

CORPORATE SOCIAL RESPONSIBILITY, FIRM VALUE, AND PROFITABILITY: EVIDENCE FROM PHARMACEUTICAL COMPANIES IN INDONESIA AND MALAYSIA

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CORPORATE SOCIAL RESPONSIBILITY, FIRM VALUE, AND PROFITABILITY: EVIDENCE FROM PHARMACEUTICAL COMPANIES IN INDONESIA AND MALAYSIA

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ABSTRACT

Purpose: This study was conducted with the aim of testing the Effect of Corporate Social Responsibility (CSR) on Firm Value with Profitability as a Moderating Variable.

Theoretical framework: Pharmaceutical companies are very closely related to the environment around the company. In the operational activities of companies that process 9 types of chemicals, they can potentially trigger the release of substances that can damage the surrounding environment, so that waste management is needed. This study explores the violation of corporate practice by linking the implementation of CSR.

Design/methodology/approach: We use documentation technique as data collection and analysis of outer model and inner model as data analysis using smartPLS software. This research was conducted on Indonesian pharmaceutical companies listed on the Indonesia Stock Exchange for the 2016-2020 period and Malaysian pharmaceutical companies listed on the Malaysia Stock Exchange for the 2016-2020 period. By using purposive sampling method, 8 Indonesian pharmaceutical companies were selected from 10 companies, and 8 Malaysian pharmaceutical companies from 16 companies were selected as samples that met the requirements.

Findings: Corporate Social Responsibility Affects the Value of Indonesian Pharmaceutical Companies. Corporate Social Responsibility Does Not Affect The Value of Malaysian Pharmaceutical Companies. Profitability is able to moderate the influence of Corporate Social Responsibility on the value of Indonesian and Malaysian pharmaceutical companies.

Research, Practical & Social implications: Future studies may consider indicators of the influence of CSR on firm value with profitability as a moderating variable.

Originality/value: Indonesian pharmaceutical companies show results that Corporate Social Responsibility (CSR) has an effect on firm value, Malaysian pharmaceutical companies show results that Corporate Social Responsibility (CSR) has no effect on firm value, Indonesian pharmaceutical companies show that profitability is able to moderate the influence of Corporate Social Responsibility

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(CSR) on firm value, Malaysian pharmaceutical companies show results that profitability is able to moderate the effect of Corporate Social Responsibility (CSR) on firm value.

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RESPONSABILIDAD SOCIAL CORPORATIVA, VALOR DA EMPRESA E RENTABILIDADE: EVIDÊNCIA DE EMPRESAS FARMACÊUTICAS NA INDONÉSIA E MALÁSIA

RESUMO

Objetivo: Este estudo foi realizado com o objetivo de testar o Efeito da Responsabilidade Social Corporativa (RSC) no Valor da Empresa com a Rentabilidade como Variável Moderadora..

Referencial teórico: As empresas farmacêuticas estão intimamente relacionadas com o ambiente ao redor da empresa. Nas atividades operacionais das empresas que processam 9 tipos de produtos químicos, eles podem potencialmente desencadear a liberação de substâncias que podem causar danos ao meio ambiente, sendo necessária a gestão de resíduos. Este estudo explora a violação da prática corporativa vinculando a implementação da RSE.

Desenho/metodologia/abordagem: Usamos a técnica de documentação como coleta de dados e análise de modelo externo e modelo interno como análise de dados usando o software smartPLS. Esta pesquisa foi realizada em empresas farmacêuticas da Indonésia listadas na Bolsa de Valores da Indonésia para o período de 2016-2020 e empresas farmacêuticas da Malásia listadas na Bolsa de Valores da Malásia para o período de 2016-2020. Usando o método de amostragem intencional, 8 empresas farmacêuticas da Indonésia foram selecionadas de 10 empresas, e 8 empresas farmacêuticas da Malásia de 16 empresas foram selecionadas como amostras que atendiam aos requisitos.

Resultados: A Responsabilidade Social Corporativa Afeta o Valor das Empresas Farmacêuticas da Indonésia. A responsabilidade social corporativa não afeta o valor das empresas farmacêuticas da Malásia. A lucratividade é capaz de moderar a influência da Responsabilidade Social Corporativa no valor das empresas farmacêuticas da Indonésia e da Malásia.

Pesquisa, implicações práticas e sociais: Estudos futuros podem considerar indicadores da influência da RSC no valor da empresa tendo a lucratividade como variável moderadora.

Originalidade/valor: As empresas farmacêuticas da Indonésia mostram resultados de que a Responsabilidade Social Corporativa (RSE) tem um efeito no valor da empresa, as empresas farmacêuticas da Malásia mostram resultados de que a Responsabilidade Social Empresarial (RSE) não tem efeito no valor da empresa, as empresas farmacêuticas da Indonésia mostram que a lucratividade é capaz de moderar a influência da Responsabilidade Social Corporativa (RSC) no valor da empresa, as empresas farmacêuticas da Malásia mostram resultados de que a lucratividade é capaz de moderar o efeito da Responsabilidade Social Corporativa (RSC) no valor da empresa.

Palavras-chave: Responsabilidade Social Corporativa (RSE), Valor da Empresa, Rentabilidade.

RESPONSABILIDAD SOCIAL CORPORATIVA, VALOR FIRME Y RENTABILIDAD: EVIDENCIA DE COMPAÑÍAS FARMACÉUTICAS EN INDONESIA Y MALASIA

RESUMEN

Propósito: Este estudio se realizó con el objetivo de probar el efecto de la responsabilidad social empresarial (RSE) en el valor de la empresa con la rentabilidad como variable moderadora.

