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Corporate Social Responsibility (CSR) Disclosure, Earnings Response Coefficient (ERC), and the Chance to Grow

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Abstract: The purpose of this research is to find empirical evidence that disclosure of Corporate Social Responsibility (CSR) has a positive effect on the Earnings Response Coefficient (ERC). This study uses a sample of companies included in the SRI-Kehati Index for the period 2014-2018. This study was analyzed using Moderated Regression Analysis (MRA) with the SPSS version 20 application. The results of this study indicate that CSR disclosure has a positive effect on ERC, while growth opportunities cannot moderate the relationship between CSR disclosures on ERC. This study contributes empirically to the development of theories on corporate social responsibility.

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1. Introduction

Corporate responsibility in facing the economic crisis and the information age raises a new spirit, transparency and social awareness manifested in the form of Corporate Social Responsibility. Mahrani & Soewarno, (2018) also supports the company's CSR efforts as an ethical action that is in line with sustainable development and community welfare (Lie et al., 2020). Basically, the concept of CSR can be explained by stakeholder theory which states that all organizational activities that have an impact on the surrounding environment must be available to all stakeholders. By emphasizing the stakeholder pressure mechanism, the company's environmental performance will have implications for company value (Nurlaila et al., 2017; Csonka et al., 2018; Brzica, 2018; Afonso & Silva, 2019; An et el., 2019; Akin Arikan, 2019). In addition, CSR disclosures made by companies can establish communication that contains information in the annual report (Nasih et al., 2019).

Mahrani & Soewarno, (2018) states that communication with stakeholders regarding management performance has an important role in encouraging companies to carry out CSR activities. Where this activity aims to achieve long-term benefits and have an impact on the environment and welfare (Mulazid et al., 2017 and Nasih et al., 2019). Not only that, the CSR actions carried out by this company have an assessment effect on the loyalty of the company towards the environment and society (Lubis, 2018; Bomani et al., 2019; Adle & Akdemir, 2019; Antoni et al., 2019; Bello & Steyn, 2019). For example, in achieving long-term benefits, one of them is obtained by investing. Before investing, investors first look at the earnings information in the financial statements as a logical consequence of business practices (Kholis et al., 2016). The earnings measurement indicator used is the Earnings Response Coefficient (ERC). Earnings Response Coefficient (ERC) is defined as a coefficient that measures the amount of abnormal profit of a security as a response to the component of unexpected earnings the existence of globalization makes social information one of the factors that influence ERC. With CSR disclosure, it allows companies to gain social legitimacy that can benefit the company in the long term, (Nasih et al., 2019; Mahrani & Soewarno, (2018) and as a business strategy (Harymawan et al., 2020).

Corporate social responsibility refers to the management's responsibility to use their knowledge in a socially responsible way and contributes to the wellbeing of society as a whole. This is extremely important because businesses today rely heavily on the services that they provide to people (Nurlaila et al., 2017). In order to understand what corporate social responsibility disclosure is, it helps to look at the impact that companies have concerning today's social issues. Most businesses are involved in social issues either through their product offerings or their marketing campaigns (Mulazid et al., 2017). However, corporate social responsibility disclosure is very different from these types of social issues. It is far more than that. It is responsible behavior by a business towards their customers and society in general (Nasih et al., 2019).

When a company has a corporate social responsibility disclosure plan in place, it shows its stakeholders that the company is serious about contributing to the welfare of society as a whole (Mulazid et al., 2017). This shows that the company wants to see success for itself and its stakeholders as well. It also demonstrates that the company is willing to work with them to reach these stakeholders. When this happens, companies are more likely to get things done that benefit them in the end (Nurlaila et al., 2017). The first thing to realize when looking at corporate social responsibility disclosure is that a business has two kinds of social issues to deal with. First, there is what is known as a direct social problem. This problem is what gets noticed most often because it tends to be the most sensitive one. In many cases, this problem is what drives people to ask for a remedy or an improvement. The direct social problem can be anything from discrimination to workplace violence to child abuse or harassment (Nasih et al., 2019).

