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Corporate Social Responsibility, Company Reputation, And Financial Performance: A Critical Perspective Approach

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ABSTRACT

This article aims to provide a critical review of empirical studies and other sources on Corporate Social Responsibility, corporate reputation, and company performance. Based on the results of research conducted on empirical studies and references others found some results, namely (1) Corporate Social Responsibility positive effect on the company's performance and company's reputation, (2) There is a bidirectional relationship between Corporate Social Responsibility with the company's financial performance, (3) Reputation Integration can be variable intervening on Corporate Social Responsibility relationships with the company's performance, (4) and type of industrial companies may moderate the relationship of Corporate Social Responsibility with the company's performance. Besides showing a link between Corporate Social Responsibility, reputation, and the company's performance, this paper also identifies four future research opportunities that can be conducted across many countries, especially in developing countries and Indonesia..
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Keywords: *Company's Performance, Company's Reputation, Corporate Social Responsibility*
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1. INTRODUCTION:

Currently, Corporate Social Responsibility (CSR) has become a major public issue. Companies in various countries, including Indonesia, have also participated and claimed to have conducted CSR activities. This CSR practice evolves as claims emerge that the company not only focuses on profit targets but must also consider the environmental impact of its operations. Based on these claims, the Indonesian government enacted Law No. 40/2007, which obliges companies to uphold social and environmental responsibility and to report on it in their annual reports. Under the regulation, the company is required to implement CSR activities.

Stakeholder demands and government regulations under Law No. 40/2007 have turned Corporate Social Responsibility (CSR) activities a tool of legitimacy for the company to obtain permission for its operations. This aligns with a theory of legitimacy, which holds that the company has a contract with the community through its activities, grounded in justice values, and that the company responds to various interest groups to legitimize its actions (Tilt, 1994; Haniffa & Cooke, 2005). Thus, the company's value system must align with the community's system to maintain its legitimacy and operations. The implementation and disclosure of corporate CSR in the company's annual report are one way for companies to maintain and protect, and legitimize, their contributions to the economy and politics (Guthrie & Parker, 1990).

The implementation and Disclosure of Corporate Social Responsibility (CSR) information are often associated with improvements in corporate image. With CSR conducted and disclosed by the company, it can ultimately improve the company's reputation because it is seen to have concern for the damage resulting from its operating activities. According to Brammer and Millington (2005), corporate social responsibility (CSR) actions positively affect a company's reputation. Thus, the better the company performs and discloses its social responsibilities, the stronger its reputation will be.

A reputable company is one seen as having positive value in society, which can enhance future company performance. According to Whooley (2005), there is nothing flossy about the importance of reputation. Reputation will increase the profitability and long-term viability of the business if used appropriately. Whooley (2005) statement aligns with the results of research conducted by Mc. Guire, Sundgren, and Schneeweis (1988), who use the company's

reputation ranking from Fortune magazine, stated that the company's performance in the previous period, proxied by the stock return, affects the company's subsequent social responsibility performance. This shows that companies with a good reputation can deliver strong performance because stakeholders view them as having a positive overall corporate value.

Based on the above-mentioned, there is a relationship between Corporate Social Responsibility (CSR), corporate reputation, and company performance. Research on the relationships between Corporate Social Responsibility (CSR) companies and company reputation, and between Corporate Social Responsibility (CSR) companies and company performance, has been conducted by many researchers in various countries. This article aims to critique research on Corporate Social Responsibility (CSR) relationships, corporate reputation, and company performance, drawing on the results of other researchers' studies. In addition, this article will also conclude the relationship between these three things (Corporate Social Responsibility (CSR), corporate reputation, and company performance). These conclusions will yield insights into the red thread of Corporate Social Responsibility, corporate reputation, and company performance, opening new research opportunities for Corporate Social Responsibility (CSR) in the future, especially in Indonesia.

2. LITERATURE REVIEW

Legitimacy Theory

There is no single theory that universally explains the practice of implementing Corporate Social Responsibility (CSR). However, most current CSR research mainly relies on legitimacy theory (Deegan 2002: 285). Indeed, "perhaps legitimacy theory is the most widely used theory to explain environmental and social disclosure" (Campbell, Craven, & Shrives, 2003: 559) while, according to Gray, Kouhy, & Lavers (1995), legitimacy theory has advantages over other theories because it provides disclosure strategies that organizations can adopt to legitimize their existence that can be tested empirically. Therefore, this article adopts legitimacy theory as a theoretical perspective to explain variations in CSR.

Legitimacy theory derives from the concept of organizational legitimacy, which has been defined by Dowling & Pfeffer (1975:122) as "…a condition or status that exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part." When there is a gap — actual or potential — between these two value systems, the entity's legitimacy is threatened. Legitimacy theory posits that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies. From a legitimacy theory perspective, a company would voluntarily report on its activities if management perceived that those activities were expected by the communities in which it operates (Deegan, 2002; Deegan, Rankin & Voght, 2000; Cormier & Gordon, 2001).

Legitimacy theory holds that there is a 'social contract' between a company and the society in which it operates (Deegan, 2000; Deegan, 2002; Mathew, 1993; Patten, 1991, 1992). Shocker & Sethi (1973: 67) provide an overview of the concept of a social contract: Any social institution and business is no exception operates in society via a social contract, expressed or implied, whereby its survival and growth are based on: (1) the delivery of some socially desirable ends to society in general; and (2) the distribution of economic, social or political benefits to groups from which it derives its power.

