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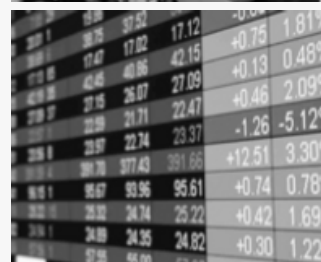
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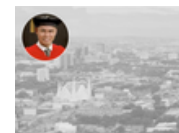
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The Effect of CSR, Tax Avoidance, and Information
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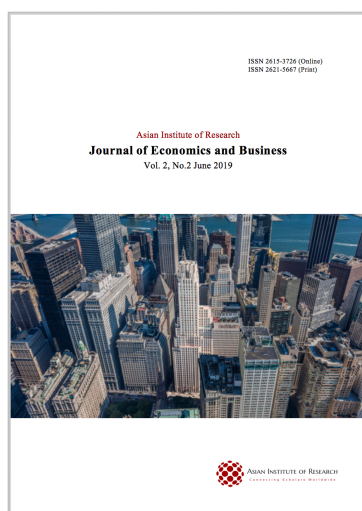
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The Effect of CSR, Tax Avoidance, and Information Asymmetry Issues on Corporate Reputation

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Abstract

The purpose of this study was to determine whether corporate social responsibility has an effect on corporate reputation with information asymmetry and tax avoidance as moderating variables, for companies listed on the Stock Exchange for the period 2014-2017. In this study, using descriptive statistical data analysis techniques, classical assumption test, normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. While hypothesis testing uses multiple linear regression, F test, and determinant coefficient test. The research sample is disclosure of corporate social responsibility through financial reports or sustainability reports in the 2014-2017 period.

Keywords: CSR, Tax Avoidance, Information Asymmetry. Corporate Reputation

Methods

A sample comprising 100 observations for the years from 2014 to 2017 for large capitalized Indonesian companies that are registered in the Indonesia Stock Exchange.

1. Introduction

Corporate Reputation is an intangible asset that is difficult to measure and explain because its reputation is not a product that can be seen. Nevertheless, the existence of a good reputation can strengthen the company's position when dealing with competitors. For consumers, it is sometimes confusing to choose a brand. Various brands provide similar benefits so that corporate reputation is the main consideration. The product is an inanimate object, while the one that gives the life of a product is a brand, so a brand is very important to be managed so that consumers will always be loyal to the product.

Prior research has demonstrated that a positive corporate reputation can lead to a number of strategic benefits, including attracting potential employees (Turban and Cable, 2003), investors (Raithel and Schwaiger, 2015), customers (Walsh, Bartikowski, and Beatty, 2014), and facilitating the ability to negotiate and contract and with other organizations (Rhee and Haunschild, 2006).

Corporate Social Responsibility (CSR) or corporate social responsibility is a concept or action taken by a company as a sense of corporate responsibility towards the social and the surrounding environment where the company is located. Corporate Social Responsibility (CSR) is an approach where companies integrate social care in their business operations and in their interactions with stakeholders based on the principles of partnership and volunteerism (Nuryana, 2005).

Fombrun (1996) defines Corporate Reputation as a representation of the company's perceptions of past actions and future prospects that describe the company as a whole attractive to all its main constituents when compared to other prominent rivals. The company's reputation can vary in a number of aspects such as the treatment of employees, product quality and safety, community involvement, and the environment. That definition also removes that view, the company's reputation may be different for various stakeholders, such as employees, consumers, investors, suppliers, and creditors. It is often assumed that corporate philanthropy can lead to a number of strategic benefits for companies by increasing the company's reputation (Szaccs et al., 2016). Regarding the link between company reputation and business benefits, empirical research has provided a wealth of evidence that shows that a company's reputation influences organizational performance. Studies have shown that a positive corporate reputation can lead to a number of strategic benefits, including attracting potential employees (Turban and Cable, 2003), investors (Raithel and Schwaiger, 2015), customers (Walsh, Bartikowski, and Beatty, 2014), and facilitating the ability to negotiate and contract with other organizations (Rhee and Haunschild, 2006).

By carrying out CSR activities, companies will get their own benefits. Kotler and Lee (2005) state that the benefits of CSR for most companies are increasing sales and market share, strengthening brand positioning, enhancing company reputation, reducing operating costs, and increasing company attractiveness in the eyes of investors and financial analysts. In another study, Chi-Shiun Lai et al. (2010) conducted a study of CSR in small-medium business industrial buyers from Taiwan to study the effects of supplier CSR activities. The results of the study show that the positive effect of CSR is on the Company's reputation, brand equity, and brand performance, and the greatest influence of CSR is affecting the company's reputation than others. In a study of the relationship between CSR and company reputation, Marjo Elisa (2006) sees that trust seems to be the most important factor in determining a good reputation and social responsibility.