A business's direct social responsibility may also be called its environmental performance. In many ways, the environment is seen as one of the critical drivers of the business world. In general, an issue arose where a large oil palm plantation was being built in an environmentally sensitive area (Mulazid et al., 2017). The company building the plantation wanted to build it on what is one of the most sacred rivers in the country. The second kind of social issue that a company has to worry about when it comes to corporate social responsibility disclosure is the harm that it may cause to the environment. There are currently legal battles between the construction of a natural gas facility in Sabah, Malaysia, and the surrounding community (Nurlaila et al., 2017). This natural gas facility will generate enormous greenhouse gases, which will worsen the effects of the already devastating Malaysian floods. The company that is constructing the gas facility has also been criticized for not having the proper disclosure documents regarding the impact that the project will have on the environment (Nasih et al., 2019; Adell Carrasco et al., 2019; Chetthamrongchai et al., 2019).

This research was conducted with the aim of documenting empirical evidence of the relationship between disclosures of Corporate Social Responsibility (CSR) to the Earnings Response Coefficient (ERC) and documenting empirical evidence that growth opportunities can strengthen the relationship between disclosure of Corporate Social Responsibility (CSR) to the Earnings Response Coefficient (ERC). This study adds a moderating variable to examine the effect of CSR disclosure on ERC, namely growth opportunities. Syarifulloh and Wahyudin, (2016) said that investors will be more interested and confident in growing companies because of the expectation of higher benefits in the future. Opportunity to grow in research by Harymawan et al., (2020) states that this can be proxied in the growth of high margins, profits, and sales.

This study used a purposive sampling method and obtained 95 sample companies that can be used in this study. We require that the main criteria be listed in the SRI - Kehati index in 2014 - 2018. This study uses multiple linear regression analysis and shows Moderated Regression Analysis (MRA) using the SPSS application version 20.

This study shows that the disclosure of Corporate Social Responsibility (CSR) has a positive effect on the Earnings Response Coefficient (ERC). This study also shows that investors are interested in companies that disclose CSR in their annual reports, which means that CSR disclosure provides benefits in the form of closeness and trust from the community and provides a good corporate image. Meanwhile, in the moderation effect that we have determined, the opportunity to grow has no effect on CSR towards [ERC.

This research also contributes empirically, namely to the development of research in the field of Corporate Social Responsibility. The results of this study can also be used as a consideration for company decision-making in the management of their CSR report disclosure, including communicating the information needed and influencing the long-term effects received by the company. Furthermore, this paper will explain the theoretical basis and hypothesis development, the research methods used, the results of research and discussion, as well as conclusions and suggestions.

2. Literature Review

2.1. Stakeholder Theory

Goals of an organization in the future will influence or influence stakeholders in connection with all activities carried out by the organization. Organizational activities that have an impact on the surrounding environment must be reported to interested parties (Freeman, & Dmytriyev, 2017). The stakeholder theory is developed into two models namely: (1) the policy model and business planning, which focuses on discussing the appropriate ways companies use in managing the company's relationships with stakeholders. Support from stakeholders has a big impact on going concern a company Freudenreich, Lüdeke-Freund, & Schaltegger, 2020). This support is obtained by facilitating the needs of stakeholders who have power over the availability of useful resources for the company (Jahn, & Brühl, 2018). Furthermore (2) The corporate social responsibility model from management to stakeholders, focuses on company planning and an expanded analysis to include external influences that do not have a direct interest in the company but are concerned about social problems.

The effect of corporate social responsibility disclosure on a company's growth can be measured based on its effect on the share price (Freeman, & Dmytriyev, 2017). The earnings response coefficient can be defined as the average sales effect of a given change in company stock price over one year. Since most companies have some sales process, it is usually easy to determine an appropriate sales impact or earnings response coefficient for a given policy change. However, what is less common is an understanding of how policies may affect company growth (Jones, Harrison, & Felps, 2018).

