreciation to the implementation of CSR is not just temporary but continuously The reminder of the paper will discuss the literature review which contains explanations of theory and empirical studies and hypotheses, research methods which contained the approach

used in the study and the data analysis, findings which shows the 29

results of hypothesis testing, discussion which discuss the interpretation of the results of the research an the 8

last part is conclusions, implications and

research opportunities. 2. Literature Review and Hypothesis Development 2.1 CSR and 15

Sustainable Shareholders Value measured by Persistent Earning Stakeholders theory has become a dominant paradigm of CSR (McWilliams dan Siegel, 2001). According to stakeholder theory companies should accommodate various stakeholders interests. Through satisfying stakeholders, companies will get supports to continue their operation (Donaldson dan Preston, 1995). CSR activities direct companies to create value to their stakeholders in the long-term not just seeking the short-term performance. According to Clacher dan Hagendorff (2012), CSR enable managers to create value to their shareholders without compromising other stakeholders'interest. From the sustainability perspective, companies that concern to social responsibility will behave to reduce conflicts and strive to integrate social and environmental responsibility into companies goals. Resources are proactively allocated to minimize social and environment impacts on operating activities thus it will prevent externalities cost realized in the future. Further, it will also reduce the probability to realize transitory expenses in the upcoming earnings. Socially responsible companies are able to attract new customers, to retain the existing customers and to offer innovative and efficient products or services compared with companies that are less socially responsible. In the long term this competitive advantage will be realized in persistent earnings so that the possibility to experience negative earnings will be reduced. Therefore, socially responsible companies are expected to have more persistent earnings compared with less socially responsible companies. There is no prior studies that specifically associated CSR and sustainable shareholder value, many of them tested the relationship of CSR and shareholders value or other general financial performance. Laksmana and Yang (2009), Belkaoui (2004) searched the association of CSR and eranings persistence and proved this association. However, both studies are not in the context of association of CSR and sustainable shareholders value. Robert dan Dowling (2002) found that there is an association between reputation resulted from implementing CSR and sustained earnings. Moreover, a number of other

studies conducted by Godfrey et al. (2005); Godfrey et al. (2009); Hilman and 21

Keim (2001) and Sánchez and Sotorrío (2007) support the positive impact of CSR on shareholders value.

Based on the above expalanation, the first hypothesis is proposed below: H1: 25

CSR Index (CRSI) has positive association with earning persistence 2.2 CSR and Sustainable Shareholders Value measured by Cumulative Abnormal Return (CAR) Companies with poor current environmental performance will have a greater possibility to bear financial obligation in the future (Holbrook, 2010). According to Konar dan Cohen (2001), the such companies have intangible liability on average $384 million which is 9% of replacement value of asset. CSR activities as a signals that companies are not only focused on their own but also pay attention to the wealthy of others including its society in making business decision (Godfrey et al., 2009). Investors perceive that the involvement of companies in CSR activities lead to a lower implicit costs thus the increasing of environmental performance will be followed by better financial performance. Companies are willing to pay the environmental and social impact of their business operations 8

are able to generate sustainable shareholders value. Meanwhile, companies that fail to meet stakeholders expectations will lead to market anxiety so that the risks increase, sales will decline and it lead to deteriorate shareholders value (Cornell and Shapiro, 1987; Coleman, 2011). In the sustainability view, CSR activities are intended

to reduce costs and risks in order to achieve growth in revenues and 33

earnings for the upcoming years (Hart and Meilsten, 2003). Companies strive to continuously improve its operation and enhance the relationship with their various stakeholders. The ability of companies to satisfy the implicit claim of

stakeholders such as shareholders, employees and customers increase the reputation, therefore the 34

risks of the company subject to regulatory action by the the third parties will be low. In the long-term companies that concern to the sustainability will have higher capability to produce predictable performance. It is due to the less likely the companies delivering negative shocks to their investors such as sabotage, customers demand or other various negative events. This is the reason why investors are looking for

companies that have good social and environmental performance 30

not for short-term benefits but to obtain reliable above average return in the long-term (Knopfel, 2011). Investors will provide low risks assessment to the companies shares which pay social and environmental costs, because the companies are able to create future abnormal return to their shareholders. Prior empirical results did not directly support the association of CSR and sustainable shareholders value, however studies that searched the association of CSR and abnormal return have been done in some previous studies. Among them are Golebiewska (2014), Fombrun (1997), Dijken (2007), Patten (2008) who found that there was an increasing of abnormal return of the companies that have a high CSR rating. Studies on investors respons to the CSR also have been conducted in Indonesia by Hendarto and Purwanto (2012) and

