

Welfare and Economic Development during The Health Crisis and Corporate Social Responsibility Disclosure

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Abstract

Introduction/Main Objectives: This study tries to show whether public ownership, profitability, net sales and CSR disclosure have or do not have an impact on economic welfare. This research focuses on manufacturing companies because many companies produce products needed by the community. **Background Problems:** In times of health crisis, the community's economic welfare will increase if the company provides CSR. The amount of corporate CSR disclosure is determined by the support of public ownership, profit levels, and net sales of the company. **Novelty:** Economic welfare during the health crisis requires further research related to the implementation of CSR in manufacturing companies. **Research Methods:** This research is quantitative, with the adaptation of exploratory research developed through empirical research. The sampling design in this study used the list of companies on the Kompas 100 index list for two consecutive years, namely 2020 and 2021, which is the period of the start of the health crisis in Indonesia. **Finding/Results:** This study shows that public ownership and profitability have a direct and significant relationship with CSR disclosures. Meanwhile, the Net Sales Index is not significant to CSR disclosures. The variables public ownership, profitability, and index net sales are not significant to the welfare economy. Relationships public ownership, profitability, and index net sales total 48%, CSR disclosure, or R: 0.480, and R-square of 0.23, or 23%. Relationships public ownership, profitability, and index net sales total 14 percent, or R: 0.142, and a coefficient of determination (R-square) of 0.02 or 2%. **Conclusion:** These results support the results N. Smith, and T. Smith, that the effectiveness of CSR occurs because of the strategy in its implementation, the CSR strategy must have the support of company ownership and be profitable. These results, when combined with the adaptation of CSR in Indonesia, show that many CSR programs are directed at economic, social, and health patterns.

Keywords: CSR disclosure; Economic welfare; Net sales; Public ownership; Profitability

JEL Classification: G3

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INTRODUCTION

The Corona pandemic occurred all over the world, entered Indonesia, and became an outbreak in March 2020 (Djalante et al., 2020). This pandemic has caused a slew of issues

affecting not only public health (Miyah et al., 2022) but also economic (Shang et al., 2021), social, security, and political stability (Chirisa et al., 2021). In the 2021 ISEI National Seminar, the Minister of Finance said that starting with the pandemic, the world experienced pressure or contraction of minus 3.2% based on economic growth (SMERU et al., 2021). International trade transactions have suffered a slump, with world trade growth typically reaching double digits but now experiencing growth of up to minus 8.3 percent (International, 2022). In its development in 2021, it is expected that there will be a rebound and recovery in various ways.

The way the Indonesian government is doing this is by increasing various economic stimuli, including policies in the social sector, namely assistance to affected communities and education assistance, and policies in the economic sector, including working capital assistance for MSMEs, reward assistance for MSMEs, and restructuring and rescheduling assistance policies for people who have debts to financial and banking institutions (Gunadi et al., 2022). In addition, the government is implementing its countercyclical policy, even though it will be faced with uncertainty. In addition, the emergence of various new variants can result in the effectiveness of the government's countercyclical policy not being able to maximize the results. Based on existing data, in 2019 Indonesia's real GDP reached Rp. 2.735 trillion, while in the second quarter of 2021 it showed an achievement that exceeded that before the pandemic, which could reach Rp. 2,773 trillion (Muhyiddin & Nugroho, 2021).

Chapra (2000) emphasizes that as long as Muslim-majority countries continue to use capitalist and socialist strategies (Fitriyah, 2019). They will be incapable of doing more than capitalist and socialist countries. Taking measures to prevent the use of available resources to meet need is reapplied automatically making it difficult to realize *maqashid* despite the growth of wealth. Many Islamic countries and those with an Islamic majority population have taken an approach in terms of economic development from the West and East, by implementing a capitalist, socialist, or welfare state system.

The pandemic has put pressure on the community because they have to conform to their livelihoods (Bista et al., 2022). Culture shock is a picture that shows the condition in society that experiences changes in a habit that has been rooted or cultivated. Culture shock can be associated with a deep response or pressure so that it looks negative, such as depression, frustration, and disorientation. Culture shock is defined as a habit that occurs when conditions shift from conducive and organized to more disrupted (Luiken et al., 2020). The spread of the COVID-19 virus in the world is very fast and widespread. The global number of infected people is increasing dramatically and spreading rapidly (Dewi, 2020).