Direct policy change occurs when a company's board of directors adopts a new policy. For instance, the adoption of shareholder voting rights causes most shareholders to purchase additional shares in the company (Jones, Harrison, & Felps, 2018). This results in a company's stock price increases and new shares being issued. Direct change provides valuable information about the company's stock price changes because shareholders are motivated to sell shares for several reasons, including a perceived increase in value and a decrease in risk (Freeman, & Dmytriyev, 2017).

It is important to examine the indirect impact of a new policy on company growth. An indirect impact occurs when a company adopts a new policy that affects a vital aspect of the business environment (Jones, Harrison, & Felps, 2018). For example, if a company adopts new environmental policies, it may significantly impact its water supply. A company's stock price may also decrease if a significant environmental policy is adopted. This represents the indirect impact of the adoption of the new policy on company stock price (Jahn, & Brühl, 2018).

This theory becomes a reference for companies to pay attention to the impact resulting from their main operational activities, thus giving birth to the concept of Corporate Social Responsibility (CSR) (Jones, Harrison, & Felps, 2018). The existence of CSR disclosure can strengthen the sustainability of the company in an area by building good relationships with stakeholders through programs designed in the context of developing the surrounding environment. Thus, the company has shown its responsibility.

Also, it is important to consider the impact of a company adopting a new policy that could affect its competitive position in the market. For instance, if a company adopts a social policy that requires company employees to buy shares in its stock, they consider whether company employees who buy company stock increase company stock price (Rao et al., 2018). One of the primary arguments against implementing social policies is that they may discriminate against employees or disinterested third parties (Jones, Harrison, & Felps, 2018). However, there are many reasons why a company would adopt a policy that may discriminate - for instance, and some people may not want to work for a company that is involved with social policies. (Mahmood et al., 2018) On the other hand, discrimination does not necessarily mean that the company is engaged in unlawful conduct. When a company adopts a policy that encourages investment in its stock by employees or others, it is usually providing this incentive as part of a corporate social responsibility initiative. Therefore, even if the policy encourages discrimination, the motivation for such action is not unlawful (Rao et al., 2018).

Another argument against the adoption of these policies is that the costs of implementing these policies may dissuade a company from taking the opportunity to improve its social responsibility initiatives (Mahmood et al., 2018). This argument is often made because the cost of implementing these policies may deter a company from making a substantial investment in its stock. However, the fact that these costs are relatively small compared to the value of the benefit associated with improving a company's social responsibility initiatives should persuade any company with an interest in improving its social responsibility to adopt these policies (Jones, Harrison, & Felps, 2018). Moreover, the costs of implementing these policies are not likely to deter companies from taking the time to ensure that they are fully compliant with their corporate policies and that they provide a real investment in their own company's future (Mahmood et al., 2018).

It is imperative to understand that corporate social responsibility disclosure influences a company's stock price depends on how the shareholders decide to sell their company's stock. If the shareholders decide to sell their company's stock before they implement a social responsibility policy, the company's share price will likely decrease (Jones, Harrison, & Felps, 2018). Conversely, if they decide not to implement such a policy, the share price may increase if their stock price increases. This indicates that whether or not the shareholders of a company believe that a company's social responsibility initiative will yield a significant benefit to the company's bottom line is likely to affect how the company's stock price relates to the company's overall stock price (Rao et al., 2018).

2.2. Signaling Theory

Signaling theory according to Alsos, & Ljunggren, (2017) is a strategy to reduce problems related to adverse selection. Internal parties who have the information will provide it to external parties. The information is considered as a signal which will then be interpreted by external parties to determine the decisions to be taken. The purpose of giving signals to external parties is to show that the company has good quality and it is hoped that external parties (the market) can differentiate between good and bad quality companies

This theory shows that company information (good news or bad news) provides both positive and negative signals to external parties. Company information can be in the form of accounting information or non-accounting information. In this study, the information used is the disclosure of CSR, which is expected to provide a positive signal for the value of the earnings response coefficient (ERC) (Power, 2017). The ERC value can be seen from the stock price movements at the time of the announcement. If the announcement is positive, it is expected that there will be a market reaction which can be seen from the movement of stock prices when the announcement has been received by the market (Rao et al., 2018).