in Asia market including China, Hong Kong, India, Indonesia, Korea, Malaysia, Singapore, Taiwan dan Thailand, 11

tahun 2001, 2002 and 2004 by Cheung et al. (2010). They found that market appreciate the share of CSR companies. In addition, Hendarto and Purwanto (2012) also uncovered that Indonesia listed companies which voluntary implement CSR before CSR become mandatory enjoy positive abnormal return immediately after government make it mandatory. Several other studies that support the association of CSR and shareholder value are Godfrey et al. (2009); Hilman and Keim (2001) and Sánchez and Sotorrío (2007). The studies confirm that market awarded a positive valuation to the companies that concern to the CSR, though it still need futher evidence from the sustaianability perspective. Here is the second proposed hypothesis: H2: CSR Index (CRSI) has a positive association with cumulative abnormal return. 3. Research Method 3.1 Analysis Model Sustainable shareholders value is proxied by the persistence of earnings and cumulative abnormal return (CAR) each represent accounting-based and market-based measurement. There are 1

two proposed models to test the hypothesis. Each model will be tested simultaneously with several control variables. Control variables include industry profiles (Newson dan Deegan, 2002), earnings, leverage, firm size (Hoolbrok, 2010; Clacher and Hogendorff, 2012; McGuire et al., 1988; Penman dan Zhang, 2002), book to market equity (Fama and French, 1995), competition intensity (Newson and Deegan, 2002; Li, Poppo dan Zhou, 2008; Cho et al., 2012). Research models of this study are as follow: where: = Cumulative abnormal return

for firm i, year t = persistent earning for firm i , year t = CSR index for firm i, year t- 10

1 = earning form firm i , year t-1 = leverage

for firm i, year t-1 = firm size for firm i, year t- 2

1 = book to market equity

for firm i, year t-1 = industry profile for firm i , year t- 2

1 = competition intensity

for firm i, year t- 1 = intercept = slope of 2

model 1 = slope of model 2 = error 3.2 Research sample This research results are expected to generalize for the public companies listed in Indonesia Stock Exchange (IDX). Samples are selected according to the following criteria: (1) companies available in two concurrent years that is 2012 and 2013, exclude financial sector, have

at least 5 years implementation of CSR since 2007, 1

have monthly share price at least 60 months, have at least 7 years of EPS data before reseach periods. 3.3 Variables Operationalization 3.3.1 Corporate Social Responsibility This research uses GRI Guideline version 3.1 to measure CSR implementation. GRI is one of the reputable guidelines and has already adopted by many countries (Boesso et al., 2013). The level of CSR implementation is measured by comparing CSR activities reported by companies with the guideline, if companies report their activities in accordance with GRI guideline given 1 and 0, otherwise. Then all scores are added and scaled by total scores in GRI to obtain CSR score for each company. 3.3.2 Sustainable Shareholder Value

Sustainable shareholder value is proxied by persistent earnings and CAR. 1

1.Persistent Earnings This study uses first order autocorrelation model (AR1) to value persistent earnings following

Francis et al. (2004) and Laksmana and Yang (2009). 3

AR1 model requires several prior periods of earning usually more than 5 years to obtain coefficient of persistent earning. The slope coefficient are obtain from the following AR1 model: (3) Where: Xj,t = firm earning

year t Xj **,t-1** = firm earning **year t-1** 35

Earning

is net income before extraordinary items divided by the weighted average number of outstanding shares. 3

For each observation, using at least seven years window. Value

of 1,j close 1 **imply highly** 12

perssisten earning an value

of 1,j close 0 **imply** lower **persistent** 12

earning

(Dechow dan Dichev, 2002; Francis et al., 2004; 22

Belkaoui, 2004). 2.Cumulative Abnormal Return (CAR) CAR is measured using market model (Godfrey et al., 2009; Golebiewska, 2014; Bird et al., 2007), with the following steps: 1. Choose the event window, this research uses 12 months event window (-3,0,+8), 3 months before month of financial reporting issued and 8 months after month of publication month. Month 0 is as the month of annual report publication 2. Regress monthly stock return to the market return for 60 months to obtain estimation parameters (α, β), with the following formula: (4) 3. Calculate expected return E(Rit) using α and β from above step, with the following formula: (5) 4. Calculate abnormal return (AR) share i for month t, with the following formula: (6) 5. Calculate CAR by adding 12 months event window of AR, as follow: (7) 3.3.3 Current Earning (LABA) Current earning

is measured by **net income before extraordinary** item **divided by** average **total assets** 17

