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Motivational Factors of Implementing Corporate Social and Environmental Reporting and Its Impact on Performance*

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Abstract

The issue of environmental crisis encourages companies to develop strategies and programs which incorporate social and environmental considerations into their processes. The objectives of this study are to identify the strategies used in implementing corporate social and environmental reporting (CSER) and to investigate the impact of these strategies on organization performance. This study uses as its sample companies listed on the Indonesia Stock Exchange (IDX) and engaged in environmentally sensitive business activities and applies content analysis to their annual reports. The data used in the study is secondary data in the form of annual and sustainability reports of companies, and primary data in the form of interviews. The results show that companies use both reactive and proactive strategies in reporting their social and environmental activities. The study also identifies the impacts of such reporting on both the financial and non-financial performances of the investigated companies. The study contributes to the social and environmental accounting literature by exploring the motivations and strategies of companies in their CSER. The empirical results will provide important insights into the influence of the strategies employed by companies in their corporate social and environmental reporting and the impacts of such strategies on organizational performance.

Keywords: Corporate Social and Environmental Reporting, Company, Strategy, Performance, Sensitive Industry

JEL Classification Code: L25, M14, Q56

1. Introduction

The existence of a company can affect the social life and environmental sustainability of the community in which

it is located. The extent to which a company is engaged in protecting the surrounding environment is therefore a concern for its stakeholders (Ruonan & Hong, 2019). More companies are trying to develop strategies and programs which incorporate social and environmental factors in producing environmentally friendly products that attract customers' respect and endorsement. Companies recognize that these strategies and programs, including aspects such as cost reductions for pollution and waste disposal and addressing the depletion of natural resources, are resources that can develop a competitive advantage (Ryu & Chae, 2019). The environmental corporate strategy could also represent a source of competitive advantage not only in terms of eco-efficiency or cost reduction as a result of improved environmental performance and eco-innovation, but also by differentiating a company from its competitors in terms of an improvement in the company's reputation for responsible management (Barba-Sánchez & Atienza-Sahuquillo, 2016). Besides, pressures from communities and shareholders influence companies to report their corporate social and environmental (CSE) contributions within their overall corporate reporting (Dobbs & Staden, 2016; Hahn & Kim, 2016), referred to in this study as corporate social and environmental reporting (CSER).

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Previous studies have found that the implementation of CSER could reduce and minimize social impacts (protest from communities, fines from the government, etc.) and environmental costs (pollution, waste, emissions, etc.). Some reports refer to improvements in financial performance as a result of environmental performance development (Chen et al., 2020; Muhammad et al., 2015). Salehi (2009) supports the view that the majority of stakeholders look for higher levels of corporate social responsibility (CSR) in the companies with which they choose to interact. Besides, research has found that 70% of what consumers decide to purchase reflects the company's reputation concerning CSER (Deegan, 2013). Given the many benefits of CSER, this type of reporting is also regarded as a competitive advantage in winning business (Famiyeh et al., 2016).

However, the actual level of a company's CSER may depend on the motivation of its management (Hossain et al., 2017). A company's actions related to CSER can be driven by its awareness of the importance of CSER (proactive) and/or can be driven by stakeholder pressure (reactive) (Garcés-Ayerbe et al., 2012; Pinto & Allui, 2020). In the proactive approach, the existence of a company amid a community can lead it to contribute to the comfort and welfare of that community. While, in the reactive approach, stakeholder pressures in the form of government regulations, demands from the community, or requirements from suppliers can precipitate a company's actions.

This study intends to examine the determinants of CSER by investigating the CSER strategies adopted by companies in Indonesia, a subject on which there is limited accounting literature for the specific Indonesian situation. The majority of previous studies have focused on identifying the determinants of CSER in the annual reports of Indonesian companies in relation to independent variables such as corporate characteristics, company sensitivity, group influences, etc. (Gunawan, 2013; Machmuddah et al., 2020; Trireksani & Djajadikerta, 2016; Yaya et al., 2018). In contrast to these previous studies, this study will use content analysis of annual reports and primary data gathered by conducting interviews investigating the strategy of companies towards CSER. The empirical results are expected to provide important insights into the influence of the particular CSER strategy employed by companies and their impact on their organizational performance. Hossain et al. (2017) suggested that the study of company strategy related to CSER is particularly important in developing countries. The different corporate environments of developing countries compared to Western or European countries can provide a different perspective on CSER and additional information about company policies related to production or investment decisions. Furthermore, according to Djajadikerta and Trireksani (2012), the study of CSER practice in Indonesia is very important because of its unique culture. Indonesia covers a broad territory containing large populations with different cultures and socioeconomic

conditions in each region. Therefore, this study can fill the research gap identified by investigating CSE strategy and CSER in Indonesian companies.