2.3. Hypothesis Development

2.3.1. The Effect of Corporate Social Responsibility (CSR) Disclosure and Earnings Response Coefficient (ERC)

CSR disclosure is a form of company information that will influence decision making in order to determine the price of securities traded on the stock exchange (Kim, Seol, & Kang, 2018). Useful company information will show the quality of the company's earnings which has an impact on user decision making. There is a difference in the price response of a security, which makes it necessary to observe and analyze the price movements of the security. Earnings Response Coefficient (ERC) is a proxy used to measure the investor response coefficient to the value of information contained in earnings. Dewi, (2018) calculates the ERC value using the regression of Cumulative Abnormal Return (CAR) and Unexpected Earnings (UE). The regression referred to in the definition above is a reverse order or the average relationship between variables (in this case Cumulative Abnormal Return (CAR) and Unexpected Earnings (UE)). Corporate social responsibility deals to examine the disclosure of processes and to develop effective response to the stakeholders of the firm. The management of the firm strive to acquire earning response coefficient in order to develop effective corporate development that can be used to influence corporate structure.

Several studies have discussed the effect of Corporate Social Responsibility (CSR) on the Earnings Response Coefficient (ERC). Fauzan and Purwanto (2017) in their research show that CSR disclosure variables and company growth have a significant positive effect on ERC, while timeliness, profitability, and systematic risk do not have a significant effect on ERC. The results of this study are in line with Mahrani & Soewarno, (2018) found that disclosure of Corporate Social Responsibility (CSR) has a positive effect on the Earnings Response Coefficient (ERC).

The investment decisions made by investors depend on the information they have. However, often the information needed by investors is not available and is mostly owned by management (information asymmetry) (Mahrani & Soewarno, (2018). In accordance with the signaling theory (signal theory), CSR disclosure is one of the methods used to reduce information asymmetry. Therefore, CSR disclosure is one of the information that can attract investors, so that the wider CSR disclosure is expected to increase the ERC value (Nurlaila et al., 2017). Thus, the hypothesis we propose is as follows.

H1: Disclosure of Corporate Social Responsibility (CSR) has a positive effect on the Earnings Response Coefficient (ERC).

2.3.2. The Influence of Disclosure of Corporate Social Responsibility (CSR), Earnings Response Coefficient (ERC), and Opportunities for Growth

Opportunities explain the company's future growth prospects. Companies that have high growth possibilities will provide high benefits for investors in the future. Mahrani & Soewarno, (2018) stated that growth is a company's growth rate as measured by sales growth or company revenue. The company's growth is one of the considerations for investors to invest. Suartini and Sulistiyo (2017) define growth as the company's ability to grow sales from time to time. The higher the level of sales growth of the company, the company will succeed in executing its strategy. Transparency and disclosure is main focus of the firm that must be developed to influence corporate structure. Opportunities for growth through corporate sustainability can be developed to influence corporate development (Mahmood et al., 2018).

Taking from Abdullah et al., (2017) this study uses sales or revenue growth as a proxy that represents growth opportunities. This is because sales or revenue growth reflects the availability of large amounts of retained earnings that can be used by the company. The availability of retained earnings provides an opportunity for companies to fund corporate activities internally. In this study, the activities to be funded are Corporate Social Responsibility (CSR) which is expected to increase useful information for investors. Thus, the hypothesis we propose is as follows.

H2: Growth opportunities can strengthen the relationship between disclosures of Corporate Social Responsibility (CSR) to the Earnings Response Coefficient (ERC)

3. Methodology

3.1. Source and Data Collection

This research is a quantitative study using a purposive sampling method based on the criteria we have compiled and adjusted to our research needs. Table 1 is a sample table of research criteria which shows the 95 companies we used and registered in 2014 - 2018

Table 1. Sample Selection Results

No.	Description	Research Period				
		2014	2015	2016	2017	2018
1	Corporate Index Precautionary SRI registered SRI index-Biodiversity in the period 2014-2018	25	25	25	25	25
2	Companies which suffered merger or delisting in the year 2012-2018	0	0	0	0	0
3	Businesses Do not use the Rupiah currency in reports financial for 2012-2018	2	1	1	1	1
4	Companies that do not have complete data	7	5	4	5	3
5	Number of observations	16	19	20	19	21