(Holbrook, 2010; Dhaliwal et al., 2011). 3.3.4

Leverage (LEV) Leverage is measured by total debt divided by total assets 18

(Mc. Guire et al. 1988). 3.3.5

Firm Size (UP) Firm size is measured by log market value of 5

equity (Belkaoui, 2004; Bird et al., 2007; Holbrook, 2010). 3.3.6

Book to Market Equity (BME) Book to Market Equity (BME) is measured by book value of equity divided by market value of equity. 6

3.3.7 Competition intensity (IPER) Competition intensity is measured using Herfindahl index (HHI), calculation of HHI is obtained from the following formula: where: … = market share of firm in the same industry 3.3.8 Industry Profile (PROFIL) The grouping industry profile as high-profile industry (H) and low-profile industry (L) depends on the magnitude of the impact of firm operating activities. Industry profile is measured using dummy variables corresponding to industrial group, 1

for high-profile industry and 0 for low-profile industry. 28

4. Analysis and Discussion 4.1 Sample Profiles Based on the samples criteria, there are 214 firm years that qualify with the criteria during two years of observation. Data are analysed using Eviews 8.

Table 1 shows the descriptive statictic of the observation. Table 1. 26

Statistic Descriptive

Variable Mean Median Maximum Minimum Std. Dev CAR -0, 14699 -0, 16

16817 1,39064 -1,16952 0,44316 PERSIST 0,44013 0,52550 0,99200 -0,92000 0,42238 CSRI 0,22636 0,23810 0,57143 0,05952 0,10586 LEV 0,57860 0,46733 8,24998 0,07071 0,71579 UP 6,09557 6,03310 8,41262 4,22272 0,88558 BME 0,80034 0,80298 7,35293 -18,83421 1,77962 IPER 0,30090 0,23706 0,90894 0,07411 0,18842 LABA 134,62190 6,60619 2268,99400 -94,78699 330,87610 PROFIL HIGH 97 45,33% LOW 117 54,67% Overall, samples have moderate CSRI scores, the average score of CSRI is 22.64%, it means companies have an adequate concern to implement CSR. Based on value of standar deviation can clonclude that variance of the implementation among companies is quite low. CSR implementations are expected to be wider in high-profile industry group since they have an enormous impact on the environment and would be subject to the rules and costs for pollution control and other costs associated with the environmental impact (Konar and Cohen, 2001). Results of T Test (Table 2), in both sample groups which is high profile and low profile indicate that the on average CSRI in both sample groups are significantly different at the 0.01 significance level. Using a grouping based on firm size, the results show that CSRI at large and small companies are significantly different at a significance level of 0.1. However, there is no difference of CSRI in high and low intensity of competition. This is likely due to the majority of the samples are in high intensity of competition. Table 2. Independent Sample T Test Sample Group N Mean Std. Dev Sig Industry Profile High profile 97 0,22201 0,11930 *** Low profile 117 0,23036

0,09257 Firm Size big 110 0,21806 0,10769 * small 104 0,23557 0,10257 Competition Intensity High 186 0,22465 0,10643 Low 28 0,23936 0,09872 *, **, *** = significant at level 0.1, 0.05 and 0.01 respectively . 4.2 Test of Hypothesis 1 Table 3. Results of Hypothesis 1 Test Description Model 1a Model 1b

Coefficient t-stat Sig Coefficient t-stat Sig CSRI **0,** 77626 **2,** 88798 *** **0,** 4

54472 1,99451 ** PROFIL -0,03133 -0,48348 PROFIL* CSRI -0,04018 -0,45598 LEV -0,02225 -0,49170 UP 0,04257 1,18889 BME -0,03179 -1,89941 * IPER 0,14191 0,94905 C 0,26442 3,93833 *** 0,12064 0,38713

R-squared 0, 03785 **0,** 19296 **Adj R-squared 0,** 03331 **0,** 14879 **F-** stat 8,34045 *** **4,** 13