2. Literature Review

2.1. Legitimacy Theory

Many organizations expect to create harmonious relationships among themselves and their surrounding environment. A harmonious relationship can be created if stakeholders also receive benefits from the company's activities (Lee & Huh, 2017), and one aspect of this can be in the form of support from the community to the company. Community support will affect the continuity of a company's activities and thus the sustainability of that company in the long term. There is no universal theory applicable to corporate social responsibility disclosure for all situations or societies. While legitimacy theory suggests CSR disclosures are part of a process of legitimation, stakeholder theory offers an explanation of CSR accountability to stakeholders. Legitimacy theory seems to be more suitable for organizations working in developed countries, on the other hand, stakeholder theory appears to be most suitable for organizations working in developing countries; where a corporation can manage its stakeholders and the pressure to comply with existing legislation is less as compared to the developed countries (Omran & Ramdhony, 2015).

Legitimacy theory is often referenced when discussing CSR disclosures and aligns with stakeholder theory in explaining the motivation of companies in carrying out and reporting CSE activities (Hossain et al., 2017). Colleoni (2013) stated that organizational legitimacy is revealed by the relationship between the organization and its environment, while Guthrie and Parker (1989) stated that legitimacy theory refers to the condition in which 'business operates in society via a social contract where it agrees to perform various socially desired actions in return for approval of its objectives, other rewards, and its ultimate survival'. CSE disclosure can be used to obtain legitimacy through the provision of information about company activities in caring for the communities in which they operate. This idea is supported by Pérez (2015), who stated that CSE disclosure is a means of communication for companies in dealing with stakeholder pressure. The legitimacy obtained by the company will provide several organizational benefits, including increasing sales, creating consumer loyalty, and gaining respect from employees (Martínez et al., 2016).

Companies need to have a plan and a strategy for achieving the desired legitimacy. As a means of gaining and maintaining legitimacy, companies can involve their stakeholders by contributing to activities that are beneficial to them (Brammer et al., 2012). Muhammad et al. (2015) stated that environmental performance can strengthen

corporate image in a way that can lead to company legitimacy. Stakeholders will perceive that a company is responsive to the needs of the environment and so will develop a positive view of the company.

2.2. Corporate Social and Environmental Reporting (CSER) and Its Motivation

A company may not only aim to acquire profits for the company but may also seek to make a positive economic, social, and environmental contribution to society (Trireksani & Djajadikerta, 2016). Gunawan (2013) defined CSER as the fulfillment of corporate obligations by disclosing social and environmental information to the public in the annual report. This reporting has been developed through a process moving from employee reporting and social reporting, into environmental reporting and triple-bottom-line reporting, and finally into sustainability reporting. Therefore, CSER is very close to the issue of sustainability as put forward by Chapple and Moon (2005), who stated that ‘it aims to protect the future generation through sustainable practices by business organizations’. According to Trireksani and Djajadikerta (2016), environmental performance refers to company actions that have an impact on natural resources, as illustrated by the respect shown by companies towards the ecosystem through activities such as land remediation or using technologies for clean excavation.

Some factors may influence the motivation of companies to disclose their CSE activities through CSER. Haider (2010) argued that internal contextual factors can advance CSER in developing countries. This internal context can include the process of reporting and the attitudes of people within companies. Meanwhile, corporate governance systems are also internal contextual factors that can influence CSER practices. This view is supported by Torugsa et al. (2013) who stated that company resources can be managed, built, and employed to support the intention of a company to achieve competitive advantage. Jamali et al. (2008) suggested that the crucial aspect in determining good corporate governance is strategy setting. Thus, the strategy may also be able to influence CSER within a company. The perspectives of internal people (e.g. the management of a company) can also be reflected in the strategies used by the firm. For example, managerial acknowledgment to increase professional and creative skills in the development of human capital (Chulanova, 2017) to manage CSR activities. Some studies have found that the perceptions of a company’s management are important in building strategies aimed towards adopting of CSER policy (Dahlander & Piezunka, 2014; Trireksani & Djajadikerta, 2016).