The implementation of the CSR program is an effort to harmonize the company's business strategy with sustainable programs that refer to the needs of the community. The implementation of CSR is carried out by taking into account the goals of sustainable development to meet current needs, without neglecting the rights of future generations. The CSR implementation finally aims to build and maintain public opinion to always be positive about the company. Like the statement from Frank Jeffkins (1998), corporate image (corporate image) is related to the company figure as its main goal, how to create a positive corporate image.

Tax is a compulsory contribution to the state that is owed by an individual or entity that is a force based on the Law, by not getting compensation directly and used for the state's needs for the greatest prosperity of the people. Tax serves as a source of funds for the government to finance its expenses and taxes function as a tool to regulate government policies in the social and economic fields.

Taxation in Indonesia uses a self-assessment system. Self-assessment is a taxation system that gives full trust and responsibility to taxpayers to register themselves to get an NPWP (Taxpayer Identification Number) then calculate, deposit, and self-report the tax payable. The self-assessment tax collection system means that the determination of the amount of tax owed is entrusted to the taxpayer himself and regularly reports the amount of taxes owed and paid as specified in tax laws and regulations.

Tax Avoidance is an effort to reduce, avoid, and alleviate the tax burden in various ways made possible by tax laws by taking into account the presence or absence of a result of the tax caused (Ernest R. Mortenson in Zain: 2008). Tax avoidance is done in ways that do not violate the applicable provisions, namely utilizing weaknesses contained in the tax provisions. While the tax evasion is carried out in clean ways (at illegal, that is violating taxation provisions).

In the tax provisions, there are still various loopholes that can be utilized by the company so that the amount of tax paid by the company is optimal and minimum. Optimized here means the company does not pay taxes that

should not have to be paid and pay taxes with the least amount, but it is still done in a way that does not violate the applicable tax provisions.

Information asymmetry is information that is owned by one individual or party different from another party or individual (Akerlof's, 1970). The concept of information asymmetry was first expressed by George A. Akerlof's 1970 paper *The Market for "Lemons": Quality Uncertainty and the Market Mechanism*. In this paper, George revealed information asymmetry using illustrations of the car trade. In his basic argument, he says that buyers use standard statistical data to assess class segments of products sold. This causes buyers only to have basic knowledge while sellers have more knowledge about certain products so that sellers can sell products whose quality is below what they should. This makes investors have to minimize information asymmetry so that the decision-making for investment is not wrong and can be chosen correctly and accurately.

Earnings management is the effect of information asymmetry. Earnings management is the process of taking deliberate steps within the limits of generally accepted accounting principles both within and outside the boundaries of the General Accepted Accounting Principle (GAAP). Copeland (1968: 10) in Utami (2005) defines earnings management as "increasing ability to increase net income at will," meaning that earnings management includes management efforts to maximize or minimize profits including income smoothing, in accordance with manager's wishes. Earnings management is an intervention in the external financial reporting process with the aim of benefiting the company. Earnings management is one of the factors that can reduce the credibility of financial statements, earnings management adds bias in the financial statements and can disrupt financial statement users who believe the engineering profit figures as profit figures without engineering (Setiawati and Na'im, 2000 in Rahmawati et al. 2006).

2. Literature review and hypotheses development

Corporate reputation is seen as a result of competitive processes in which companies signal their important characteristics to maximize social status (Spence, 1974). Assessment of cumulative values by the public from time to time provides companies with a significant competitive advantage (Fombrun and Shanley, 1990; Balmer, 1998; Fombrun and Van Riel, 1997).

Reputation can also be interpreted as a value given to individuals, institutions, or countries. Reputation cannot be obtained in a short time because it must be built for years to produce something that can be assessed by the public. Reputation also only survives if the consistency of words and deeds.

Herbig and Milewicz (1995, p.24) defines reputation as "Estimated consistency over time of an entity's attributes. This estimate is based on the willingness of the entity and the ability to perform an activity repeatedly in a similar place. Attributes are certain parts of the entity's price, quality, and marketing skills." Fombrun (1996) defines a company's reputation as a net perception of an organization's ability to meet all stakeholder expectations. In general, the company's reputation is perceived as a strong relationship between customers and organizations, which is seen as building client relationships (Crosby et al., 1990; Hebson, 1989; Howard, 1998; Connor et al., 1997; Dollinger et al., 1997)

CSR is a broad concept, and this term is used to describe social and environmental contributions and the consequences of organizational activities (Jenkins and Yakovleva, 2006). The term "CSR" relates to disclosure of information by companies about the social and environmental impacts of economic actions on interest groups (for example: regulators, investors, etc.) in society and for the wider community (Gray et al., 1987). Corporate reporting systems that cover social and environmental issues undergo an evolutionary process, which begins with reporting employees and then moves to social reporting, environmental reporting, social responsibility reporting and finally, sustainability reporting (Buhr, 2007).