3.2. Research Variables

The independent variable in this study is the disclosure of CSR information in the annual report of the companies for CSR Disclosure Index (CSRI). Measurement of CSR disclosure uses the CSR index, which is the relative disclosure area of each sample company on its social disclosure. The measurement instrument used in this study refers to the Global Reporting Initiative (GRI). The CSR information disclosure items used in this study refer to the Global Reporting Initiative G4 (GRI) and the GRI Standards obtained from the official site of GRI (2021).

The level of CSR information disclosure is calculated in two stages, namely adding up all the values of CSR items by giving 1 (one) point if disclosed in the annual report and 0 (zero) if not disclosed in the annual report for each sample. Next, compare the value of each sample with the total possible value (Dianawati, 2016). The formula for calculating CSR disclosure is as follows:

$$CSRI = \sum_{i=1}^{m_j} \frac{d_i}{N}$$

Description:

$CSRI$: Corporate Social Responsibility Index

d_i : Number of items for firm j, mj = Maximum score

N : Total number of CSR disclosures by company 1 = if item is disclosed; 0 = if item is not disclosed. Thus, 0 <CSRI <1

The dependent variable used in this study is the Earnings Response Coefficient (ERC). ERC is a measure of the abnormal return of a security in response to the shock earnings component of the reporting of the securities issuing company. ERC is measured through regression between Unexpected Earnings (UE) and Cumulative Abnormal Return (CAR).

CARit = β0 + β1UEit + εit (1)

Where:

CARit = Cumulative Abnormal Return of company i in year t

UEit = Unexpected Earnings of company i in year t

β0 = Earnings Response Coefficient (ERC)

β1 =Coefficient Unexpected Earnings

ε = standard error

ERC observations are carried out at t + 1 from the study period, namely 2014-2018; because the annual report is always published in the following year or after the year concerned has been audited. For example, in 2014 the annual report from PT. Astra Agro Lestari Tbk. published on February 20, 2015, then the reference for calculating is that date. Likewise, for other companies in the following years.

Cumulative Abnormal Return (CAR) is the accumulation of the difference between the level of actual profit and the amount of profit that is predicted to be obtained (Al-Shattarat and Al-Shattarat, 2017; Snyder, 2019). This study uses market adjusted models which assumes that the best measurement is return, the market index so there is no need to use an estimation period to form an estimation model, because return the estimated securities are the same as return the market indexing the same period (Chaabouni, 2017). The CAR for each sample (company i in year t) is calculated using the following formula:

$CAR_{i(t-3,t+3)}$

$\sum AR_{it}$ .... (2)

$AR_{it} = R_{it} - RM_{it}$ .... (3)

$R_{it} = \frac{P_{it} - Pi_{(t-1)}}{Pi_{(t-1)}}$ .... (4)

$RM_{it} = \frac{IHSG_{it} - IHSG_{i\,(t-1)}}{IHSG_{i\,(t-1)}}$ .... (5)

Information:

$CAR_{i(t-3,t+3)}$: Cumulative Abnormal Return sample i 3 days before and 3 days after the annual report is published

AR_{it} : Abnormal Return for sample i on day t of

R_{it} : Return Daily Of sample i on day t

RM_{it} : Return market index on day t

P_{it} : Price of share sample i at time t

$Pi_{(t-1)}$: The stock price of sample i at time t-1

$IHSG_{it}$: Composite Stock Price Index at time t

$IHSG_{i\,(t-1)}$: The Composite Stock Price Index at t-1

Unexpected Earnings (EU) is the difference that occurs because of the difference between actual profit and the predicted amount of profit. The EU is usually caused by changes in the share price of a company. In this study, the EU of each sample (company i in year t) was calculated using the random walk method with the following formula:

$$UE_{it} = \frac{E_{it} - E_{i\,(t-1)}}{E_{i\,(t-1)}} \quad (6)$$

Description:

UE_{it} : Unexpected Earnings for company i in period t

E_{it} : Company i profit after tax in period t

$E_{i\,(t-1)}$: Company i profit after tax in period t-1

The moderating variable used in this research is growth opportunity which is proxied by sales or revenue growth. The opportunity to grow can be calculated with the following formula:

$$Growth = \frac{Income_{\,t} - Income_{(t-1)}}{Income_{(t-1)}}$$

Information:

$Income_{\,t}$: Net income for the current year

$Revenue_{(t-1)}$: Net income for the previous year

3.3. Hypothesis Testing Model

This study utilizes multiple linear regression including an interaction variable which is product of multiplication of two or more. independent variable in the regression equation. The formula used is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1.X_2 + \varepsilon$$

Description:

α : constant value

β1, β2, and β3: successive coefficient of independent variables.

X1 : disclosure of Corporate Social Responsibility,

X2 : growth opportunity,

X1.X2 : Disclosure variable of Corporate Social Responsibility (CSR)

ε : error

4. Result and Discussion

4.1. Descriptive Analysis

Table 2. Descriptive Statistics Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ERC	95	-0.1737	0.2209	0.025549	0.0731426
CSR	95	0.0549	0.9670	0.302950	0.1494398
GROWTH	95	-0.3594	1.1062	0.127037	0.2168020

In Table 2, it can be seen that the Earnings Response Coefficient, which is proxied by ERC, shows information about the earnings quality of the company. The calculation results show that the lowest ERC value is -0.1737, while the highest ERC value is 0.2209 and the average value is 0.025549. The greater this value, the better the earnings quality of a company is because ERC is a reference in determining the price of securities traded on the stock exchange. CSR is a variable of Corporate Social Responsibility disclosure calculated using the Global Reporting Initiative (GRI) index which shows the percentage of disclosure of a company's CSR information. The calculation results show that the lowest CSR value is 0.0549, while the highest CSR value is 0.9670 and the average value is 0.302950. GROWTH is a growth opportunity variable that shows the company's future prospects as proxied by the growth in the company's net income. The calculation result shows that the lowest growth opportunity value is -0.3594, while the highest growth opportunity value is 1.1062 and the average value is 0.127037. These results indicate that the SRI-Kehati Index company has an average growth opportunity of 12.7%.

4.2. Model Analysis and Hypothesis Testing

Below are the results of multiple linear regression tests using independent variables in the form of disclosure of Corporate Social Responsibility (CSR) and the dependent variable in the form of Earnings Response Coefficient (ERC). In addition, there is also a moderation regression test by adding Growth Opportunities (GROWTH) as a moderating variable. The test results are:

Table 3. Results of Model 1Regression Analysis

Variable	Multiple linear regression			
	B	t	Sig.	Conclusion
Constant	-0007	-0399	0.691	
CSR	0.106	2.147	0.034	Significant
R	0217			
R2	0047			
TestF	4609			
Significance	0034			

Based on Table 3, the results of the regression model analysis showed that variables of CSR disclosure have a positive effect on the ERC. The coefficient of determination (R-square) shows how much all independent variables explain the dependent variable. In Table 3, the results of statistical calculations on multiple linear regression (model 1) obtained the R square or the coefficient of determination of 0.047. This means that the disclosure of Corporate Social Responsibility (CSR) is able to explain the ERC of 4.7%, while the remaining 95.3% is influenced by other variables that are not included in the variables contained in the research model.

Next, based on the results of moderation regression calculations in Table 4, the moderation regression equation can be formulated as follows:

$ERC = -0.011 + 0.131.\ CSR + 0.047.\ GROWTH + -0.259.\ INTERAKSI + \varepsilon$

Table 4. Results of Model 2 Regression Analysis

Variable	Multiple Linear Regression			Conclusion
	B	t	Sig.	
Constants	-0011	-0547	0586	
CSR	0131	2271	0025	Significant
GROWTH	0047	0570	0570	Not Significant
Interactions	-0259	-0923	0359	Not Significant
R	0245			
R^2	0.060			
Test F	1943			
Significance	0.128			