Metodología: Utilizamos la técnica de documentación como recopilación de datos y análisis del modelo externo y el modelo interno como análisis de datos utilizando el software smartPLS. Esta investigación se realizó en empresas farmacéuticas de Indonesia que cotizan en la Bolsa de valores de Indonesia para el período 2016-2020 y empresas farmacéuticas de Malasia que cotizan en la Bolsa de valores de Malasia para el período 2016-2020. Mediante el método de muestreo intencional, se seleccionaron 8 empresas farmacéuticas de Indonesia de 10 empresas y 8 empresas farmacéuticas de Malasia de 16 empresas como muestras que cumplían con los requisitos..

Conclusiones: La responsabilidad social corporativa afecta el valor de las empresas farmacéuticas de Indonesia. La responsabilidad social corporativa no afecta el valor de las empresas farmacéuticas de Malasia. La rentabilidad es capaz de moderar la influencia de la Responsabilidad Social Corporativa en el valor de las empresas farmacéuticas de Indonesia y Malasia.

Implicaciones de la Investigación:

Estudios futuros pueden considerar indicadores de la influencia de la RSE en el valor de la empresa con la rentabilidad como variable moderadora.

Palabras clave: Responsabilidad Social Corporativa (RSC), Valor de la Empresa, Rentabilidad.

INTRODUCTION

Companies are required not only to be oriented in optimizing profits to show their performance. One of the company's goals is to get maximum profit because the company can survive without any time limit. Because of this, the company's survival will be maintained continuously by trying to get as much profit as possible. Not only profit-oriented, the company must also be able to make a positive contribution to the environment around the company such as the welfare of the area around the company. Companies are also required to have responsibility when there is environmental damage caused by the company's operational activities. The companies paying more attention to the environment will make investors more interested in investing their fund in those categorized into high profile industry (Hardiyansah, et al., 2021) (Nurbaiti & Bambang, 2017) (Said & Junaid, 2020) (Heal, 2005) (Cleary, 2002).

Corporate Social Responsibility (CSR) or corporate social responsibility is a form of participation and contribution to social and other activities within and outside the company with the aim of reducing social inequality in the surrounding area, developing the environment, prospering people's lives, as well as improving and building the economy to make it more sustainable good. Most big corporations are expanding and migrating from regional to global enterprises, thereby contributing to the world economy and ebulliently counting as a larger part of the world's GDP. These big corporations are happily uplifting the living standards of the poorest of the poor and least complex environments where they operate (Nisa, et al., 2021) (Pfajfar, et al., 2022) (Singh & Misra, 2022). According to the Conference on Corporate Governance and Responsibility: Theory Meets Practice held in 2016 by the National University of Singapore (NUS) Business School and ASEAN CSR Network (ACN), the implementation of CSR by Indonesia's corporations are of lower quality compared to Thailand. The research was conducted by examining 100 companies based in Indonesia, Malaysia, Singapore, and Thailand. It identifies Thailand as the country with the highest quality of CSR implementation with a value of 56.8 out of 100, followed by Singapore who scored 48.8. Indonesia and Malaysia scored 48.4 and 47.7 respectively (Pfajfar et al., 2022) (Nadarajah et al., 2022) (Kasim et al., 2022) (Hastuti, 2020) (Itan & Wijaya, 2021).

CSR is starting to be noticed around the world, especially in Southeast Asian countries. In 2015, the ASEAN CSR Network (ACN) and the National University of Singapore (NUS) conducted a CSR disclosure survey among 100 large companies in Indonesian, Malaysian,

Singapore and Thailand. According to this survey, the average level of disclosure on sustainability reporting in ASEAN is 50.4 (www.asean-csr-network.org, 2016). Malaysia is only a few well-known companies that have taken steps to implement CSR programs such as Darby Darby, Nestle, KFC, or many others (Nadarajah et al., 2022) (Pfajfar et al., 2022) (Kasim et al., 2022) (Arena, et al., 2018) (Sadiq et al., 2022).

Indonesian pharmaceutical company PT.Kimia Farma in 2021 a case is going on at Kualanamu International Airport due to the actions of several individuals. This pharmaceutical company stumbled upon a case involving the use of a COVID-19 rapid antigen test kit that had been used and then repackaged for use. The actions taken by these individuals were very detrimental and contrary to the company's Standard Operating Procedures (SOP). This case can occur because there are several weaknesses in the system that have an impact on public trust and harm the community. Then PT. Kimia Farma has re- evaluated to strengthen the Standard

Operating Procedure (SOP) so that all operational activities can be in accordance with applicable regulations and as an effort to prevent such cases from happening again (Idris 2021).

When a company carries out many CSR activities, firm value of the company will increase. This is because when the company carries out many CSR activities, the market reacts positively to the company and the company's stock price rises. In addition to this, the intense competition in business against current economic developments has led to the company's demands to continue to develop creativity and product innovation, improve performance within the company and expand its business to be more recognized by the public. High firm value can affect market response; investors will assume that the company has good operational performance and has made the business world only focus on making profits (Hardiyansah et al., 2021) (Kasim et al., 2022) (Nisa et al., 2021) (Firmansyah, et al., 2021) (Putri, et al., 2020).