Tax avoidance is an important corporate strategy (Cai and Liu, 2009; Hanlon and Heitzman, 2010). In the traditional context, it is believed that tax avoidance represents the transfer of wealth from the government to the company and must increase the corporate reputation. However, tax avoidance is not without costs. Direct costs

include implementation costs, loss of reputation and potential penalties, etc. Agency theory argues that tax avoidance activities are also related to corporate governance issues. Tax planning activities as camouflage managerial lease transfers and reduce corporate reputation (Desai and Dharmapala, 2006; Desai et al., 2007). So whether a company is involved in tax avoidance depends on whether the benefits outweigh the costs.

According to Desai et al. (2007), non-transparent tax avoidance planning activities disguise managerial deviations and reduce corporate reputation. This opinion was also supported by Desai and Dharmapala according to his research released in 2006. So whether a company decides to practice tax avoidance or not, depending on the implementation, it can be profitable or even detrimental to the company. According to Hanlon et al. (2005) and Ayers et al. (2009), tax avoidance reduces information contained in the tax burden. In general, the research conducted by Desai and Dharmapala in 2009 proved the impact of tax avoidance activities on corporate reputation, which is almost as significant. The effect of tax avoidance is positive only for companies that have been established for years, and most of the shares are owned by institutions. They prove that there are two conflicting effects on how tax avoidance affects corporate reputation. Aggressive tax avoidance activities are often related to the loss of a company's reputation on an ongoing basis.

Jogiyanto (2013: 518) states that information asymmetry is private information that is only owned by investors who have information only (informed investors). Information asymmetry can occur in the capital market when one capital market actor has more information than other market participants. The amount of information asymmetry that occurs in a traded stock can be measured using the bid ask spread. According to Scott (2000), there are two types of information asymmetry, namely adverse selection, namely that managers and other insiders usually know more about the condition and prospects of the company than outside investors. The second is a moral hazard, namely that activities carried out by a manager are not entirely known by shareholders or lenders.

Prior research conducted by Otuo Serebour Agyemang Abraham Ansong (2017) aims to examine the relationship between CSR activities and Ghana SMEs Financial Performance. This study uses the company's reputation as the dependent variable. While the independent variables are the quality of products and services, quality of staff, environmental responsibility, responsibility for the community, and quality of management. The results of the study show that corporate social responsibility has a significant positive relationship with the company's reputation. This implies that small and medium enterprises involved in CSR activities are associated with a good reputation.

Prior research conducted by Dirk Kiesewetter, Johannes Manthey, (2017) aims to answer how corporate governance and corporate social responsibility influence the relationship between value creation and tax avoidance. This study uses value creation as the dependent variable. While the independent variables are effective tax rate (ETR), company market value, and a book value of total assets. The results of the study show that the power of governance does not allow companies to create value by minimizing their tax bills. Companies with weak social and environmental characteristics indicate that a higher ETR is associated with higher value creation. The characteristics of higher corporate governance are associated with lower ETRs in a coordinated and liberal market economy.

2.1 Reputation risk management

Reputation risk management theory questions the explanatory power of theories such as institutional theory or impression management theory because they are considered too broad (Unerman, 2008). Scholars have suggested considering the complexity of the company's external and internal factors that might lead companies to report their CSR. Bebbington et al. (2008) consider that CSR reporting can be understood as a result and part of the reputation risk management process. Friedman and Miles (2001) suggest that the lens of corporate reputation "will make companies more aware of the need to manage a variety of environmental, social and ethical risks, and to show externally that they are doing it; this will increase the quantity and quality of CSR reporting "(p.528).

This study uses this theory to explain the hypotheses developed. Companies are required not only to meet the interests of shareholders, but also the interests of stakeholders. This creates social risks for the company (Kytte and Ruggie, 2005). Management's response to addressing complex social risks is through CSR. Through CSR performance, companies can minimize social risk so that they can reduce the risk of conditions that can harm the

company, such as demos, strikes, and lawsuits that threaten the company's going concern. Based on the risk management perspective, Godfrey (2005) states that (1) CSR programs can produce positive moral capital between companies and stakeholders, (2) moral capital provides a type of insurance that is able to protect the company, and (3) this insurance contributes to the holder stock.

2.2 Signaling theory

According to Wolk, Signaling Theory in Thiono (2006: 4) explains the reasons why companies have an incentive to provide financial statement information to external parties because there is information asymmetry between companies and outsiders. The company (agent) knows more about the company (principal) and future prospects than outside parties (investors, creditors). Information that is lacking from outside parties regarding the company will cause them to protect themselves by providing low prices for the company. Jensen and Meckling (1976) explain that things that can happen to asymmetry can cause 2 (two) problems, namely:

- a. Moral Hazard, which is a problem that arises if the agent does not implement the things agreed upon in the employment contract.
- b. Adverse Selection, which is a condition where the principal cannot know whether a decision that has been taken by the agent is really based on the information that has been obtained, or an abnormality occurs in the task.