Interpretation of the results of the regression testing two models are:

a. The t test value on the disclosure variable of Corporate Social Responsibility (CSR) is 2,271 with a significance level of 0.025. This significance value is less than 0.05 so that H0 is rejected and H1 is accepted. It can be concluded that CSR disclosure has a significant positive effect on the Earnings Response Coefficient (ERC).

b. The t-test value on the interaction between the disclosure variable of Corporate Social Responsibility (CSR) and the opportunity to grow (GROWTH) is -0.923, with a significance level of 0.359. This significance value is greater than 0.05 so that H0 is accepted and H1 is rejected. This means that growth opportunities cannot moderate the effect of disclosure of Corporate Social Responsibility (CSR) on the Earnings Response Coefficient (ERC).

Based on Table 4, the results of the regression model analysis show that the Corporate Social Responsibility (CSR) disclosure variable has a positive effect on the Earnings Response Coefficient (ERC). This means that the more extensive the CSR disclosure, the Earnings Response Coefficient (ERC) value also increases. Furthermore, the interaction between disclosure of Corporate Social Responsibility (CSR) and opportunities for growth (GROWTH) has no effect on the Earnings Response Coefficient (ERC). The coefficient of determination (R-square) shows how much all the independent variables explain the dependent variable.

In Table 4, the results of statistical calculations in the moderation regression (model 2) obtained the R square value or the coefficient of determination of 0.060. This means that the disclosure of Corporate Social Responsibility (CSR) and the interaction of CSR disclosure and growth opportunities (INTERACTION) is able to explain the Earnings Response Coefficient (ERC) of 6%, while the remaining 94% is influenced by other variables that are not included in the variables contained in the research model.

4.3. The Effect of Disclosure on the Corporate Social Responsibility (CSR) Earnings Response Coefficient (ERC).

The results show that the first hypothesis is accepted, namely CSR disclosure has a positive effect on the Earnings Response Coefficient (ERC). The results of this study support the findings of Fauzan & Purwanto (2017), Mahrani & Soewarno, (2018). The positive regression coefficient shows that the wider the CSR disclosure, the higher the ERC value. Thus, it can be interpreted that in addition to company earnings information, investors also consider the CSR information disclosed in the annual report before making an investment decision. However, the results of this study differ from previous studies conducted by Siregar (2018) show that CSR disclosure has a negative effect on ERC, while the results of research conducted by Awuy et al. (2016) show that CSR disclosure has no effect on ERC.

The calculation results show that the average value of CSR obtained is 0.302950 or about 30.29%. When compared with the research of Mahrani & Soewarno, (2018) who got an average of 27.41% and Dianawati (2016) who got an average CSR result of around 20.10%, the disclosure of CSR in Indonesia has increased which shows that starting give attention to this activity for the common interest.

The t test value on the disclosure variable of Corporate Social Responsibility (CSR) is 2,271 with a significance level of 0.025 <0.05, so it can be concluded that CSR disclosure has a significant positive effect on the Earnings Response Coefficient (ERC). The positive relationship between the two variables confirms the stakeholder theory used as a reference in this study, because the form of corporate responsibility to parties with an interest in its operational activities is shown in the form of CSR activities disclosed in the annual report. In addition, the results of this study also confirm the signaling theory because CSR disclosure as company information is considered good news, which is then responded positively by the market, which is indicated by an increase in the ERC value obtained from stock price movements.

4.4. The Role of Growth Opportunity Moderation in the Relationship Between Disclosure of Corporate Social Responsibility (CSR) and the Earnings Response Coefficient (ERC)

The results show that the second hypothesis is rejected, namely growth opportunities cannot strengthen the relationship between the effects of disclosure of Corporate Social Responsibility (CSR) on the Earnings Response Coefficient (ERC). This means that the growth opportunity variable cannot moderate the relationship between the two variables because growth opportunity has no effect on CSR disclosure, so if it is used as a moderating variable it cannot have any impact. The results of this study differ from the findings of Munsaidah et al. (2016), Mahrani & Soewarno, (2018), and Wahyuningsih (2018) which state that growth opportunities can strengthen the relationship between disclosure of Corporate Social Responsibility (CSR) and Earnings Response Coefficient (ERC). However, the results of this study are in line with the findings of Munsaidah et al. (2016) which state that growth opportunities have no effect on CSR disclosure.