Time profitability is the net final result obtained from various policies and decisions made by the company. Profitability is very important for the company not because it continues to maintain its business growth but also strengthens the condition of the company's finances. A company must be in a profitable condition (profitable) to maintain its survival because without these benefits, it is difficult for the company to attract capital from outside. The profitability ratio has the benefit of evaluating the company's profits related to certain assets, sales levels, or investments. So, in this study the moderating variable uses profitability which aims to strengthen or weaken the influence of CSR. (Rashid, 2018)

The following is a Corporate Social Responsibility research on firm value using different measurement methods and inconsistent results, including that "Corporate Social Responsibility affects firm value" according to research (fromgantino & Alam 2020). However,

the research is inversely proportional to the results that "Corporate Social Responsibility has no effect on firm value" according to (Sundaness 2020) and (Alfika & Azizah 2020). Meanwhile, other researchers stated that "Corporate Social Responsibility has a positive effect on firm value" (Dewi et al 2021) which is supported by other researchers who produce that "Corporate Social Responsibility has a significant effect on firm value" (Aryanto 2020).

Therefore, from the above phenomena and the research gap from previous studies which resulted in different and inconsistent findings. Based on this, it is necessary to carry out further research. then, this article explains the theoretical basis that is useful for developing hypotheses, explains the research methods used, describes the results of the research, continues by explaining the discussion, ends with conclusions and suggestions (Grant & Osanloo, 2014).

Explains that Corporate Social Responsibility (CSR) or what is called corporate social responsibility is a mechanism for an organization in a company to voluntarily integrate social and environmental concerns into its operations and interactions with stakeholders (Sunandes 2020). Companies must pay attention to the impact of their operational activities and participate in maintaining and caring for the surrounding community environment as stakeholders, This can be done by organizing social activities as a form of corporate social responsibility towards the surrounding environment which is commonly referred to as CSR (Murdifin et al., 2019) (Murdifin et al., 2019) (Murdifin et al., 2019) (Hategan, Sirghi, Pitorac, & Hategan, 2018). Companies must be involved in meeting the welfare of stakeholders and contributing to preserving the environment, or often referred to as The Triple Bottom Line concept. The triple bottom line reporting concept is a concept that includes three dimensions, including the dimension (people), the environmental dimension (planet), and the economic dimension (profit) (Irina & Araujo, 2020) (Coskun, et al., 2017) (Žak, 2015).

For investors, company value is an important concept because company value is an indicator of how the market views the company and high company value leads to good company performance (Hirdinis, 2019) (Markonah, Salim, & Franciska, 2020) (Dura, Chandrarin, Subiyantoro, & Asia, 2021). The stock price will be directly proportional to firm value of the company, because the higher the stock price in a company it will also have an impact on the higher firm value of the company and vice versa if the share price owned by the company is low, it will have an impact on the low value of the company. Because one of the goals of a company is to increase firm value of the company by increasing the owners or shareholders (Iswajuni, et al., 2018) (Mukhtaruddin, et al., 2014) (Setiany, et al., 2020).

Profitability can be described as a measure of how well a company uses its assets from being purchased by individuals rather than by producers and industries (Hategan et al., 2018)

(Susellawati, et al., 2022) (Markonah et al., 2020). In addition, it is the basis of an assessment that reflects the state and condition of the company.

Explains that the legitimacy theory is a theory that provides an overview of the differences in firm values adopted by the company and firm values in society (Rahman 2021). Legitimacy theory or referred to as the legitimacy gap because the company will experience problems if there is a legitimacy gap with the surrounding community. This legitimacy gap arises when the company does not care about the bad impact caused by the company's operational activities on the environment around the company, so that it can cause problems with the surrounding community. Legitimacy gap can be reduced and prevented in one way, namely the need for corporate social responsibility or Corporate Social Responsibility (CSR) by adjusting firm values and operations of the company as well as the environment and the wishes of the community (Matuszak & Róžańska, 2020).

Stakeholder theory is a theory that explains that stakeholders have a very large role in the existence of the company in the environment, namely parties who have an interest in the company because this group is a group that affects and is influenced by the company (Ahyani and Puspitasari 2019). Stakeholder support is the survival of the company because the greater the stakeholder power in the company, the greater the company's ability to achieve its survival (Ahyani and Puspitasari 2019).

Signaling Theory is one of the actions taken by the company's management in providing instructions for investors on how management describes the company's prospects (N. P. G. K. Dewi, Endiana, et al 2021). This theory indicates that the information that has been issued by a company is very important for parties outside the company. Based on the description above, the following hypothesis can be formulated:

CSR activities are a form of good corporate governance. This study is in line with research where "Corporate Social Responsibility (CSR) has a positive effect on firm value" (Ronald et al., 2019), (Rahmantari et al., 2019) and (Wirawan et al., 2020). Companies that carry out CSR activities will cause a good image in the eyes of investors. Companies can increase awareness and welfare of companies in the environment both externally and internally involving three aspects, namely social aspects, economic aspects, and environmental aspects as well as building a positive image for the community for the company (Rahmantari et al., 2019).

H1a: Corporate Social Responsibility (CSR) has an effects on firm Value of Indonesian Pharmaceutical

CSR in Malaysia is dominated by the desire of companies which are not necessarily CSR activities that are needed by the community so that activities that focus on reducing environmental damage are still very minimal and on the other hand, the forms of CSR activities that are submitted to each company do not have special rules from the Malaysian government (Nurjanah et al., 2019). The company only cares about one aspect of the 3Ps, namely, the company's profit. The 3Ps are related to CSR activities. Currently, CSR activities are not only an economic activity to generate profits for the company, but companies also have responsibilities to society and the environment.