Signaling theory explains how a company should provide a signal to users of financial statements. The signal can be in the form of information about what has been done by management to realize the wishes of the owner. Signals can be in the form of promotions or other information that has stated that the company is better than other companies (jama'an, 2008)

The conclusion that can be drawn by the existence of this signaling theory is that the management of the company, especially companies that have gone public, must provide information to investors so that investors can know the state of the company and its prospects in the future. Investors can distinguish which companies have good corporate reputation before investors make the decision to invest so that in the future they can provide benefits to investors (alivia, 2013) Signaling theory explains that investment spending can provide a positive signal about the company's growth in the future, so that it can increase stock prices as an indicator of corporate reputation (Jama'an, 2008). Tax evasion practitioners for the management that have been carried out are expected to provide a positive signal to the investors who will have an impact on the increase in the corporate reputation. Basically, the corporate reputation can be said to be good, one of which is the increase in stock prices over time.

2.3 Agency Theory

According to Jensen and Meckling (1976), agency relations in agency theory as an agreement contract between the principal (principal) and the agent (agent). The principal is the party that gives the task of the principal. This contract agreement contains that the agent will perform services on behalf of the principal, which involves delegating some authority to the agent to make a decision. In its implementation, the agent may not always act the best for the principal. There is a possibility that the agent will make a decision that benefits himself. To prevent this from happening, the principal incurs costs of supervision to control the agent in taking actions that harm the principal. The agent will issue a fee, also called a security fee for the agent not to make a decision that is detrimental to the principal. In general, the supervision costs incurred by the principal cannot be the same as the bond costs incurred by the agent. The difference from these costs will be referred to as the owner's residual loss. So, agency costs are the total amount of supervision costs incurred by the principal, the security costs incurred by the agent, and the residual loss of the owner.

According to Eisenhardt (1989), agency theory is divided into two groups, namely positive agency research and principal agency research. Positive agency research emphasizes that principals and agents have human traits that are concerned with their own selves, limitations of rationality, and dislike of risk. This group only focuses on conflicts between owners and managers. Principal agency research emphasizes the relationship of principals and agents that describe the relationship between employers and workers. An example of a principal and agent relationship in a company is the relationship of shareholders and managers.

According to Raharjo (2007), the logical consequences of work contracts in increasing the efficiency of the role of information by reducing losses can be caused by problems of moral hazard and adverse selection made by principals with agents. If the principal cannot observe the agent's business directly or measure output accurately, then the agent may be able to take actions that are different from what has been agreed on in the work contract and maintain himself, for example, he will avoid the obligation to do, called moral hazard. If the principal does not have a link to the various information available to the agent at the time of decision making, he cannot know whether the business being run has been chosen properly on the basis of the agent's information or has denied his obligation, called adverse selection.

2.4 Hypothesis Development

Many of the companies only disclose financial information in their financial statements in accordance with the requirements contained in accounting standards. But for some companies that have provided information related to CSR within their company, this shows that CR is higher. This implies that the implementation of CSR this year will have a positive impact and will affect CR in the years ahead. Companies that care and implement CSR in their companies have more value than other companies that have not done CSR in their companies. Existing investors are willing to accept lower returns when the company supports social or environmental values that are in line with the expectations of investors (Khalif, Guidara & Souissi, 2015). H1 is proposed as follows:

H1: There is an influence from CSR on corporate reputation.

The shareholders want the company to have a good corporate reputation. Investors will tend to invest their capital by looking at the company's net profit that will describe the corporate reputation itself, so managers are indirectly demanded how to maximize the corporate reputation is one way to do tax avoidance (Ari Putra Permata Simarmata and Nur Cahyonowati, 2014).

Desai and Dharmapala (2009) say the traditional point of view of corporate tax avoidance shows that shareholder value should increase along with corporate tax avoidance activities, but it is different when viewed with corporate tax avoidance activities, but it is different from the manager's perspective. Companies against tax avoidance, where companies will provide different predictions. Manager's perspective on tax avoidance says tax avoidance is not always wanted by shareholders because there are costs that must be incurred in the future, such as costs incurred for tax planning, additional costs of compliance (Wang, 2010). H2 is proposed as follows:

H2: There is an influence from tax avoidance on corporate reputation.

Asymmetry information that occurs in a company because of one party, whether the manager or investor has more or better information than the other party. Thus, the parties related to the company do not have the same information about the prospects and risks of the company's future. Managers usually have more and better information than outside companies (investors), because managers within the company are more aware of the prospects and risks of the company's future. Based on signaling theory, asymmetric information will cause companies to have difficulty in finding external funding. This is caused by information asymmetry that will make creditors ask for a higher return on investment than they provide. Therefore, asymmetric information will make external financing more expensive, which in turn forces companies to hold high amounts of cash.

Companies that have high asymmetry information between managers and shareholders will give a bad signal to investors. because investors will assume that the company is experiencing agency problems and the company's future cannot be justified. So that information asymmetry that occurs in a company can make the corporate reputation decline. This is supported by Clemons's research (2014), which also states that the information gap between managers and investors can reduce corporate reputation. H3 is proposed as follows:

H3: There is an influence from information asymmetry on corporate reputation.