According to ISO 26000 SR, a "stakeholder is a person or group that has an interest in decisions and organizational activities (Tommy, 2020). The company in carrying out one of the policies that is used as a foothold, is to adjust the wishes of stakeholders. Stakeholders want profits and do not want losses. According to (Holladay, 2009), a crisis is the perception of an event or events that threaten the expectations of stakeholders and can have an impact on organizational performance. The Company's performance will be considered good and increase if it gains profits, so that stakeholders are prosperous. Stakeholders in influencing the Company's policies, so that the implementation of the Company's social responsibility is



in accordance with regulations with various social programs that can have an impact on the surrounding community. Based on this description, it is known that the government's response to the pandemic has an impact on development performance.

The results of research on consumer goods industry sector companies—as many as 52 companies on the IDX—showed that there were differences in the share prices of consumer goods industry sector companies before and after positive cases of COVID-19 (Herninta & Rahayu, 2021). Other studies have shown significant differences in stock price variables, namely in conditions before and after the announcement or statement of the first case of COVID-19 in Indonesia. The stock price has decreased compared to before the COVID-19 case. As for the volume of stock transactions, it is known to show a significant difference with significance on value of $0.0 < 0.05$. It is known that the volume of stock transactions after the announcement shows an increased value. (Ifa Nurmasari, 2020) Based on the performance of technology companies, it is, shows that this health crisis has a positive impact the selogy company Because the PSBB of the community has a lot of activities with technological sophistication, technology provides convenience to access various things and can help improve the lower-middle-class economy (Ari Siswati, 2021).

Many discussions about CSR are carried out with a focus on company policies aimed at society, business ethics, and stakeholders (Archie B. Carroll, 1999). Meanwhile, about the company's business ethics by means of learning from the company The understanding that arises in companies is that the implementation of CSR will make it difficult for companies to move toward achieving profits. because socially oriented decisions are considered inconsistent with decisions related to the company's financial and operational decisions. The reasoning used is that if the company is already financially strong, it does not require additional strength in the form of social power.

It is understood in the development of the classical economy that the company will make efforts to maximize profits. The company not only has economic and legal responsibilities, but in its development there is also social responsibility. There are 4 dimensions of CSR, namely: stakeholder dimension, social dimension, economic dimension, volunteer dimension, and environmental dimension (Dahlsrud, 2008).

There should be regulations on CSR implementation, not just the government's legality on the company's obligation to benefit society. However, companies with stakeholders are also required for the concept of implementing CSR in the company. The existence of this regulation shows that there are legal obligations in business, both internally and externally. The application of CSR is codified by mentioning ethics to the community. Such ethics, in conjunction with the implementation of the social contract of business and society points out that there must be a voluntary relationship in the implementation of CSR business (Schutter, 2007).

There is a different concept between "welfare economics" and "economic welfare," where the former is the efficiency of allocation and the existence of a competitive balance so as to create a market mechanism in the redistribution pattern. In the welfare economy, the role of the government is very important to implement a policy of wealth redistribution, or what is referred to as the "invisible hand of the market" theory. Economic welfare is a condition of people's ability to meet their basic needs. In a country, it is usually calculated by the level of per capita income. Explaining the average that the community's ability to spend on poky needs and the level of people's purchasing power The welfare economy is also referred to as a way of allocating resources to maximize well-being. Studies that explain

and describe the economy of a country, which is measured by the: health, happiness, and standard of living of the people.

The methods and assumptions used in the core of the economy are the existence of a market, the existence of entity stability, and the maximization of human activity. The concept began to be passed down to businesses in various countries, specifically with businesses covering the costs of research and development, the creation of a technology, social insurance of employee pension funds, education, and health services. CSR as a company's obligation has three main keys, namely: the economic concept, the ethical concept, and the ecological concept. Based on these three keys, it is necessary to connect them with the welfare economy.