H1b: Corporate Social Responsibility (CSR) has an effects on firm value of Malaysian Pharmaceutical

Profitability can provide an idea of whether the company has good prospects or not in the future. If the profit earned by the company is high, it can facilitate the company in carrying out its social responsibility towards the surrounding environment. Profitability cannot moderate the relationship between Corporate Social Responsibility and company value because the profitability of a company in implementing Corporate Social Responsibility influences a non-strong relationship with firm value (Rahmantari, Sitiari, & Dharmanegara, 2019).

H2a: Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Indonesian Pharmaceutical

Indonesia and Malaysia are two countries that are dominated by Muslims, so there are still many regulations that apply in their countries which are influenced by Islamic law which causes them to believe that CSR is a rule that fulfills Islamic values (Nurjanah et al., 2019).

H2b: Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Malaysian Pharmaceutical. The responsibility of a company to the environment and social surroundings of the company has an impact on firm value of the company itself. Because if the company's CSR results are high, it will have a positive impact on firm value of the company because it will also increase and cause investors to be interested in investing in the company. And stock prices have increased and follow how well the company's value is now. This of course can generate profit (profit) that the company expects.

H2b: Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Malaysian Pharmaceutical

LITERATURE REVIEW

Corporate Social Responsibility

Corporate Social Responsibility is a concept of corporate responsibility committed to contributing to sustainable economic development looking at the balance of social, economic and environmental aspects (Rahmantari et al., 2019). CSR is an important part of corporate strategy in sectors where inconsistencies arise between corporate profits and social goals, or discord can arise over fairness issues. A CSR programme can make executives aware of these conflicts and commit them to taking the social interest seriously. It can also be critical to maintaining or improving staff morale, to the stock market's assessment of a company's risk and to negotiations with regulators. The payoff to anticipating sources of conflict can be very high – indeed it can be a matter of survival, as societies penalize companies perceived to be in conflict with underlying values (Heal, 2005).

The value of the company

Firm value is an investor's view of the success of a company which is often associated with stock prices. The stock price will be directly proportional to the value of the company, because the higher the stock price in a company will have an impact on the higher the value of the company and vice versa if the share price owned by the company is low, it will have an impact on the low value of the company. A company is required to submit information to find out how much the public values its own company, thus causing the public to be interested in buying the company's shares at a very high price compared to its book value. The following are indicators of company value measurement used to measure the company's ability to create value for investors or shareholders, including: Price Earning Ratio (PER), Price Book Value (PBV), and Tobin's Q.

Profitability

Profitability is the ability of a company to earn profits in relation to sales, total assets and capital itself, thus for long-term investors will be very important with this profitability analysis (Sari, 2020). Profitability also has an important meaning in maintaining the company's long-term survival, because profitability indicates whether the company has good prospects in the future (Yusuf & Surjaatmadja, 2018) (Sari, 2020).

THEORETICAL REVIEW AND HYPOTHESES DEVELOPMENT

Legitimacy Theory

Legitimacy theory is a theory that provides an overview of the differences in the values adopted by the company with the values in society. This theory was first put forward by Dowling and Pfeffer (1975). Legitimacy theory or referred to as the legitimacy gap because the company will experience problems if there is a legitimacy gap with the surrounding community.

This legitimacy gap arises when the company does not care about the bad impact caused by the company's operational activities on the environment around the company, so that it can cause problems with the surrounding community. The legitimacy gap can be reduced and prevented in one way, namely the need for corporate social responsibility or Corporate Social Responsibility (CSR) by adjusting the values and operations of the company as well as the environment and the wishes of the community (Rahman 2021).

The relationship between legitimacy theory and CSR is that CSR has an important role in showing the level of company compliance with regulations and aligning the interests of the company with the expectations of the surrounding community, so that the company's operational activities can run well and be accepted by the community. Thus, the company will increasingly realize that its survival also depends on the company's relationship with the community and the environment in which the company carries out each of its activities. Thus, the theory of legitimacy is one of the theories that underlie CSR. CSR is carried out to obtain positive values and legitimacy from the community (Rahman 2021).

Stakeholder Theory

Stakeholder theory is a theory that explains that stakeholders have a very large role in the existence of the company in the environment, namely parties who have an interest in the company because this group is a group that affects and is influenced by the company. Stakeholders are considered very important and affect the course of the company's activities because when doing business the company will deal directly with many stakeholders according to the broad scope of the company's activities. The existence of good communication and relationships between the company and stakeholders (Stakeholders) the goal is that activities run according to company expectations. These stakeholders are people or groups who can influence or be influenced by various policies, company activities and decisions (Ahyani and Puspitasari 2019).

In stakeholder theory, the implementation of CSR is not only faced by the owners or shareholders, but also to the stakeholders who are affected by the existence of the company.

Stakeholder support is the survival of the company because the greater the power of stakeholders in the company, the greater the company's ability to achieve its survival. Stakeholders are sometimes related to creditors and investors, even though stakeholders have broader relationships such as the community, consumers and even the government. For investing funds in the company, stakeholders cannot directly decide, because stakeholders also see the value of the company in the company whether it is good or not (Ahyani and Puspitasari 2019).

Signal Theory

Signaling theory is one of the actions taken by the company's management in providing instructions for investors on how management describes the company's prospects. This theory indicates that the information that has been issued by a company is very important for parties outside the company. Information published as an announcement will later provide a signal for investors in making decisions to invest. In addition, information published by the company is important for stakeholders and investors where if there is good news it is profitable and if it is bad then the information provided by the company is not profitable (N. P. G. K. Dewi, Endiana, et al 2021). Profitability can be regarded as a positive signal for investors in knowing the ability of a company that has been achieved during a certain period. Which is the company's income can be obtained from turnover for investors, namely through equity or asset sales.