3. Research Method

3.1 Sample

Our sample consists of firms that were listed on the Indonesia Stock Exchanges over the period 2014-2017. We obtain a sample of 300 unique firm-year observations. Financial accounting data is obtained from Indonesia stock exchange, and CSR data are sourced from the Global Reporting Initiative.

3.2 Variables Operationalization

3.2.1 Measures of CSR

This study uses Corporate Social Responsibility as an independent variable. Corporate Social Responsibility is measured based on 91 GRI indicators. The level of CSR disclosure in the company's annual report stated in the Corporate Social Responsibility Index (CSRI) will be assessed by comparing the number of disclosures made by the company with those required by the GRI (Global Reporting Initiative). The calculation formula for broad index CSR disclosure (CSR) as follows:

$$CSR_i = \sum X_{yi}/n_i$$

where:

CSRI = Corporate Social Responsibility Index of the company i

$\sum X_{yi}$ = Number of items disclosed by company i

n_i = Total number of items

3.2.2 Measures of tax avoidance

Tax avoidance is a process of controlling actions to avoid the consequences of imposing taxes that are not desired but still within the framework of tax regulations. This Tobin's Q model is used to test whether tax avoidance has a positive effect on tax avoidance. The following formula is used:

$$\text{Tobin's } Q = \alpha - \beta \text{ Cash_ETR} + \varepsilon$$

where:

Q = Corporate Reputation

Cash_ETR = Effective tax rates as a tax avoidance proxy

E = Error

3.2.3 Measures of information asymmetry

Jogiyanto (2013: 518) states that information asymmetry is private information that is only owned by investors who have information only (informed investors). Shiri and Ebrahimi (2012) suggest that information asymmetry occurs in the capital market because there is one or more market participants who are not the same in possessing and accessing information. Information Asymmetry can be measured using a bid ask spread. Bid ask spread is the difference between the highest purchase price and the lowest selling price of the traded stock. The price of a purchase request (bid price) or a bid price is a function of the costs and information it has. Bid ask spreads can be measured by the following formula:

$$\text{Spread}_{i,t} = (\text{Ask}_{i,t} - \text{bid}_{i,t}) / ((\text{Ask}_{i,t} + \text{bid}_{i,t})/2) \times 100$$

where:

Ask i, t = the highest price of the company's stock i that occurs on day t

Bid i, t = lowest price of company's stock i that occurs on day t

3.2.4 Measures of corporate reputation

Corporate Reputation is an investor's perception of the success of a company or market value, because if the company's stock price rises, the company is considered successful in carrying out its business and is able to provide satisfaction and profit to the shareholders. One indicator that can be considered by investors in assessing the success of the company as a whole is to pay attention to CR. CR is measured using the Tobin's Q. ratio. The reason for using the Tobin's Q ratio is because this ratio is not just an ordinary stock element, but also includes all elements of debt and capital in the company's shares. By involving all elements of debt and the company's share capital, the corporate reputation is more conservative than not involving all of these elements.

According to White et al. (2002) in Etty Murwaningsari (2009), Tobin's Q can be formulated as follows:

$$Q = \frac{(EMV + D)}{(EBV + D)}$$

where:

Q = Company Reputation

EMV = Market Value Equity / Equity Market Value (closing price x number of shares outstanding) closing price
= (quarter 1 + 2 + 3 + 4) / 4

EBV = Book value of equity / Equity Book Value (difference in total company assets with total liabilities)

D = Book value of total debt.

3.2.5 Measures of size

The control variable in this study consisted of firm size. Firm size is a measurement scale used to classify the size of a company. Measurement of size is measured using natural logarithms of total assets.

$SIZE = \ln(\text{Total Assets})$

3.2.6 Measures of leverage

The next control variable in this study is leverage. A ratio that describes the company's capital structure and describes the company's financing decisions. Leverage is proxied by the corporate reputation's long term liabilities compared to the value of the assets of the business entity. This is in accordance with the measurements used by Lanis and Richardson (2013), which are formulated as follows

$LEV = \text{Total long-term liabilities} / \text{Total Assets}$

3.2.7 Measures of return on assets

The last control variable in this study is Return on Asset is the profitability ratio that shows the percentage of profit (net income) obtained by the company in relation to the overall average number of assets.

$ROA = \text{Net profit after tax} / \text{Total assets}$

3.3 The Model of Analysis

Data analysis techniques in this study are multiple linear regressions. Multiple linear regression analysis is used to make predictions, how changes in the value of independent variables are increased or decreased in value (manipulated).