In the Islamic Economics approach, the main purpose of Islamic economics is to realize a human goal: to achieve the happiness of the world and the hereafter (falah), as well as a better and more honorable life (al-hayah al-tayyibah). The definition of welfare in the Islamic perspective shows a fundamental difference from the definition of welfare in conventional economics, which is secular and materialistic (Anto, 2003).

The Indonesian government has implemented a number of policies to promote welfare economics. The limited liability company (PT) is one of the policies in the regulation of CSR implementation. Article 74 paragraphs (1), (2), (3), and (4) of Law No. 40 of 2007 concerning PT states that companies that carry out their business activities in the field and/or related to all-natural resources are required to carry out social and environmental responsibilities. CSR and the environment are company obligations that must be budgeted and taken into account as company costs, and their implementation must be carried out while paying attention to propriety and feasibility.

Signal theory is widely used to explain how a company can give signals to users of financial statements. According to Brigham and Houston (2001), defining a signal is any action that can be taken by the management of the company that can provide a clue for investors on how management views the company's prospects. Signal theory can also explain why companies have a strong impetus to be able to provide financial statement information to external parties.

In the global world, there is often an asymmetry of information between the company (management) and external parties where the company knows more information about the company and its future prospects compared to external parties (investors and creditors), causing many external parties to try to protect themselves by providing low prices for the company. This is what finally encourages management to reduce the emergence of information asymmetry by providing information about the company's prospects clearly to external parties so that the value of the company increases. Organizational units and companies can provide reliable financial information and reduce uncertainty regarding the future prospects of a company (Wolk & Tearney, 2002).

Agency Theory and Capital Structure is a theory used to evaluate company problems related to company policies. One of them is the theory of Modigliani and Miller (MM), which states that if there is a change in the capital structure due to the existence of taxes, it can become relevant. There are several methods that can be used to lower or reduce agency problems and agency costs (Purbayu & Rahayu, 2005).



The method of aligning existing interests in the company, namely the interests of management with shareholders, is by increasing the ownership of managers in the company (Jensen et al., 1992). Meanwhile, institutional ownership oversees the monitoring of agent stated that the existence of institutional investors such a bank institutions, insurance companies, and, investment companies, and their ownership by other institutions will be able to encourage more optimal and maximum improvement and supervision of management performance. In addition, the proportion or share of share ownership can be interpreted as a factor that can cause conflicts between the owner and the management (Moh'd et al., 1998).

Many studies state that the causes of conflicts that occur between managers and shareholders include decisions about funding. The company's ownership structure is not only determined by the amount of debt and equity, but can also be determined by the large percentage of ownership held by managers and institutional investors (Wahidahwati, 2002). A voluntary action that the company takes for the surrounding community with a social purpose and is expressed on the company's performance report. Action on social responsibility as a form of business ethics that conforms to standards, norms, or expectations as a form of caring for society and consumers is to show respect for the morals of stakeholders (Carroll & Shabana, 2010).

Social performance index measurements can be made using the Kinder, Lydenberg, and Domini social performance indexes, abbreviated as KLD, and the Global Reporting Initiative (2006). Indicators to measure the KLD index are environmental governance issues, social business cases, and controversial business issues. Environmental issues include climate change, products and services, and operations and management; social issues include: community, diversity, employee relations, human rights, and products; Governance issues include reporting and structure. The Global Reporting Initiative (2006) identifies four categories of social performance indicators: employment and decent work practices, human rights, society, and product responsibility. In addition there are economic and environmental indicators.

Companies that implement CSR in their development save money and reduce risks to the company.in the form of risks to the natural environment, decreased operational costs, and company efficiency (Berman et al., 1999; Hart & Hart, 2013; Ilbery, 1998; Shrivastava & Hart, 1995) avoiding government regulatory sanctions and the emergence of stakeholder confidence in the performance of company management. Company managers and executives already feel CSR is a concept that can help reduce costs and risks. Cost savings clearly attract the attention of top management as certain bottom-line benefits outweigh CSR. With CSR, companies can gain a competitive advantage. The company's strategy for managing resources is to seize opportunities for the company's benefit (Kurucz et al., 2015). Companies can build a competitive advantage through CSR strategies (S. C. Smith, 2003).