So profitability can be used as information for investors to find out the level of turnover and the risk that investors get when investing in a company (N. P. G. K. Dewi, Endiana, et al 2021).

The Relationship between Corporate Social Responsibility and Company Value

CSR activities are one of good corporate governance. It is hoped that CSR can increase the value of the company because CSR activities are part of the company to the community so that people can choose good products and are judged not only from the goods but through corporate governance. CSR has an important role to increase the value of the company as a result of high sales of the company through the implementation of various activities of social responsibility in the surrounding environment (Fransiska, et al 2021).

According to research conducted by N.P.G.K. (Dewi et al 2021) which is proxied using PBV measurement results that "Corporate Social Responsibility (CSR) has a positive effect on firm value" or research from gantino & Alam (2020) which results that "Corporate Social Responsibility has an effect on firm value". With this influence, companies that have disclosed

CSR activities in their corporate social programs more broadly can have a positive impact on increasing stock prices or increasing the value of the company in the eyes of their investors. So it can be concluded that the higher the value of the PBV, the better the value of the company. The high value of CSR obtained can increase confidence in stakeholders and other investors that the company is already responsible for the environment and social surroundings, and makes the company's image good (Aryanto 2020).

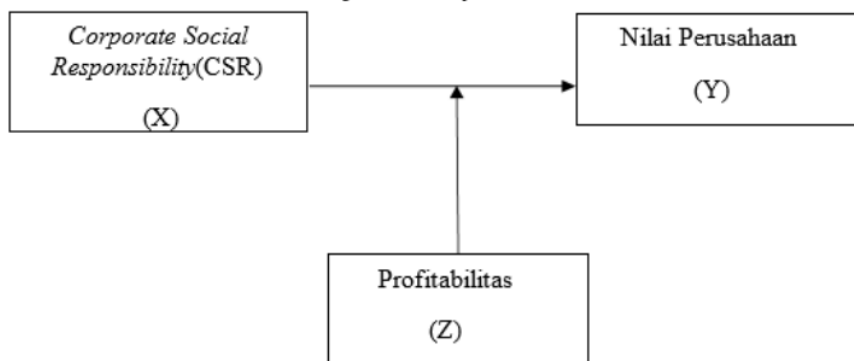
The Relationship between Corporate Social Responsibility Firm Value With Profitability As Variable Moderation

The responsibility of a company to the environment and social surroundings of the company has an impact on the value of the company itself. Because if the company's CSR results are high, it will have a positive impact on the value of the company because it will also increase and cause investors to be interested in investing in the company. And stock prices have increased and follow how well the company's value is now. This of course can generate profit (profit) that the company expects. This of course can generate profit (profit) that the company expects. Profitability is the ability of a company to create profits in a certain period (Alvionita, et al 2021).

Profitability can also provide an idea of whether the company has good prospects or not in the future. If the profit earned by the company is high, it can facilitate the company in carrying out its social responsibility towards the surrounding environment (Pratiwi, Nurulrahmatia, and Muniarty 2020). The better in carrying out corporate social responsibility, it will have a good impact on increasing the value of the company. The increasing value of the company results in high consumer loyalty, if customer loyalty is high it will have an impact on increasing company sales and can affect high profits. In addition, investors are more interested and interested in investing in companies that have an environmentally friendly image or have implemented CSR programs (Naek and Tjun Tjun 2020).

Conceptual Model

Figure 1: Conceptual Model



METHODOLOGY

This research is a quantitative type of research because the data is obtained in the form of numbers derived from the company's annual report (Annual Report). The population in this study are pharmaceutical companies in Indonesian listed on the IDX and Malaysian listed on the Malaysian stock exchange in 2016-2020. In this study the independent variable is CSR, while the dependent variable uses firm value, and the moderating variable is profitability. The sampling technique in this research is using the purposive sampling method. This method is a sampling technique or sample selection based on certain considerations and criteria :

Table 1. Criteria for Indonesian Sampling

No.	Criteria	Number Of Company
1.	Pharmaceutical companies in Indonesian listed on the	10
2.	Indonesian Stock Exchange (IDX) 2016-2020.	
	Pharmaceutical companies in Indonesian that do not	(0)
	publish annual reports in a row for five years for the 2016-	
	2020 period.	
3.	Pharmaceutical companies in Indonesian that do not	
	disclose CSR in a row for five years for the 2016-2020	(0)
	period.	
4.	Pharmaceutical companies in Indonesian that do not	
	publish complete and clear financial statements in a row	(2)
	for five years for the 2016-2020 period.	
Companies that have met the criteria		8
Total number of Indonesian samples (8 companies x 5 years		40
from 2016-2020)		

Source: Secondary data processed by the author

Table 2. Criteria for Malaysian Sampling

No.	Criteria	Number Of Company
1.	Pharmaceutical Company in Malaysian which is listed on Bursa Malaysian 2016-2020.	16
2.	Pharmaceutical companies in Malaysian that do not publish annual reports in a row for five years for the 2016-2020 period.	(3)
3.	Pharmaceutical companies in Malaysian that do not disclose CSR in a row for five years for the 2016-2020 period.	(5)
4.	Pharmaceutical companies in Malaysian that do not publish complete and clear financial statements in a row for five years for the 2016-2020 period.	(0)
Companies that have met the criteria		8
Total number of Malaysian samples (8 companies x 5 years from 2016-2020)		40