Studies by Sambasivan et al. (2013) and Hossain et al. (2017) have classified CSER strategy as either proactive or reactive. Torugsa et al. (2013) explained that a proactive approach would include voluntary social and environmental

practices that go beyond regulatory requirements. Dahlander and Piezunka (2014) added that this behavior comes from the intentions of a company itself to provide valuable information. In contrast, the strategy of a reactive company would be to implement social and environmental practices in response to stakeholders’ demands, such as regulatory requirements or customer pressure (Garcés-Ayerbe et al., 2012).

Similar definitions of proactive and reactive strategy are mentioned by Hossain et al. (2017) to explain the reason why managers engage in CSER. Proactive CSER refers to the company’s voluntary desire to report on social, economic, and environmental activities as a form of responsibility to its stakeholders, while reactive CSER occurs as a company’s response to stakeholder pressure. Gunawan (2015) used the ideas of social, political, and economic motivation to describe the motivations of managers in practicing corporate social disclosure. Social motivation refers to the disclosure of social activities to fulfil the needs of broader stakeholders, while political and economic aspects arise from the motivation to ‘obey the law and create economic benefit’. Dobbs and Staden (2016) discussed the outside-in and inside-out approaches used by companies to report CSER information. The outside-in approach refers to the obligation of a company to be accountable, while the inside-out approach uses CSER as a legitimate tool for engaging with stakeholders. Nugraheni and Anuar (2014) stated that the accountability of a company can be observed through its provision of reports on topics such as economics, financial issues, and social and environmental performance.

Garcés-Ayerbe et al. (2012) described the characteristics of a company that has a proactive strategy for CSER as including environmental aspects being a priority objective of the company, a specific budget being provided for environmental protection, the company always considering its impact on the environment, and some particular employees or departments specialize in this aspect. In contrast, reactive companies will provide resources and time to protect the environment to comply with regulations and to meet pressures from stakeholders and will use external expert(s) in the field of environment to handle these aspects.

Dahlander and Piezunka (2014) explained that a proactive strategy will provide mutual benefits for a company and its stakeholders because it opens up opportunities for the company to communicate with other parties through the provision of valuable information. In response, stakeholders can offer suggestions that will improve the quality of products and services, particularly if these stakeholders are suppliers or customers. While the reactive strategy also allows stakeholders to provide advice, the advice is then of a type that is intended to meet the needs of the stakeholders rather than the needs of the company.

Some studies have found that the extent of CSER in developing countries is still low. According to Haider

(2010), the characteristics of developing countries such as their politics and socio-economics will influence companies to disclose CSER. Hossain et al. (2017) explained that the lack of a regulatory framework is the factor contributing to low CSER levels in Bangladesh. Ali and Rizwan (2013) stated that a lack of public pressure and concerns is one of the determinants for low CSER levels in developing countries.

2.3. CSER in Indonesia

Indonesia is one of the developing countries enjoying significant economic growth. As a country with a large population (220 million), Indonesia is a promising place for trade and opportunities to invest for foreign investors. However, social and environmental issues arise along with growth in economic activities. Cahaya and Hervina (2019) stated that along with rapid economic growth, Indonesia faces complex social problems such as the conflict between companies and local communities and the use of child workers in many industries. In terms of CSR, issues still being faced by companies operating in Indonesia include pollution, poverty, health, environment, and social problems (Djajadikerta & Trireksani, 2012). Indonesia still has massive forest-fire problems such as those that have occurred in Sumatra and Kalimantan and have caused toxic hazes to spread to other parts of southeast Asia.