CSR philanthropy can increase competitive advantage by collaborating between CSR and market orientation. a form of CSR philanthropy that is carried out by improving the concept of marketing and sales. Another form is to improve relations with consumers and society as well as with government and non-governmental organizations (Bruch & Walter, 2005). The legitimacy theory exists to provide a foundation for the idea that there is a relationship between the company and society and that there must be binding regulation between the two. The foothold of legitimacy can be seen from two points of view, namely, from why there is a theory of legitimacy or from the regulated object. The theory of legitimacy exists to regulate companies so they can benefit the surrounding community and

continuously collaborate socially with it. If, from the perspective of the company as a regulatory target, this legitimacy is used to demonstrate that the company is obedient to the government and supports all government programs. CSV is a concept that develops from the application or philanthropy of CSR, and the concept in CSV is different from corporate social responsibility (CSR). In CSV, social problems are used as business opportunities and benefits. Profit and social behavior do not have to be separate.

In making decisions about the company's development, the company is heavily reliant on the profitability that has been achieved. Companies usually use profitability ratio information, which is a ratio that is used to measure the company's ability to use all existing assets to generate profits by using the sources owned, such as assets, capital, or company sales (Sudana, 2011). One of the profitability measurements return on asset (ROA). ROA is to see the extent to which the investment has been invested which is further able to provide a return on profit as expected (Fahmi, 2015).

RESEARCH METHOD

This research is quantitative, with the adaptation of exploratory research developed through empirical research. The sampling design in this study used the list of companies on the Kompas 100 index list for two consecutive years, namely 2020 and 2021, which is the period of the start of the health crisis in Indonesia. To limit the type of company, what will be chosen is only a manufacturing company, on the grounds that manufacturing companies are rarely highlighted for the implementation of their CSR, while manufacturing companies are large companies in Indonesia.

This variable was taken because, during the health crisis, many companies were affected, which resulted in their sales declining and profits also decreasing. It will be a question with declining profitability and sales whether the company remains consistent in doing its CSR (the intensity decreases or increases), and also if the company's shares are owned by the majority of the public, it will be more concerned about the intensity of the CSR to find out whether the community will have a higher social spirit.

The fact is that CSR is an increasingly popular practice, showing that around the world there are now many who have implemented it (Carroll & Shabana, 2010). CSR is considered a form of long-term investment by a company that can have a positive effect on its competitive advantage (Mattingly, 2012). Many studies suggest that companies must be able to manage and implement CSR as a strategic component; because it requires adjustments (Wagner et al., 2009).

Gosh's research yielded the following results (Leal-Arcas et al., 2014): 1. Developing countries have the fastest growing economies and the most profitable business markets. 2. In developing countries, it shows that the impact of globalization on investment, economic growth, and business activities has a tendency to have a very strong and significant impact on social and environmental problems, 3. In developing countries, it shows that the



challenges faced related to the implementation of CSR are very different compared to the challenges faced in developed countries.

Stakeholders and shareholders in particular are increasingly concerned with the company's financial performance and portfolio management. The company's strategy in terms of CSR consistency is a measure of the sustainability of the company's financial condition. With the regulations set for CSR, the state, as the controller of policies in government, strives for companies to be able to provide benefits to the environment and society (Zadek, 2001). In the implementation of CSR, one of the goals to be achieved is how to pass on the conditions of the world to children in an undamaged condition.

Initially, CSR was adopted only for the ethical interests of a company with the surrounding environment, but in its development, the company's interests collaborated with the implementation of CSR as regulatory compliance, with an orientation to increase profits and finances. In CSR, it is attached to the concept of promotional media, the introduction of the company's existence, and the image or good name of the company in society. These characteristics are referred to as the "new world of CSR."

CSR disclosure is a mediation for the company's performance (Pivato et al., 2012). This supports empirical studies on social performance having a positive relationship with the loyalty and trust of consumers. Initiatives over CSR indirectly have a positive relationship with the company's finances. The complex relationship of CSR with financial performance is the main thing, rather than just judging from the perspective of acknowledging the implementation of CSR. Managerial ownership shows a negative influence on CSR disclosures, while institutional ownership shows the opposite, namely, a positive influence on CSR disclosures. Public ownership shows that results have no effect on CSR disclosure (Rivandi, 2020). Profitability has a significant influence on CSR disclosures in Indonesia, and public ownership shows no effect on CSR disclosures in Indonesia (Rita & Sartika, 2012).