Source: Secondary data processed by the author

Table 3. The Operational Definition and Measurement of Variables

No.	Variable	Operational Definition	Measurement	Measurement Skala	Source
1.	Corporate Social Responsibility (Independent Variable)	CSR is a form of responsibility by the company to the environment or social for company activities that are useful for supporting the welfare of the community or the organization itself.	$CSR_i = \frac{\sum x_{yi}}{ni}$	Ratio	(G. K. Dewi et al. 2021), (Maryanti and Fithri 2017)
2.	Firm Value (Dependent Variable)	Firm value is firm value that can affect a company if the company is sold and describes the good or bad condition of a management in asset management.	$PBV = \frac{Price\ Per\ Share}{Book\ Value\ Per\ Share}$	Ratio	Astuti et al (2018), N. P. G. K. Dewi et al (2021)
3.	Profitability (Moderating Variable)	The company's profitability is a company's business in obtaining profits for a certain period of time.	$ROE = \frac{Net\ profit}{Total\ Equity}$	Ratio	Pratiwi et al (2020), Fakhrozi & Muin (2020)

Source: Secondary data processed by the author

The data collection technique in this study is to use documentation techniques by collecting secondary data in the form of soft copies of annual reports (annual reports) of pharmaceutical companies in Indonesian listed on the IDX and Malaysian listed on the Malaysian stock exchange in 2016-2020.

The data analysis technique used the SmartPLS version 3.0 method, namely the Partial Least Squares (PLS) analysis. The PLS-SEM analysis has two sub models, namely the measurement model or called the external model and the structural model or the model in this statement carried out by the research of (Ghozali & Latan 2015).

Hypothesis test or t test is to find out whether the hypothesis in this study can be accepted or not. This study looks at the results of the Path Coefficient which have a significant effect on firm value of the T-Statistics table generated for all variables > 1.96. This illustrates that the alternative hypothesis is accepted. Then the interaction variable between perceived social presence and telepresence on enjoyment obtained a T-Statistics value > 1.96, then the telepresence variable is a moderating variable or can moderate the relationship between the dependent and independent variables(Ghozali and Latan 2015).

RESULTS AND DISCUSSION

Results

Outer Model

Validity Test

To test the validity of this measurement model, the first method can be used, namely convergent validity and discriminant validity. The following are the results of testing convergent validity and discriminant validity.

Table 4. Outer Loading Indonesian pharmacy

	CSR(X)	NP(Y)	PROFITABILITY(Z)	X*Z
CSR (X) * PROFITABILITY (Z)PBV				1.130
ROECSR		1.000		
	1.000		1.000	

Source: SmartPLS

Table 5. Outer Loading Malaysian pharmacy

	CSR(X)	NP(Y)	PROFITABILITY(Z)	X*Z
CSR	1.000			1.232
CSR (X) * PROFITABILITY (Z)				
PBV		1.000		
ROE			1.000	

Source: SmartPLS

The results from table 4 and table 5 above show that the outer loading of Indonesian and Malaysian pharmaceuticals, namely all variables have a value greater than 0.7. So, from the

results on the outer loading of Indonesian and Malaysian pharmaceuticals, the indicators used in this study have good convergent validity to be studied.

Discriminant validity

Discriminant validity is the level of differentiation of an indicator to measure instrument constructs in addition to exploratory testing it is acceptable and the Average Variance Extracted (AVE) value is greater than > 0.50 . The following is the result of the AVE value:

Table 6. Average Variance Extracted (AVE) Indonesian pharmacy

Construct	AVE
CSR (X)	1000
NP (Y) PROFITABILITY (Z)	1000
X*Z	1000

Source: SmartPLS

Table 7. Average Variance Extracted (AVE) Malaysian pharmacy

Construct	AVE
CSR (X)	1000
NP (Y) PROFITABILITY (Z)	1000
X*Z	1000

Source: SmartPLS

The results of the table show that Indonesian Pharmacy and Malaysian Pharmacy both have an AVE construct value of $1000 > 0.50$.

Furthermore, discriminant validity test can be done by checking the cross loading of each variable must be > 0.7 . The following are the results of discriminant validity as follows:

Table 8. Discriminant Validity Indonesian pharmacy

	CSR (X)	NP (Y)	PROFITABILITY (Z)	X*Z
CSR (X)	1000			
NP (Y)	0.271	1000		
PROFITABILITY (Z)	0.150	0.587	1000	
X*Z	0.075	0.760	0.316	1000

Source: SmartPLS

Table 9. Discriminant Validity Malaysian pharmacy

	CSR(X)	NP(Y)	PROFITABILITY(Z)	X*Z
CSR (X)	1000			
NP (Y)	0.302	1000		
PROFITABILITY (Z)	0.321	0.865	1000	
X*Z	-0.090	0.714	0.491	1000

Source: SmartPLS

Based on table 8 and table 9 the Indonesian pharmacy and Malaysian pharmacy show that firm value of the outer loading of the target construct is greater than the outer loading of the other constructs. It can be concluded that this study meets the criteria of discriminant validity or can be said to be valid.

Reliability Test

The reliability test was carried out by looking at firm value of Cronbach's alpha and composite reliability. Firm value of Cronbach's alpha must be greater than 0.6 and firm value of composite reliability must be greater than 0.7. The results of data processing can be seen from the following table.