36893 *** *, **, *** = significant at level 0.1, 0.05 and 0.01 respectively Hypothesis 1 tested the association between CSR and sustainable shareholder value proxied by earnings persistence (PERSIST). The association model of CSR and persistence of earnings is presented in Table ... The model shows that the persistence of earnings will increase by 0.5447 * CSRI, the higher CSR index the higher the earnings persistence of the

companies. The results shows **that there** was **no** difference of **association** model **between** 27

high profile and low profile. Eventhough, theoretically **high profile companies** 24

have greater impact on social and environment and would be subject to the rules of greater costs for pollution control and other costs related to the environmental impact (Konar and Cohen, 2001), but the empirical results show differently. Overall, the equation model meets the goodness of fit shown with the value of adjusted R2 amounted to 14.88% and the value of F significant at the 0.01. 4.3 Test of Hypothesis 2 Hypothesis 2 tests the association between CSR and sustainable shareholder value proxied by the CAR. The testing of model 2A without entering a control variable shows the positive association of CSRI and CAR but not significant. Further testing of CSR includes all the control variables (model 2B) shows that model fulfil the goodness of fit and have higher F than prior tests (model 2A). The results show that PROFILE in models 2B significant at 0.05 level whereas CSR PROFILE * significant at the 0.01 significance level. PROFILE provides a large difference in the model association of CSR and CAR. A high slope on association model of CSR and CAR as of 0.57531 indicates that the implementation of CSR in the high-profile group of companies provide a sharp rise in the CAR, on the contrary if the company ignores the implementation of CSR or failed to fulfill these responsibilities will be followed by a significant decrease in CAR as well. A high-profile group always receives a higher CAR, compared with a low profile. The market will always appreciate the social responsibility actions undertaken by high profile group, because the implicit risk of high profile groups become lower. Table 4. Results of Hypothesis 2 Test Description Model 1a Model 1b

Coefficient t-stat Sig Coefficient t-stat Sig CSRI **-0,** 41852 -1,24337 **-0,** 4

41572 -1,44082 PROFIL 0,10926 1,82119 * PROFIL* CSRI 1,01182 10,83324 *** LEV 0,06337 1,47316 UP -0,00291 -0,07385 BME 0,01698 0,96830 IPER 0,06498 0,40940 LABA 0,00004 0,41726 C -0,01442 -0,71169 -0,07336 -0,29421

R-squared 0, 00727 0, 38260 Adj R-squared 0, 00257 0, 35839 F- 5

stat -1,61043 15,80253 *** 4.4 Discussion

Results show that the CSR activities have a positive 9

and significant association with sustainable shareholder value proxied by the persistence of earnings. This research address concerns related to the benefits provided to shareholders by companies that consistently implement CSR. The results also simultaneously strengthen the belief of the proponents of sustainable business practices that the sustainable practices in doing business enable companies to generate higher profits in the long-term (Reinhart et al., 2008; Lawrence dan Weber, 2008; Larson, 2000; Achda, 2006). The probability to experience fluctuating earnings is smaller in the socially responsible companies compared with companies that are less socially responsible. It is proved that more socially responsible companies are able to produce profits persistently.

Consistent with the results of hypothesis 1, the tests of 23

hypothesis 2 provides the same results.

This study prove a significant positive association between CSRI and 32

CAR as a proxy of sustainable shareholder value. Companies that implement CSR are perceived to have lower implicit costs. Investors will award a lower risk to the companies stocks. Therefore the share of socially responsible firms result positive abnormal return to the shareholders. The results of this study complements previous research by Hendarto and Purwanto (2012) in Indonesia,

Cheung et al., (2010); Godfrey et al. (2009); Hilman and Keim (2001); 9

Sánchez and Sotorrío (2007) by proving that the market appreciation to the socially responsible companies is continuously. However the association model of CSR and CAR is different among industry profile groups. In the high- profile industry, the consistent implementation of CSR are valued by market. Meanwhile, in the low-profile industry groups CSR activities seem ignoring by market. This finding is interesting when linked to the obligation to implement CSR in Indonesia which is more emphasis on companies running