Furthermore, the compliance of companies with government regulation is still weak (Sugino et al., 2015). Nevertheless, the Indonesian government has become concerned about the impact of company activities on the environment, as can be seen from the regulations and programs of CSER development that have been established. Government Regulation 47 2012 relating to social and environmental responsibility regulates the activities of

companies to their surroundings. This regulation requires all Indonesian listed companies to report CSE information in their annual reports. Yaya et al. (2018) stated that this regulation has impacted the increase in CSER disclosure among Indonesian companies.

However, data from Indonesia’s Program for Pollution Control, Evaluation, and Rating (PROPER) for 2019 showed that only 1.27% (26 companies) of 2045 companies achieved a gold rating as a symbol of best environmental performance. The award is given to recognize the efforts of companies in improving their environmental management and community development performance on a local scale. The other results are summarized in figure 1 and the definition of each rating explained in Table 1:

Previous studies investigating CSR in Indonesian companies have produced varied results. Gunawan (2015) found that community concerns are the most influential drivers of Indonesian companies’ disclosures relating to CSR. In contrast, other findings suggested that creating a positive image, acting accountably, and fulfilling the demand of stakeholders are the three most important motivators for CSR disclosure in Indonesian companies. Sustainability and corporate governance issues are now considered to be important and integral aspects of company performance. A study by Trireksani and Djajadikerta (2016) focused on the corporate governance and sustainability disclosure practices in one of the emerging economies, Indonesia, and assesses the relationships between corporate governance variables and the extent of environmental disclosures made by the mining companies listed on the Indonesian Stock Exchange (IDX) in their annual reports. The main findings of this study show that the extent of environmental disclosure made by these companies was moderate and that there is a significant positive relationship between the size of board of directors and the extent of environmental disclosure

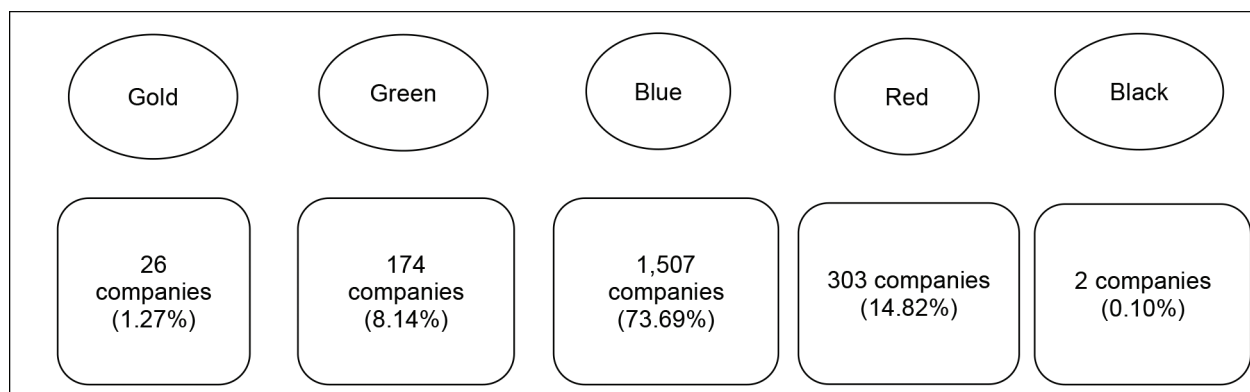


Figure 1: PROPER for 2019

Source: authors and <https://proper.menlhk.go.id/>

Table 1: Definition of PROPER rating levels

Compliance status	Colour rating	Performance criteria
Not in compliance	Black	Intentionally committing acts or negligence resulting in pollution or environmental damage, as well as violating applicable laws and/or not implementing administrative sanctions
	Red	Carrying out environmental efforts but not in accordance with the requirements as regulated in the legislation
In compliance	Blue	Carrying out environmental efforts required in accordance with the provisions of applicable laws and regulation
	Green	Conducting environmental management exceeding what is required in regulations (beyond compliance) through the implementation of environmental management systems and utilizing resources efficiently and carrying out social responsibility properly
	Gold	Showing environmental excellence consistently in the production process and services, and conducting business ethically and responsibly towards the community

Source: <https://proper.menlhk.go.id/>

Yaya et al. (2018) found that the practice of environmental disclosure in Indonesian listed companies increased after new regulation from the government about mandatory disclosure came into force, a finding which supports legitimacy theory. Hanifa and Cahaya (2016) found that the companies listed on the Indonesian Stock Exchange (IDX) have low levels of disclosures on voluntary social activities. These social activities that are communicated by companies are usually ‘society programs’, while programs such as ‘public policy, donations to political parties and actions taken in response to corruption incidents’ are seldom disclosed. Sugino et al. (2015) stated that the driving forces of CSR activities in palm oil processing companies are their relationships with local communities. These relationships can be characterized as being based on specific types of activities, among which are communication with local communities, compliance with law and regulations, the fairness of plantation management, and respect for local land rights.