Table 10. Cronbach's Alpha and Composite Reliability Indonesian pharmacy

	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
CSR (X)	1000	1000
NP (Y) PROFITABILITY (Z)	1000	1000
X*Z	1000	1000
	1000	1000

Source: SmartPLS

Table 11. Cronbach's Alpha and Composite Reliability Malaysian pharmacy

	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
CSR (X)	1000	1000
NP (Y) PROFITABILITY (Z)	1000	1000
X*Z	1000	1000
	1000	1000

Source: SmartPLS

Based on the table above, the Indonesian pharmacy and Malaysian pharmacy show that the Cronbach's alpha value for each construct has a value of more than 0.6 and it can be seen that the composite reliability value for each construct has a value greater than 0.7. It can be concluded that firm value of Cronbach's alpha and composite reliability in this measurement is reliable for Indonesian pharmaceutical companies and Malaysian pharmaceutical companies.

Inner Model

R Square (R²)

Carried out to determine changes in the dependent variable to the independent variable.

Table 12. R Square Indonesian pharmacy

	R Square	R Square Adjusted
NP (Y)	0.739	0.730

Source: SmartPLS

Based on the results of the table from the Indonesian pharmaceutical R Square above, it shows that the R Square value is 0.739 or 73.9%, this can mean that the validity of the Corporate Social Responsibility (X) construct is only able to affect 73.9% of the firm value and the remaining 26.1 % is influenced by other variables that are not hypothesized in this study.

Table 13. R Square Farmasi Malaysian

	R Square	R Square Adjusted
NP (Y)	0.875	0.869

Source: SmartPLS

Based on the results of the table from the Malaysian Pharmacy R Square above, it shows that the R Square value is 0.875 or 87.5%, this means that the validity of the Corporate Social Responsibility (X) construct is only able to affect 87.5% of the firm value and the remaining 12.5 % is influenced by other variables that are not hypothesized in this study.

Hypothesis Test

The research hypothesis test is seen from the results of the Path Coefficient which have a significant effect on the T-Statistics table values generated for all variables > 1.96 and p-values < 0.05. This illustrates that the alternative hypothesis is accepted.

Table 14. Path Coefficient Results on Bootstrapping results Indonesian

	Original Sampe (O)	Sample Mean (M)	Stdanart Deviation (STDEV)	T Statistic (IO/STDEV)	P Values
X -> Y	0.169	0.174	0.066	2.585	0.010
Z ->	0.361	0.338	0.182	1.983	0.048
Y	0.561	0.562	0.178	3.150	0.002
X*Z - > Y					

Source: SmartPLS

Table 15. Path Coefficient Results on Bootstrapping results Malaysian

	Original Sampe (O)	Sample Mean (M)	Stdanart Deviation (STDEV)	T Statistic (IO/STDEV)	P Values
X -> Y	0.145	0.181	0.095	1.529	0.127
Z -> Y	0.608	0.525	0.219	2.777	0.006
X*Z ->Y	0.347	0.311	0.171	2.035	0.042

Source: SmartPLS

H1a: Corporate Social Responsibility (CSR) has an effects on firm Value of Indonesian Pharmaceutical

Based on the results of the data analysis on the Indonesian pharmacy table 14, it shows that the Corporate Social Responsibility variable has an original sample value of 0.169 and a t-statistic of 2.585. The results of Indonesian pharmaceutical measurements on the t-statistic or t-value of $2.585 > \text{the t-table value (1.96)}$ and the P Values of $0.010 < 0.05$. So it can be concluded that the Corporate Social Responsibility (CSR) variable has an effect on firm value of Indonesian pharmaceutical companies. H1a is accepted.

H1b: Corporate Social Responsibility (CSR) has an effects on firm value of Malaysian Pharmaceutical

Meanwhile, the Malaysian pharmacy table 14, shows that the Corporate Social Responsibility variable has an original sample value of 0.145 and a t-statistic of 1.529. The results of Malaysian pharmaceutical measurements on the t-statistic or t-value of $1.529 < \text{t-table value (1.96)}$ and P Values $0.127 > 0.05$. Then the variable Corporate Social Responsibility (CSR) has no effect on firm value in Malaysian pharmacy. H1b is rejected.

H2a: Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Indonesian Pharmaceutical

The results of data analysis in the table 15, of moderating effects between the variables Corporate Social Responsibility (CSR), Profitability and Value of Indonesian Pharmaceutical Companies indicate that the variable has an original sample value of 0.561 and a t-statistic of 3.150. The results of Indonesian pharmaceutical measurements on the t-statistic or t-value of $3.150 > \text{the t-table value (1.96)}$ and the P Values of $0.002 < 0.05$. So it can be concluded that the Profitability variable is able to moderate the influence of Corporate Social Responsibility (CSR) on Firm value in Indonesian pharmaceuticals. H2a is accepted.

H2b: Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Malaysian Pharmaceutical

Meanwhile, in the table 15, of moderating effects between the variables Corporate Social Responsibility (CSR), Profitability and Value of Malaysian Pharmaceutical Companies, it shows that the variable has an original sample value of 0.347 and a t-statistic of 2.035. The results of Malaysian pharmaceutical measurements on t-statistics or t-value of $2.035 > \text{t-table value (1.96)}$ and P Values of $0.042 < 0.05$. So it can be concluded that the Profitability variable

is able to moderate the influence of Corporate Social Responsibility (CSR) on Firm value in Malaysian pharmaceuticals. H2b is accepted.