4. Results and Discussion

4.1 Overview of Research

The research data obtained will be tested using the SPSS version 25 program. The overall sample of this study is 100. Observations which are the results of the selection of companies grouped in service companies listed on the Indonesia Stock Exchange (IDX) based on the criteria predetermined. A summary of the results of the selection of samples can be seen in table 4.1

Table 4.1 Summary of Sample Determination Results

Sample Criteria	Number of Observations
Large capitalized companies listed on the Indonesia Stock Exchange from 2014-2017	184
Companies that do not have a change in stock prices in one of the period of 2014-2017	(74)
Companies that do not issue financial statements in the rupiah currency	(12)
Companies that do not publish financial statements in one of the periods 2014-2017	(73)
Number of samples per year	25
Number of observations (25 x 4 years)	100

The following are the data needed in this study:

4.1.1 Corporate Social Responsibility (CSR)

CSR is calculated using data from the annual financial statements of service companies listed on the IDX in the 2014-2017 period. The following is an example of a CSR calculation in table 4.2:

Table 4.2 Calculation of CSR

No.	Aspek	GRI Score
1	Economic Performance	3
2	Environmental Management	2
3	Sosial:	
	a. Employment	1
	b. Human Rights Kemasyarakatan	2
	c. Community	0
	d. Product Responsibility	1
Company Total GRI Index Score		7
Total criteria in the GRI Index		91
CSRI (GRI Company Index Score = Total Criteria in the GRI Index)		0,076923

The CSRI number of 0.076923 indicates that the level of company compliance in disclosing CSR in annual reports in accordance with the GRI Index is 0.076923. The larger CSRI figures indicate the high company compliance

rates in disclosing CSR in the company's annual report. A complete example of CSRI calculations can be seen in the appendix.

4.1.2 Corporate Reputation

In calculating the company's corporate reputation, the data needed are equity market value (EMV), equity book value (EBV), and a book value of total money (D). Corporate Reputation is calculated by summing EMV with D then divided by the sum between EBV and D. The following is an example of Buana Finance's Corporate Reputation calculation in 2017:

$$\text{EMV} = 864,042,928,350$$

$$\text{EBV} = 1,129,541,000,000$$

$$\text{D} = 120,381,000,000$$

$$Q = (864,042,928,350 + 120,381,000,000) / (1,129,541,000,000 + 120,381,000,000)$$

$$Q = 0.78759$$

4.1.3 Information Asymmetry

In calculating corporate information asymmetry, the data needed are earnings management, institutional ownership, managerial ownership, audit committee, auditor reputation, company size, and leverage. The following are examples of Buana Finance 2017 Information Asymmetry calculations:

$$\text{Ask } i, t = 895$$

$$\text{Bid } i, t = 452$$

$$\text{Spread } i, t = (895 - 452) / ((895 + 452) / 2) \times 100 = 66$$

4.1.4 Tax Avoidance

To calculate Tax Avoidance, the data needed are total cash tax paid and total pretax income data. The following is an example of the calculation of Tax Avoidance Buana Finance 2017:

$$\text{Total cash tax paid} = 21,887$$

$$\text{Total pretax income} = 88,320$$

$$\text{Tax Avoidance} = 0.24781$$

Tax avoidance is proxied by the effective tax rate (Cash_ETR). Companies that carry out tax avoidance have a small effective tax rate. The results of the regression show ...

This shows that the lower the Cash_ETR of a company it will increase the corporate reputation or in other words, companies that do tax avoidance can increase the value of their company. This is in accordance with the principle of tax avoidance, namely the transfer of wealth from the government to shareholders. This result is different from Desai and Dharmapala (2005) research, which states that there is no relationship between tax avoidance and corporate reputation. This relationship only occurs in companies that have good governance.

4.2 Descriptive Statistics

Descriptive statistics were carried out on CSR, Information Asymmetry, Tax Avoidance, Corporate Reputation, and control variables. Descriptive statistics show a picture of the data studied, which contains the minimum value, maximum, mean, and standard deviation of all variables used in the study. Descriptive statistics in the study are as follows:

Table 4.2 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Corporate_reputation	100	,15	53,82	,54834	,48338
csr	100	,00	180,00	3,48508	,34081
asimetri_informasi	100	0	180	60,9891	,50628
tax_avoidance	100	-6,11	0,9598	0,06607	,72738
Valid N (listwise)	100				

4.3 Test of Classical Assumptions

Classical assumption tests are carried out to ensure that data is feasible to use. Classic assumption tests carried out include normality test, heteroscedasticity test, and autocorrelation test. The following are the results of testing data that has been transformed

4.4 Normality Test

Table 4.4 Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Predicted Value
N		100
Normal Parameters ^{a,b}	Mean	,2125306
	Std. Deviation	,36144116
Most Extreme Differences	Absolute	,099
	Positive	,094
	Negative	-,099
Test Statistic		,099
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Based on the SPSS output table, it is known that the significance value of Symp. Sig (2-tailed) of 0.2 greater than 0.05. So according to the basis of decision making in the Kolmogorov-Smirnov normality test above, it can be concluded that the data is normally distributed. Thus, the requirements for normality in regression have been fulfilled

4.5 Multicollinearity Test

To detect the presence or absence of correlation between independent variables can be seen the value of tolerance (tolerance value) and the value of VIF (Variance Inflation Factor). If the tolerance value is > 0.10 and $VIF < 10$, then it can be interpreted that this study does not have multicollinearity. The multicollinearity test results of this study can be seen in the following table:

Table 4.5 Multicoloneyarity Test

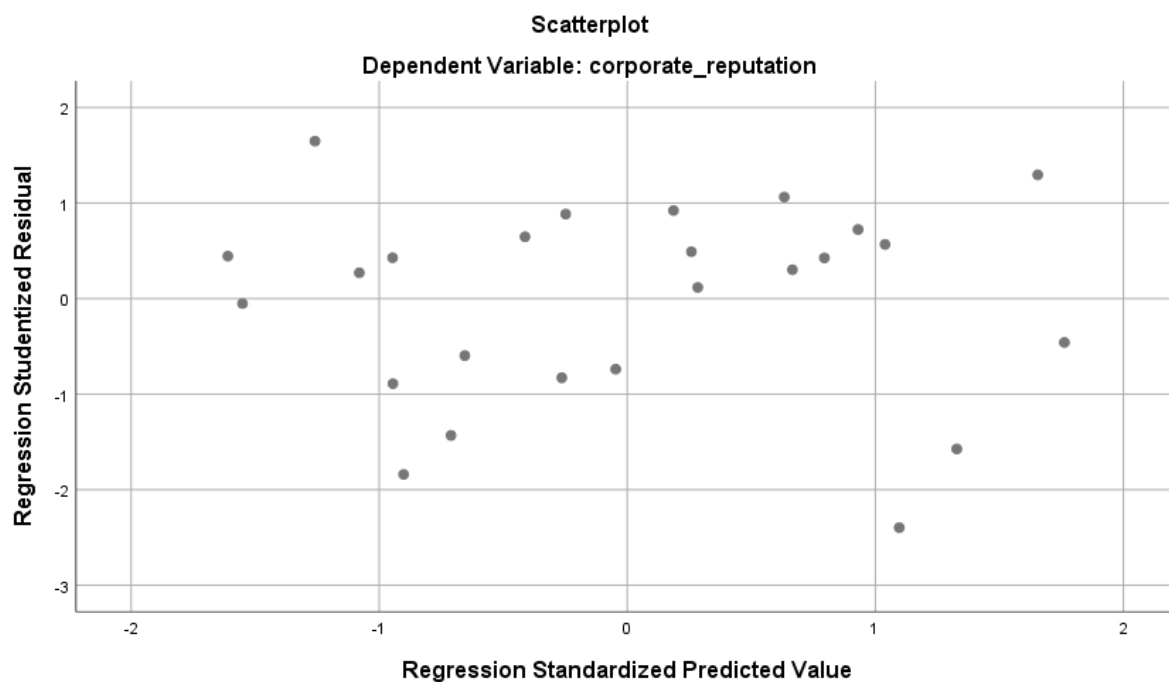
Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	,014	,007		2,007	,039		
Asimetri_informasi	,772	,118	,842	6,512	,000	,756	1,322
Tax_avoidance	,011	,115	,014	,095	,925	,575	1,740
Csr	,060	,152	,052	,393	,699	,731	1,368

Based on the table above, it can be seen that the independent variables and control variables have tolerance values > 0.10 and VIF values < 10. Then it can be concluded that in this study, there were no symptoms of multicollinearity.

4.6 Heterocedasticity test

Heterocedasticity test aims to examine whether in the regression model variance inequalities occur from residuals, one observation to another observation. If the residual variance from one observation to another observation remains, it is called homokedasticity, but if it is different, it is called heterocedasticity (Ghozali, 2013: 126). This study tested heterocedasticity using a scatterplot graph. If the spread of graphical points is spread evenly, it can be concluded that the regression model used is free from heterocedasticity. Heterocedasticity test results can be seen in the following table:

Picture 4.1 Scatterplot



Based on the results of testing in Picture 4.1, it can be seen that the point spread pattern does not form a certain pattern, the data points spread around zero, and spread evenly. This indicates that in this study, there were no symptoms of heterocedasticity.

4.7 Autocorrelation Test

Table 4.7 Auto Correlation

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,857 ^a	,734	,697	,20027	1,998

a. Predictors: (Constant), csr, information_asymmetry, tax_avoidance

b. Dependent Variable: corporate_reputation

In this study, autocorrelation was calculated using the Durbin Watson (DW) test. This test is conducted to test whether, in a linear regression model, there is a correlation between user error period t with period $t-1$ errors. The autocorrelation test results can be seen in Table 4.7, that the DW Test value is 1,998. With the DW Test value that is owned, it means that the value is between $dU < dhit < 4-dU$ or $1,736 < 1,998 < 2,264$. The dU value is obtained from the calculation of the Durbin Watson table with a probability of 0.05 (5%). Based on these calculations, it can be concluded that this study did not occur autocorrelation.