H₁ : There is a significant relationship between Public Ownership and CSR Disclosure

H₂ : There is a significant relationship between profitability and CSR Disclosure

H₃ : There is a significant relationship between Index Net sales and CSR Disclosure

In the implementation phase, there is still no appreciation for companies that apply CSR consistently. This shows that the community's assessment of the implementation of CSR is considered, as its application is more focused on individual interests. A sustainable concept is needed between the company and the community so that the implementation of CSR can be accepted by the community and can help the company in its financial work. The dependence between business and society has caused a decrease in the implementation of CSR (Berger et al., 2007). The approach used is to implement CSR separately from business operations so that its usefulness is not visible to the community. The adoption of CSR practices is expected to be integrated with the company's strategy to create a unified business agenda (Porter & Kramer, 2006).

In terms of measuring welfare, (Weitzman, 2014) elaborates that all transactions that occur in a competitive market and economic well-being will depend solely on the consumption of marketed goods. The GNP is calculated by a comprehensive measure of the annual real consumption of households, the Measure of Economic Well-being has classified all expenditures as consumption investment, or intermediary (Nordhaus & Tobin, 1972). In 1989, the Sustainable Economic Welfare Index (ISEW) introduced, which not only measures welfare based on economic indicators but is also based on environmental indicators (Daly & Cobb, 2007).

- H₄ : There is a significant relationship between Public Ownership and Welfare Economics
- H₅ : There is a significant relationship between Profitability and Welfare Economics
- H₆ : There is a significant relationship between Index Net Sales and Welfare Economics
- H₇ : There is a significant relationship between CSR Disclosure and Welfare Economics

RESULTS AND DISCUSSION

Elections and competitive advantages will strengthen each other and create social care activities (Archie B. Carroll, 1999). The company will exercise a competitive advantage if the election over the company is very strong, aiming to meet stakeholders. For example, improvement of the quality of human resources and other aspects Others result in the creation and preservation of high-quality local life. The idea of creating win-win results through CSR activities has been put forward before (Porter & Kramer, 2002).

Tabel 1. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
OWN	0.01	0.51	0.3153	0.16125
PRO	-0.02	0.17	0.0560	0.04840
INS	0.44	1.39	1.0158	0.20943
CSR	0.32	0.40	0.3681	0.02727
WE	-5.32	7.07	0.5505	3.37138

Version 25.0 Statistics

Tabel 2. Correlations Results

		OWN	PRO	INS	CRSD	WE
M	Pearson Correlation	-,406**	,450**	,248	1	
	Sig. (2-tailed)	,009	,004	,123		
	N	40	40	40	40	
Y	Pearson Correlation	,100	,074	,092		1
	Sig. (2-tailed)	,539	,651	,572		
	N	40	40	40		40



**. Correlation is significant at the 0.01 level (2-tailed).

Tabel 3. Correlations CRSD and WE

		CRSD	WE
CRSD	Pearson Correlation	1	-,033
	Sig. (2-tailed)		,840
	N	40	40
WE	Pearson Correlation	-,033	1
	Sig. (2-tailed)	,840	
	N	40	40

**. Correlation is significant at the 0.01 level (2-tailed).

Elections and competitive advantages will strengthen each other and create social care activities (Porter & Kramer, 2002). The company will exercise a competitive advantage if the election over the company is very strong, aiming to meet stakeholders. For example, improvement of the quality of human resources and other aspects Others result in the creation and preservation of high-quality local life. The idea of creating win-win results through CSR activities has been put forward before (Porter & Kramer, 2002).