their business in the field and / or related to the natural resources 14

in accordance with the content of Act No. 40 Article 74 paragraph 1. 7

A high-profile company is a company whose operations is more related to the utilization of natural resources. These industrial groups are willing implement CSR consistenly promising sustainable value to shareholders. 5. Conclusion and Limitation This research address the concerns related to the benefits that can be provided to shareholders by companies that consistently implement CSR. It is proven that the company's involvement in CSR activities generate sustainable shareholder value. These results also reinforce the confidence of the proponents of sustainability approach that companies are responsible for the social and environmental will earn higher profits in the long term. The concerns of proponent shareholders value theory that the implementation of CSR impede the company capability to deliver value to shareholders are actually not proven. The results have important implications for managers, first, managers should avoid doing CSR for philanthropy purposes but set it as a part of companies’strategy, second, managers are required to wisely allocate their limited resources to pay CSR activities, since the benefits of CSR cannot be expected in the short term. It is essential for managers to build long term relationship with all stakeholders to get their support to reach sustainable shareholder value. For investors, this research implies to underline on CSR performance in making decision, not just rely on short term performance, since CSR promises sustainable shareholder value. There are some limitations of this research, therefore it opens various venues for future research. This research only searches the benefit of CSR from the shareholders’view and only assume that all other stakeholders such as employee, customer, supplier and local community have benefit from CSR activities. Future research could explore the

value of CSR from various other stakeholders’view. 1

There is also a constraint to access internal sources of CSR implementation, therefore this research only rely on information from annual report to measure CSR implementation, future research can use another competent sources such as inquiry or compare with external assurance to improve measurement validity. 6.

Reference Achda, B. T. (2006). The Sociological Context of Corporate Social Responsibility Development and Implementation in Indonesia. Corporate Social Responsibility and Environmental Management, Vol 13, pp 300-305. Bansal, P. (2005). Evolving Sustainably: A Longitudinal Study of Corporate Sustainable Development. Strategic Management Journal, Vol 26, No. 3, pp 197-218. Belkaoui, A. R. (2004). The Impact of Corporate Social Responsibility on the Informativeness of Earnings and Accounting Choices. Advances in Environmental Accounting and Management, Vol 2, pp 121-136. Bird, R., Hall, A. D., Momente, F., dan Reggiani, F. (2007). What corporate social responsibility activities are valued by the market? Journal of Business Ethics, Vol 76, pp 189-206. Cheung, Y. L., Tan, W., dan Zhang, Z. (2010). Does Corporate Social Responsibility Matter in Asian Emerging Markets? Journal of Business Ethics, Vol 92, pp 401–413. Cho, C. H., Freedman, M., dan Patten, D. M. (2012). Corporate Disclosure of Environmental Capital Expenditures. Accounting, Auditing and Accountability Journal, Vol 25, No. 3, pp 486-507. Clacher, I., dan Hagendorff, J. (2012). Do Announcements about Corporate Social Responsibility Create or Destroy Shareholders Wealth? Evidence from the UK. Journal of Business Ethics, Vol 106, pp 253-266. Coleman, L. (2011). Losses from Failure of Stakeholders Sensitive Processes: Financial Consequences for Large US Companies from Breakdowns in Product, Environmental, and Accounting Standards. Journal of Business Ethics, Vol 98, No. 2, 247-258. Dechow, P. M., dan Dichev, I. D. (2002). The Quality of Accruals and Earnings: The Role of Accrual Estimation Errors. The Accounting Review, Supplement: Quality of Earnings Conference, Vol 77, pp 35-59. Dhaliwal, D. S., Li, O. Z., Tsang, A., dan Yang, Y. G. (2011). Voluntary Nonfinancial Disclosure and the Cost of Capital: The Initiation of Corporate Social Responsibility Accounting. The Accounting Rreview, Vol 86, No. 1, pp 59-100. Donaldson, T., dan Preston, L. E. (1995). The Stakeholders Theory of the Corporation: Concepts, Evidence, and Implications. The Academy of Management Review, Vol 20, No.1, pp 65-91. Epstein, M. J., dan Roy, M. J. (2001). Sustainability in Action: Key Performance Drivers Identifying and Measuring the. Long Range Planning Journal, Vol 34, pp 585-604. Francis, J., LaFond, R., Olsson, P. M., dan Schipper, K. (2004). Costs of Equity and Earnings Attributes. The Accounting Review, Vol 79, No. 4, 967-1010. Freeman, R. E. (1984). Strategic Management. A Stakeholders Approach. Pitman: Boston. Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. The New York Times Magazine. September 13. Gołębiewska, A. B. (2014). Do Stock Exchange Indices Based on Reputational Factors Matter? International Journal of Academic Research, Vol 6, No. 4, pp 251-157. Godfrey, P. C. (2005). The