The t-test value on the interaction between the disclosure variable of Corporate Social Responsibility (CSR) and the opportunity to grow (GROWTH) is -0.923, with a significance level of 0.359> 0.05 so that it means that growth opportunities cannot moderate the effect of disclosure of Corporate Social Responsibility (CSR) on Earnings. Response Coefficient (ERC). The highest growth opportunity value is obtained by PT. Jasa Marga Tbk. namely 1.1061 and the lowest score obtained by Bumi Serpong Damai Tbk. which is -0.3594.

Growth opportunities that are proxied as sales or revenue growth have no effect on CSR disclosure. The reason is because many companies are not aware of the benefits of CSR activities for both companies and stakeholders, do companies prefer not to invest in growth in order to expand disclosure of these activities. As mentioned above, the average value of CSR disclosure obtained is 0.302950 or around 30% only. This value shows that Indonesia has carried out CSR disclosure activities, but also not many companies have paid attention to this activity, so the disclosure is not optimal.

Meanwhile, the income or sales growth that occurred during the study period was 0.12704 or around 13%. This figure shows that revenue or sales growth in Indonesia is not going fast. The slow growth of income or sales in Indonesia can be caused by the low purchasing power of local people and the company's weak ability to manage income properly. Thus, the company's low awareness of the importance of CSR activities is because the company is still profit-oriented.

Social responsibility, also called social responsibility, has become more important to companies over the years. The need for such a policy has become more prevalent, especially during the economic crisis. With the increased amount of job loss, the high rate of layoffs, and the overall economic situation, customers have been turned off by companies that do not practice acceptable social norms in their business operations. This has had a direct impact on the quality of products and services offered.

To survive in the business industry today, a company has to create products and services that will provide its customers with the best experience. This will also give employees a good service, which will result in customer retention. As loyal customers get disappointed in the quality of products and services provided by a company, they will stop patronizing that particular company. If that happens, the company's sales and profits will suffer.

This problem has become even more common because of the increasing corporate level of separation. Work relationships between employees are becoming more marked with the increasingly corporate structure. Businesses are also finding it challenging to build trust among their peers. Trust is the foundation of business relationship building. Without it, there is no chance of creating quality customer relationships.

Another effect of this policy is the decreasing number of face-to-face interactions among staff. When there are fewer face-to-face meetings, staff can be more likely to communicate with each other through verbal or written means. This will help improve the level of communication within a company as well as among the different departments. Through improved communication levels, workers will be able to reach decisions quickly and understand what the company needs to do to improve its processes and products.

5. Conclusion

The results of this study indicate that the disclosure of Corporate Social Responsibility (CSR) has a positive effect on the Earnings Response Coefficient (ERC). This study illustrates that the wider the CSR disclosure made by the company, the impact on the ERC value will also increase. This study also shows that investors are interested in companies that disclose CSR in their annual reports, which means that CSR disclosure provides benefits in the form of closeness and trust from the community and provides a good corporate image.

Furthermore, growth opportunities cannot moderate the effect of CSR disclosure on ERC because many companies do not invest their income in CSR activities. Companies prefer not to invest their income in CSR activities because of the low company's awareness of the benefits of CSR activities for both the company and stakeholders. The slow rate of growth in Indonesia has resulted in companies being more profit-oriented. The CSR activities done by the companies is as a responsibility fulfilment following the standard and regulation. However, their disclosure is not optimal.

The limitation in this study is that CSR is calculated using the GRI Index obtained from contextual analysis and there is no guarantee that the company has implemented the practice. Moreover, not all companies list items from the GRI Index in their reports. Suggestions that can be put forward in this investigation are companies that are included in the SRI-Kehati Index which list items from the GRI Proposal Index in their annual reports. The aim is to avoid the cost of CSR disclosure. In addition, companies should invest their income in CSR activities in order to get qualitative and benefit from these activities.

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