Tabel 4. Summary OWN, PRO, INS, CRSD and WE

Model	R	R Square	F	Sig.
1 CRSD	,480 ^a	,230	3,585	,023 ^b
2 WE	,142 ^a	,020	,326	,806 ^b

a. Predictors: (Constant), Rank of INS, Rank of OWN, Rank of PRO

b. Dependent Variable: Rank of WE

b. Dependent Variable: CRSD

The influence of variables OWN, PRO, and INS simultaneously affects CSR Disclosure by 23%, while for the Welfare Economic variable, it only contributes 2% (or no significance).

Direct Effect

- Direct effect of variables public ownership and CSR disclosure = -0.064
- Direct effect of variables Profitability and CSR Disclosure = 0.222
- Direct effect of variables Net Sales Index and CSR Disclosure = 0.024
- Direct effect of variables Economic Welfare and Public Ownership = 2,708
- Direct effect of variables Economic Profitability and Welfare = 4,809
- Index Net Sales and Welfare Economic Direct Effect = -1,077
- Direct effect of variables CSR Disclosure and Welfare Economics = -8,432

Indirect Effect

- Indirect effects of variables Economic Welfare and Public Ownership via CSR Disclosure = $-0.064 \times -8,432 = 0.5396$

- b) Indirect effects of variables Economic Profitability and Welfare through CSR Disclosure = $0.222 \times -8,432 = -1.8719$
- c) Indirect effects of variables Net Sales Index and Economic Welfare from CSR Disclosure = $0.024 \times -8.432 = -0.2023$

Total Effect

- a) Indirect effects of variables Economic Welfare and Public Ownership via CSR Disclosure = $-0.064 + -8.432 = -8.496$
- b) Indirect effects of variables Economic Profitability and Welfare through CSR Disclosure = $0.222 + -8.432 = -8.098$
- c) Indirect effects of variables Net Sales Index and Economic Welfare from CSR Disclosure = $0.024 + -8.432 = -8.408$.

This study shows that public ownership and profitability have a direct and significant relationship with CSR disclosures. Meanwhile, the Net Sales Index is not significant to CSR disclosures. The variables public ownership, profitability, and index net sales are not significant to the welfare economy. Relationships public ownership, profitability, and index net sales total 48%, CSR disclosure, or R: 0.480, and R-square of 0.23, or 23%. Relationships public ownership, profitability, and index net sales total 14 percent, or R: 0.142, and a coefficient of determination (R-square) of 0.02 or 2%.

In meeting the demands of stakeholders, the company will make efforts to maximize profits. One of the things that companies do is take advantage of CSR practices to become the company's vehicle to achieve it. This perspective is known as the "win-win" perspective. The company's profitability will achieve targets with the concept of CSR practices synergized with business practices.

The business case that arises with the existence of CSR is that consumers cannot support the company in carrying out social contracts due to the limitations in the relationship between the company and the consumer (Porter & Kramer, 2002). CSR implementation becomes underappreciated, resulting in stakeholders and company managers having difficulty establishing CSR patterns. There needs to be a continuous and open report on the implementation of the social contract. With this information accessible to the public, there will be support for the implementation of CSR in the future. Another business case is the choice of CSR implementation patterns that can be coordinated with the tightening of financial performance.

This research supports (Valor, 2008) the notion that economic well-being has relationship with the existence of CSR disclosure, although it is contrary to its legitimacy. This research is also variable taken with the assumption that the existence of a health crisis different from existing research, because the health crisis that occurs is a global crisis. These



health crises have an impact on businesses; for example, sales decline, profits fall, human resources are reduced, and company policies change. The variable structure of majority public ownership will encourage the company to pay more attention to the surrounding community. The company's profitability is used as the basis for making decisions to be able to survive and benefit the surrounding community. Meanwhile, sales growth can be used as a measure of a company size to prosper company owners and benefit the community. With the company's policy that it must be able to benefit the community, it can support the government in improving economic welfare.

The social costs of CSR have tolerable limits, not a high value, but a certain value that is sufficient. The company's involvement in the social contract results in the company's appreciation. In manufacturing companies with small and medium scales, the implementation of CSR is carried out by making direct cost savings (Porter & Kramer, 2002).