3. Research Methodology

This study uses a qualitative approach to investigate the motivations of companies in conducting CSER and the relationship between CSER and organizational performance. The sample comprises Indonesian companies, both private and state-owned, engaged in sensitive industries. The Indonesian stock exchange (IDX) categorizes companies based on their main area of business. However, in terms of impact on the environment, previous studies have classified certain industries as ‘sensitive’, such as mining, property, energy, agriculture, paper and packaging (Raar, 2002)

or airline, agriculture, automobile, chemical, petroleum, forestry, and paper products (Hackston & Milne, 1996). Some Indonesian scholars (Gunawan, 2013; Trireksani & Djajadikerta, 2016) have used these classifications to examine CSR in Indonesian companies.

The data used in this study are both secondary and primary. Secondary data are drawn from annual reports and sustainability reports of companies listed on the IDX. This study conducts content analysis by identifying the content of annual reports and sustainability reports. Content analysis is developed as a tool by which to capture the content of annual and sustainability reports to enable identification of the motivations of companies in relation to their CSER and their performance. The analysis is conducted based on procedures used in previous studies (Barba-Sánchez & Atienza-Sahuquillo, 2016; Gunawan, 2015; Hossain et al., 2017).

This study also uses primary data by interviewing to investigate what types of strategies are devised by companies in implementing CSER and whether it influences the performance of these companies. The respondents of this study are managers of the company in the sensitive industry. Using personal interviews helps researchers to understand the perception of managers according to the real situation (Gunawan, 2015).

The data is analyzed using NVivo v.12 software, which enables the organization and retrieval of the data. NVivo is a software program used for qualitative and mixed-methods research. NVivo *helps* to discover richer insights from *qualitative* and mixed *methods research*. According to Hossain et al. (2017), NVivo can provide a more streamlined structure for detecting emerging themes.

4. Findings and Discussion

The industries sampled in this study follow the classifications of sensitive industries used by Hackston and Milne (1996) and Raar (2002) and include mining, agriculture, plantations, transportation, and chemical companies. Company data is obtained from the website of the IDX for companies that are considered as operating in sensitive industries. This study uses secondary data in the form of the annual reports and/or sustainability reports of the companies. There are twenty companies as samples in the study, consisting of chemical, mining, plantation, and agricultural companies. Interviews with the three management of the companies support the results of this study.

Content analysis was used to obtain information regarding CSER and company motivations and their relationship to company performance. The analysis was then processed using NVivo v.12 software. Figure 2 maps the study:

As can be seen from Figure 2, CSER and its impacts can be identified in many aspects. First, the motivations at play are based on the awareness of the company itself (proactive) or pressures from external parties such as government, society, suppliers, etc. (reactive). The environmental issue is one of the important aspects to develop the sustainability of industry (Zhao, 2016). Chulanova (2019) stated that the social orientation of the economy will encourage stability in society. The interaction of the company and its stakeholders should be established based on mutual benefit. Therefore, the implementation of CSER is expected to influence organizational performance both in financial and non-financial ways.

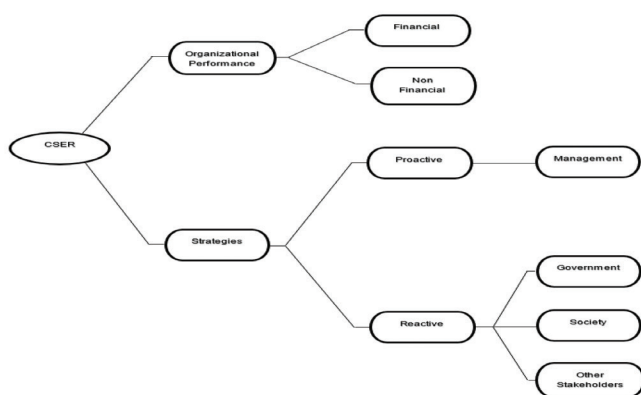


Figure 2: Map of the Research

4.1. Motivation and Strategy

The first aspect is the company’s motivation in disclosing CSE activities. In general, the study finds that the presence of a company amid society is the driving force for the company to contribute to the community in the form of CSE activities. This can be seen from the following statements:

[We] realize our moral responsibility to the surrounding neighborhood and the environment that supports business productivity, build a conducive and harmonious environment between the community and the company. (Company 7).

As a commitment to run an ethical business in social, economic, and environmental aspects to contribute to sustainable development goals and the aspirations of stakeholders. (Company 14).

The company understands that business activities must be carried out in balance and harmony with the environment and society. Therefore, CSR is considered to bring sustainable benefits to the company and all aspects involved in it. (Company 11).

The above statements indicate that companies have proactive motivations for activities that are carried out based on company awareness to provide benefits to the environment around them. This is consistent with a study by Dahlander and Piezunka (2014) who stated that a proactive strategy is carried out at the initiation of the company through engaging in CSE activities as a form of company contribution to society.

However, companies are aware that there is influence from other parties on their implementation of CSER, among which are society and governmental influences. Government regulations related to CSE activities and CSER encourage companies to make positive contributions to society, as exemplified in the following statements:

The regulator encourages the harmonization effort through Corporate Social Responsibility (CSR), which requires business entities to have policies and programs related to their commitment to building sustainable relationships with stakeholders (Company 16).

The regulations become the ground as well as the guideline for the company to carry out warranted and equitable social responsibility. (Company 6).

The interview respondents in this study also mentioned the role of government, society, and other stakeholders in

encouraging CSER activities. The government encourages such activities through regulation, while society can place pressure on companies to contribute to social activities:

The company considers that the rules are more than public pressure. What has been regulated by the government, as much as possible the company will implement it by observing the company's financial condition? (Respondent B).

The positive pressure is monitoring from the media and the society so they often observe it and we also provide information on what has been done. Negative pressure is demand from several NGOs. We take this pressure as a challenge for us to continue to develop CSR. (Respondent A).

However, they also stated that the government needs to increase its role through more specific regulations, a view that can be used as a reference point for government:

Regulation is still general. Not differentiated between business sectors. Plantations should be different from mining, etc. (Respondent B).

Another influence comes from the local community around the company. The company considers that if the community gets benefits from the company's existence, then the community will consider the company as being a part of the community that needs to be protected. This idea is consistent with a study by Muhammad et al. (2015) who stated that the 'partnership approach' between company initiatives and government encouragement is a strategic step that can encourage disclosure of corporate environmental performance by companies. This also supports research by Pérez (2015) who stated that CSR disclosure is a form of communication between a company and its stakeholders which enables the company to gain legitimacy as well as to improve its reputation. Consumers are also parties that should be considered by companies in conducting CSE activities (Kim & Hwang, 2014). According to Potluri et al. (2020), the positive perception of consumers toward the company can be influenced by the practice of CSR.

4.2. The Impact of CSER on Performance

Previous studies have found the influence of CSR on company performance (Jeon et al., 2019; Lee & Lee, 2014). This study obtained evidence that CSER can affect company performance, both non-financial and financial, and that of these, non-financial aspects of performance dominate the benefits received by the company. Several companies also comment that the benefits obtained from CSER include community support for the company's existence, harmonized relationships between community and company,

and sustainability of the company. In other words, the company gets legitimacy from the community to continue its operational activities. This can be seen in the following statements:

The company believes that fulfilling responsibilities to the community and the surrounding environment will provide great benefits for the sustainability of the company business. Therefore, we carry out various environmental and social empowerment programs and prioritize corporate governance as a way to ensure a balance between business performance and the expectation of all company stakeholders. (Company 15).

We believe that the existence of a company will be well accepted by the community and other stakeholders if social and environmental responsibility is carried out properly and responsibly. (Company 6).