Relationship between Corporate Philanthropy and Shareholders Wealth: A Risk Management Perspective. The Academy of Management Review, Vol 30, No.4, pp 777-798. Godfrey, P. C., Merrill, C. B., dan Hansen, J. M. (2009). The Relationship Between Corporate Social Responsibility and Shareholders value; An Empirical Test of The Risk Management Hypothesis. Strategic Management Journal, Vol 30, pp 425-445. Griffin, J. J. dan Mahon, J. F. (1997). The Corporate Social Performance and Corporate Financial Performance Debate-Twenty Five Years of Incomparable Research. Business dan Society, Vol 36, No. 1, pp 5-31. Hart, S. L., dan Milstein, M. B. (2003). Creating Sustainable Value and Executive Commentary. Academy of Management, Vol 17, No. 2, pp 56-69. Hendarto, K. A., dan Purwanto, B. M. (2012). Market Reactions of Mandatory Implementation of Corporate Social Responsibility: Indonesia Context. Asia Pacific Management Review, Vol 17, No.4, pp 379-402. Hillman, A. J., dan Keim, G. D. (2001). Shareholders Value, Stakeholders Management, and Social Issues: What's the Bottom Line? Strategic Management Journal, Vol 22, No. 2, pp 125-139. Holbrook, M. E. (2010). Corporate Social Responsibility and Financial Performance: An Examination of Economic Benefits and Costs as a Manifested in Accounting Earnings. PhD Thesis, University of Kentucky, Gatton College of Business and Economics, Lexington, Kentucky. Kleine, A., dan Hauff, M. V. (2009). Sustainability-Driven Implementation of Corporate Social Responsibility: Application of the Integrative Sustainability Triangle. Journal of Business Ethics, Vol 85, pp 517-533. Knoepfel, I. (2001). Dow Jones Sustainability Group Index: Sustainability A Global Benchmark for Corporate. Corporate Environmental Strategy, Vol 8, No. 1, pp 6-15. Konar, S., dan Cohen, M. A. (2001). Does the Market Value Environmental Performance? The Review of Economics and Statistics, Vol 83, No. 2, pp 281-289. Laksmana, I., dan Yang, Y.-W. (2009). Corporate Citizenzhip and Earnings Attributes. Advances in Accounting, incorporating Advances in International Accounting, Vol 25, pp 40-48. McWilliams, A., dan Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. The Academy of Management Review, Vol 26, No. 1, pp 117-127. Patten, D. M. (2008). Does the market value corporate philanthropy ? Evidence for the response to the 2004 Tsunami Relief Effort. Journal of Business Ethics, Vol 81, pp 699-607. Pavlos, M. (2012). Corporate Law and Economic Stagnation: How Shareholders Value and Short-Termism Contribute to The Decline of The Western Economies. PhD Thesis, Leiden University. Pirsch, J., Gupta, S., dan Grau, S. L. (2007). A Framework for Understanding Corporate Social Responsibility Programs as a Continuum: An Exploratory Study. Journal of Business Ethics, Vol 70, No. 2, 125-140. Reinhardt, F. L., Stavins, R. N., & Vietor, R. H. (2008). Corporate Social Responsibility Through an Economic Lens. Fondazione Eni Enrico Mattei (FEEM). Roberts, P. W., dan Dowling, G. R. (2002). Corporate Reputation and Sustained Superior Financial Performance. Strategic Management Journal, Vol. 23, No. 12, pp 1077-1093. Sánchez, J. F., dan Sotorrío, L. L. (2007). The Creation of Value through Corporate Reputation. Journal of Business Ethics, Vol 76, No. 3, pp 335-346. Steurer, R., Langer, M. E., Konrad, A., dan Martinuzzi, A. (2005). Corporations, Stakeholderss and Sustainable Development I: A Theoretical Exploration of Business Society Relation. Journal of Business Ethics, Vol 61, pp 263-281. UU RI Nomor 40 Tahun 2007 Tentang Perseroan Terbatas (Lembaran Negara Republik Indonesia Tahun 2007 Nomor 106). Waddock, S. A., dan Graves, S. B. (1997). The Corporate Social Performance-Financial Performance Link. Strategic Management Journal, Vol 18, No.4, pp 303-319. Waagstein, P. R. (2011). The Mandatory Corporate Social Responsibility in Indonesia: Problems and Implications. Journal of Business Ethics, Vol 98, No. 3, pp 455-466.