Many companies cannot understand business problems related to CSR well; a lot of information has not been maximized in their responses, so it provides bad perceptions. The implementation of CSR by many companies is carried out only to prove their level of compliance with regulations set by the government. Meanwhile, in its development, company managers can use the application of CSR to build a positive image of the company in the community. The community will give more credit to companies that carry out social contracts on an ongoing basis. De Schutter (2008) expressed his opinion that there is a market failure over CSR practices due to the lack of regulations that bind CSR and its socialization.

The lack of confidence that social action can govern the market or become a competitive advantage becomes a big business case related to the existence of CSR (Vogel, 2005). Meanwhile, the implementation of CSR can actually have a two-way impact, namely on the company in the form of a good company image, and the government can provide benefits to the community through CSR programs carried out by companies directly. The government making CSR regulations for companies is how people can improve their economic welfare. This economic welfare can be in the form of productive sector programs for the community, namely street vendor cart, free ambulances, free medicine, home surgery, and others. The collaboration of CSR programs can make people feel their benefits in the health, economic, or social fields.

The benefits of CSR do not have to be the same for all communities, but people can choose which ones can be utilized and are needed. The effectiveness of CSR implementation will be related to the company's strategy and how CSR can help companies connect with their consumers with the hope that good relations with consumers will create loyal customers. Referring to this, the relationship between CSR and financial performance is a complex one. interrelated and complementary, so that the company's finances will be positively affected. The benefits of CSR are not homogeneous, and effective CSR initiatives are not common. Effective CSR rests on developing appropriate CSR strategies (N. C. Smith, 2014).

CSR is a variable that is consistent in its development, indicating convergence between economic and social goals. Porter and Kramer (2006) Many studies place CSR variables as mediating and intervening variables to formulate a relationship and its influence. Pivato et al. (2008) show the role of trust as a mediating variable that forms the relationship between CSR implementation and company performance. Barnett (2007) focuses more on the influence of stakeholders and how situational contingencies of CSR activities affect the financial performance of the company. The contingency perspective by Barnett (2007) is to take into account the role of variable mediation by Pivato et al. (2008) for the exploration of the relationship between CSR and corporate financial performance.

CSR has existed in Indonesia since 2001 but began to be systematically applied to companies in 2007. CSR regulations in Indonesia begin with Law No. 22 of 2001, Law No. 25 of 2007, and Law No. 4 of 2009; in these regulations, CSR is not stated in real terms, but regulations on companies must guarantee the customary rights of the community, companies must encourage community development, and regulations that clearly write CSR are a regulation of 2007 (Natalina, 2022).

CONCLUSION

The results of this study show that public ownership and company profitability have a significant relationship with CSR, while net sales have no relationship with CSR. These results support the results N. Smith, and T. Smith, that the effectiveness of CSR occurs because of the strategy in its implementation, the CSR strategy must have the support of company ownership and be profitable. Another way for a company to be sustainable is to cultivate strong relationships with its stakeholders through low employee turnover and customer loyalty. Economic well-being suggests that there is a relationship between public ownership, profitability, and net sales through CSR, but the level of the relationship is insignificant. These results, when combined with the adaptation of CSR in Indonesia, show that many CSR programs are directed at economic, social, and health patterns.

This research contributes to the theory of legitimacy, that with the obligation to disclose CSR by companies, it has an impact on welfare. This is because there is a boost from the amount of public ownership that provides company support to benefit the surroundings. The greater the sales gain, it will be directly proportional to the amount of social costs distributed. The results of this study show that the welfare of a country can be influenced by the role of operating companies. Regulations made by the state regarding corporate collaboration in the implementation of CSR, then have an impact on regulating and evaluating community welfare. The company's CSR distribution will have an effect on the community, so that the benefits obtained can cause the needs of life to be met.



This research was only limited to time series during the COVID-19 pandemic, so that it could be developed with different tests, namely before and after the pandemic. The company studied is only a manufacturing company, and can research with other companies such as mining companies and financial institutions. The Covid-19 pandemic has impacted all companies so this study can examine many different types of companies.

AUTHORSHIP CONTRIBUTION STATEMENT

Each researcher has the same role in this study, the first researcher focuses on determining variables, previous research and statistical analysis. Researcher 2 assisted in data collection and data processing. The results of the study are based on the results of discussions between the first and second researchers.

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