4.8 Hypothesis Test

4.8.1 Multiple Linear Regression Tests

In this study, the analysis used is multiple linear regression analysis to determine whether or not the influence of independent variables or control variables on the dependent variable. Multiple linear regression analysis is used to obtain a regression coefficient that will determine whether the hypothesis that has been made is accepted or rejected. The analysis of this regression uses a significance level of 0.05 or 5%. The regression equation used in this study is:

$$CR = \alpha + b_1IA + b_2TA + b_3CSR + e$$

Where:

α = constant

CR = corporate reputation

IA = information asymmetry

CSR = corporate social responsibility

e = error

Table 4.8 Analysis of Multiple Linear Regression

Coefficients ^a						
Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
	B	Std. Error	Beta			
1	(constant)	,014	,007		2,009	,047
	Information_asymmetry	,050	,080	,130	,618	,543
	tax_avoidance	,333	,186	,428	1,794	,047
	csr	-,093	,259	-,080	-,359	,023

a. Dependent Variable: corporate_reputation

4.8.2 Test F Statistic (f-test)

The F statistical test is intended to see whether all the independent variables and control variables in the study have a simultaneous influence on the dependent variable. If $F_{\text{count}} < F_{\text{table}}$ or $P \text{ value (significance value)} > 0.05$ then the hypothesis mentioned is rejected. If the P value is < 0.05 , the hypothesis is accepted. The results of the statistical test F of this study can be seen in the table

Table 4.9 Test F Statistics

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,329	6	,776	19,361	,000 ^b
	Residual	,842	21	,040		
	Total	3,172	24			

a. Dependent Variable: corporate_reputation

b. Predictors: (Constant), information_asymmetry, tax_avoidance, csr

Based on table 4.9 can be seen, the significance value obtained is 0,000 smaller than 0.05. This proves that all independent variables, namely CSR, tax avoidance, and information asymmetry, jointly influence the corporate reputation.

4.8.3 Determinant Coefficient Test

The determinant coefficient (R^2) basically measures how far the model's ability to explain the variation of the dependent variable. Determination of the strength of this research model can be seen from the adjusted R^2 value presented at Table 4.9

Table 4.9 Determinant Coefficient Value

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,857 ^a	,734	,697	,20027

a. Predictors: (Constant), information_asymmetry, tax_avoidance, csr

b. Dependent Variable: corporate_reputation

Based on the calculations in Table 4.9, the adjusted R^2 value is 0.734. This indicates that 73.4% of the dependent variable corporate reputation is influenced by the independent variables used, namely csr, information asymmetry, and tax avoidance, while the remaining 26.6% is explained by other factors.

4.9 Discussion

Effects of CSR on Corporate Reputation

Based on the significance test, the CSR variable has a significance value of 0.023 smaller than 0.05. This explains that CSR has a significant effect on corporate reputation, then the first hypothesis (H1) is accepted. This result is in accordance with Kotler and Lee's (2005) research, which states that CSR affects the corporate reputation.

Effect of Tax Avoidance on Corporate Reputation

Based on the significance test, the Tax Avoidance variable has a significance value of 0.047 smaller than 0.05. This explains that Tax Avoidance has a significant effect on corporate reputation, then the second hypothesis (H2) is accepted. This result is different from Desai and Dharmapala (2005) research, which states that there is no relationship between tax avoidance and corporate reputation. This relationship only occurs in companies that have good governance.

Effect of Information Asymmetry on Corporate Reputation

Based on the significance test of information asymmetry variables measured using bid ask spread has a significance value of 0.543 greater than 0.05. This explains that information asymmetry does not significantly influence the corporate reputation, then the third hypothesis (H3) is rejected.

The results of this study are consistent with the research conducted by Shiri and Ebrahimi (2012), which states that information asymmetry does not significantly influence the corporate reputation. Asymmetry theory says that the parties related to the company do not have the same information about the prospects and risks of the company. According to Myers and Majluf (1977), there is information asymmetry between managers and outsiders: managers have more complete information about the condition of the company than outside parties. Ross (1977) developed a model where the capital structure is a signal conveyed by managers to the market. If the manager has confidence that the company's prospects are good, and because he wants the stock to increase, he wants to communicate this to investors. It can be concluded that the information gap between internal parties and outside parties also affects the corporate reputation.

5. Conclusion

This study was seen to see the effect of CSR, Tax Avoidance, and Information Asymmetry on Corporate Reputation Based on the results of the research and discussion previously described, it can be concluded that:

1. CSR partially affects the corporate reputation in service companies listed on the Indonesia Stock Exchange for the period 2014-2017. This explains that any changes that occur in the CSR variable can be used to measure the corporate reputation. Information Asymmetry, Tax Avoidance, Information Asymmetry simultaneously influences the corporate reputation in service companies registered in the 2014-2017 period. This shows that the company's reputation can be predicted by all independent variables in this study because most of it affects the corporate reputation.
2. Tax Avoidance partially affects the corporate reputation in service companies listed on the Indonesia Stock Exchange for the period 2014-2017. This explains that any changes that occur in the Tax Avoidance variable can be used to measure the corporate reputation.
3. Information asymmetry partially does not affect the corporate reputation of service companies listed on the Indonesia Stock Exchange for the period 2014-2017. This explains that any changes that occur in the information asymmetry variable cannot be used to measure corporate reputation.

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