The respondents give further explanation related to this aspect:

There are both long- and short-term effects. The short-term effect reduces the company's profit, the long-term effect creates a harmonious relationship between the community and company and will improve the smooth operation of the company. (Respondent C).

The main advantage of implementing CSR is that it increases the company's reputation. The company will be seen by society and the government.... (Respondent B)

This finding is in accordance with a research by Kim and Kim (2019) who stated that CSR has a positive impact on the relationship between companies and their stakeholders directly and indirectly and Gunawan (2013) who stated that legitimacy theory is in accordance with the context in Indonesia related to the factors that influence CSER. Besides, a company's success in achieving certain rewards in the social or environmental field also affects stakeholder acceptance of the company's activities. According to Muhammad et al. (2015), environmental awards are a means of promoting company legitimacy to stakeholders. Awards from the government or other agencies demonstrate recognition of the company's contribution to this aspect.

When stakeholders assess a company as being very responsive to the environment, a positive perception of the company will be created. The legitimacy obtained by companies provides positive benefits including increased sales, consumer loyalty, and greater respect from employees (Martínez et al., 2016). The company's operational activities can run smoothly, enabling sales activities to increase which in turn can produce the expected profit. Companies need to

have a plan and strategy in place to enable them to achieve the desired legitimacy. Involving stakeholders is one way of doing this (Brammer et al., 2012), and from this, the company's sustainability is also maintained.

5. Conclusions and Limitations

CSER can show the extent of a company's contribution to the welfare of the community and the preservation of the surrounding environment. CSE activities and CSER not only provide benefits to society and the environment but also have a positive impact on the company's sustainability, including impacts on company performance. This study aims to examine the strategies used by companies in CSER and to investigate whether there is a relationship between CSER and company performance.

This study uses two types of strategies – proactive and reactive – in describing the motivation of companies to implement CSER. The company's motivation can be driven by its awareness of the need to participate in improving people's lives (proactive strategy) or can result from encouragement or pressure from external parties (reactive strategy). The data used in this study is secondary data in the form of annual and environmental reports of companies and previous studies, together with primary data in the form of interviews.

The results show that the majority of companies engage in CSER because of their awareness of the part they play amid community life through their activities. CSER is a form of company contribution to improving community welfare through CSE programs. However, companies also realize the important role of stakeholders, including the government and the community, in supporting CSER. The government plays a role in issuing regulations on CSER that guide companies in carrying out these activities. Meanwhile, the community's recognition of a company's legitimacy contributes to the company's CSE activities and reporting. With the community receiving positive impacts from a company's existence, it is expected that the community will take up a role in maintaining and growing that company.

This study also found that CSR disclosure affects company performance, both financial and non-financial. Impacts on non-financial performance can be seen from community support, which is instrumental in improving company and product reputation and increasing efficiency in operational activities. Meanwhile, impacts on financial performance can be measured in terms of the short- and long-term benefits to the company.

The results of this study are expected to contribute in several ways: first, to the development of literature related to company strategies in carrying out CSER activities and their impact on company performance. The use of qualitative

methods in this study is expected to dig deeper into company motivations in CSER. Second, for companies, it can serve as an evaluation in planning and implementing CSER to maximize the company's contribution to the community and the surrounding environment. Third, for the government, CSER can be used as a tool to monitor CSE activities in companies and in improving community welfare. The existence of awards for companies for their CSE activities is also able to motivate companies to maintain and even improve their CSER programs.

However, this study also has several limitations. First, the limited number of companies in this study, which only includes those in the category of sensitive industries, means its results cannot be generalized. However, the combination of secondary and primary data helps provide information related to company CSER activities. Second, this study tries to explore the relationship between CSER and company performances. Further research can use other dependent variables to obtain information related to the positive impact of corporate CSE disclosure.

Based on these limitations, this study suggests some ideas for future studies. First, this study finds that company motivation in CSER can affect company performance. Future studies can enlarge on the results by increasing the number of companies sampled and widening the types of industries investigated. Second, the content analysis method can be complemented with a statistical analysis of secondary data to support the results of this study. Third, the companies state the importance of CSER and have discussed the CSER in their annual report, although with some different presentation and discussion methods. Future research can try to explore this phenomenon and link it to the company's motivation in running and reporting CSE programs.

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