Discussion

Corporate Social Responsibility (CSR) has an effects on firm Value of Indonesian Pharmaceutical

So based on the results of data processing above, the analysis shows that Corporate Social Responsibility (CSR) has an effect on firm value of Indonesian pharmaceutical companies, hypothesis H1a is accepted. This study is in line with research conducted (Ronald et al., 2019), (Rahmantari et al., 2019) and (Wirawan et al., 2020). But this research is in contrast to ¹research conducted by (Mukhtaruddin et al., 2014) and (Marc et al., 2022). This shows that many companies have carried out CSR activities, thus causing a good image in the eyes of investors. Companies can increase the company's concern and welfare in the environment externally and internally involving both social, economic and environmental aspects as well as a positive image for the community for the company (Rahmatari et al., 2019). institutional legitimacy theory in which the law manages companies with the representation of relevant audience perceptions about social and environmental reporting, encouraging them to comply with the law to ensure organizational legitimacy (Mohamed et al., 2014). Stakeholder theory which states that companies cannot operate only for their own interests but must also provide benefits to their stakeholders (Hermawan et al. 2021).

Corporate Social Responsibility (CSR) has an effects on firm value of Malaysian Pharmaceutical

While Corporate Social Responsibility (CSR) has no effect on firm value in Malaysian pharmaceutical companies, hypothesis h2a is rejected. This study is in line with research conducted by (Verado and Kurniawati 2021), (Alvionita, et al 2021), and (Anwar et al. 2021), but this research is inversely proportional to the research conducted by (S novita, et al2019), and (Andreas and Adiputra 2019). It can be said that companies are less concerned about environmental and social factors around the company, as evidenced by one of the results of research found that the disclosure of CSR activities in Asia is still lower than the disclosure of CSR activities in America and Europe, the reasons are, firstly, CSR activities will increase additional burdens for companies and eliminate profit opportunities for companies by (Muliati et al. 2021). Second, the costs incurred for CSR activities will be proportional to the profits that will be generated by the company due to the efficiency gains caused by the costs of CSR

activities. Research on Malaysian pharmacy does not support the legitimacy theory because in carrying out the social contract between the company and the community, the company does not adjust to the prevailing values and norms. In the community so that the responsibilities carried out do not run in harmony. In addition to stakeholder theory, because the company is only required to focus more on finances in order to fulfill the wishes of investors by providing satisfactory profits, but the company is negligent or less than optimal in being responsible for carrying out social activities in the surrounding community (Anastasia and Tjdanrasa 2022).

Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Indonesian Pharmaceutical

Based on the results of the above data processing, the data analysis shows that profitability is able to moderate the influence of Corporate Social Responsibility (CSR) on firm value of Indonesian pharmaceutical companies, hypothesis H2a is accepted. This study is in line with research conducted (M, 2019) and (Yusuf & Surjaatmadja, 2018). But this research is in contrast to research conducted by (Rahmantari et al., 2019). Increased profitability is not accompanied by an increase in stock prices which has an impact on the decline in company value (Rahmantari et al., 2019). The company focuses on short-term orientation techniques so that it can reduce the value of the company, Because the value of the company is comprehensive, that is long term (Rahmantari et al., 2019). Profitability cannot moderate the relationship between Corporate Social Responsibility and company value because the profitability of a company in implementing Corporate Social Responsibility influences a non-strong relationship with firm value (Rahmantari et al., 2019). Legitimacy theory explains that by carrying out CSR activities and producing good financial performance, the company will get legal recognition from the community that its business has operated based on applicable norms.

Profitability Can Moderate the Effect of Corporate Social Responsibility (CSR) on firm value of Malaysian Pharmaceutical

Based on the results of data processing above, the data analysis shows that profitability is able to moderate the influence of Corporate Social Responsibility (CSR) on firm value of Malaysian pharmaceutical companies, hypothesis H2b is accepted. This is in line with research conducted by (Farah Diana Putri, et al 2017), and (Karundeng, et al., 2017). But this research is inversely proportional to research conducted by (Mariani and Suryani 2018). The influence of CSR on firm value individually shows no effect, but profitability moderates CSR on firm

value. Therefore, the higher the CSR activities carried out, the lower firm value of the company, but firm value of the company will increase in companies that have high profitability. Frequently carrying out CSR activities and having high profitability can have an impact, namely recognition from the community that its business activities are carried out legally/legitimately in the eyes of the community (Muliati et al. 2021). This study supports the legitimacy theory explaining that by disclosing CSR and generating good corporate value, the company will get legal recognition from the community that its business has operated based on applicable norms (Amerta et al. 2022). Signal theory in relation to profitability, namely this theory indicates that the information that has been issued by a company is very important for parties outside the company. And the stakeholder theory is that by carrying out CSR activities, companies can provide benefits to their stakeholders, so that companies that are responsible and provide benefits to stakeholders have a positive image that can increase firm value (Anastasia and Tjandrasa 2022).

CONCLUSIONS

Based on the results of the research and discussion above which were processed and analyzed statistically using SmartPLS software, it can be obtained (1) Indonesian pharmaceutical companies show results that Corporate Social Responsibility (CSR) has an effect on firm value, then hypothesis H1a is accepted, (2) Malaysian pharmaceutical companies show the results that Corporate Social Responsibility (CSR) has no effect on firm value, then hypothesis H1b is rejected, (3) Indonesian pharmaceutical companies show results that profitability is able to moderate the effect of corporate social responsibility (CSR) on firm value, then hypothesis H2a is accepted, (4) Malaysian pharmaceutical companies show that profitability is able to moderate the effect of Corporate Social Responsibility (CSR) on firm value, so hypothesis H2b is accepted. Future researchers are expected to use a longer period of time in the hope of providing better results.

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