Corporate Social Responsibility (CSR)

CSR is seen as a key tool to advance competitive advantage, creativity, and innovation, and enhance a company's reputation in society through customers, employees, partners, government agencies, and non-governmental groups. There are many definitions and interpretations of the CSR concept in the literature (Grigoris, 2016; Martín de Castro & González-Masip, 2020; Enderle, 2021; Das, Taneja, & Arora, 2021). As a result, there is no universally accepted definition of this concept. Because the concept of CSR is widely distributed, it makes it difficult for companies and practitioners to gain a clear understanding of what it means and encompasses. The Commission of the European Communities (2001) states that CSR is a concept in which companies voluntarily integrate social and environmental issues into their business operations and interactions with stakeholders. According to this definition, CSR covers social and environmental issues. CSR is a voluntary concept that describes how companies interact with their internal and external stakeholders (employees, customers, neighbors, non-governmental organizations, public authorities, etc.).

Carroll (1979) provides a very broad definition and explains this concept. His definition of CSR includes ethical, legal, philanthropic, and economic considerations. Carroll (1979) argues that according to this concept, companies have four responsibilities, namely 1) Economic responsibility; 2) Legal responsibility; 3) Ethical responsibility; and 4) Discretionary responsibility. According to Carroll (1979), companies that demonstrate proactive CSR will not only contribute to community welfare but also improve their own performance. However, regardless of the various interpretations of this concept, its meaning is basically the same. Therefore, CSR refers to a business's ethical behavior towards its constituents or stakeholders. CSR should not be separated from the company's business strategy and operations. CSR is very important for companies to integrate social and environmental issues into their business strategies and operations.

According to Frankental (2001), CSR includes corporate governance procedures, the market's view of organizations' ethical stances, the lack of a clear definition, acceptance, or denial, the lack of formal mechanisms for taking responsibility, and the priority that most organizations give to social responsibility. The broadest definition of social responsibility is that the continued existence of companies is based on an implicit agreement between business and society. In effect, companies are licensed by society to provide the goods and services that society wants and needs. The freedom of companies to operate is therefore dependent on their delivering whatever balance of economic and social benefits society currently expects of them (Cadbury, 2006).

3. METHOD

This research is a qualitative study that uses a literature review with a critical perspective. The literature review process focuses on corporate social responsibility, corporate reputation, and the company's performance. The literature review aims to identify new insights into the role of corporate social responsibility in improving corporate reputation and the company's performance. Therefore, this research will review and synthesize several articles published in various indexed international journals. In the next section, the relationship between corporate social responsibility, corporate reputation, and the company's performance will be discussed. This paper also identifies future research opportunities related to the implementation of corporate social responsibility, corporate reputation, and the company's performance in Indonesia.

4. EMPIRICAL STUDY RELATIONSHIPS CSR, COMPANY REPUTATION, AND COMPANY PERFORMANCE

Research examining the influence of Corporate Social Responsibility (CSR) on corporate reputation is still rarely conducted across countries. The author found only five studies examining CSR and company reputation. Hillenbrand & Money (2007); Melo & Morgado (2011); Mukasa et al. (2015) conducted a study on the influence of CSR on the company's reputation in developed countries, namely England, the United States, and Korea. At the same time, Samuel & Wijaya (2008) and Khan et al. (2013) conducted research on the influence of CSR on corporate reputation in developing countries, namely Indonesia and Pakistan.

The results of research conducted both in developed countries (Hillenbrand & Money, 2007; Melo & Morgado, 2011; Mukasa et al, 2015) or in developing countries (Samuel & Wijaya, 2008; Khan et al, 2013) show that Corporate Social Responsibility (CSR) has a significant influence on the company's reputation. This indicates that, in both developed and developing countries, stakeholders consider the Company's CSR activities when assessing its image. Samuel and Wijaya (2008) also reported in their research that the positive impact of CSR on corporate reputation will ultimately affect customer purchase intention.

Research on the influence of CSR on a company's performance has been more widely conducted than on its influence on a company's reputation. The author identified 10 studies on the influence of CSR on corporate performance. McGuire et al. (1988); Scholtens (2008); Rodriguez & Fernandez (2016) conducted a study on the influence of CSR and corporate performance in developed countries, namely the United States and Spain. While Titisari (2008); Ali et al (2010); Mishra & Suar (2010); Muid (2011); Dkhili & Ansi (2012); Mustafa & Handayani (2014); Saeidi et al (2014) conducted a study related to the influence of CSR on the performance of companies in developing countries namely Indonesia, Pakistan, Iran, Tunisia and India. Based on some of these studies, researchers found different res
ults.

Research in developed countries (McGuire et al., 1988; Scholtens, 2008; Rodriguez & Fernandez, 2016) suggests a significant relationship between CSR and firm performance. So, a profitable company is a social company, or a social company is a profitable one (Rodriguez & Fernandez, 2016). Ali et al. (2010) and Mishra & Suar (2010) found that CSR has a significant effect on financial performance. However, Titasari (2008) and Handayani & Mustafa (2014) stated that CSR does not affect company performance. While Muid (2011) stated that only CSR (Social) influences performance, and Dkhili & Ansi (2012) stated that CSR affects financial performance as measured by Return on Equity (ROE).

Based on several studies, the influence of CSR on performance in developing countries varies. The differences in outcomes can be caused by many factors, including the performance measures used, intervening variables, and the uncertain economic conditions in developing countries. Saedi et al. (2014) demonstrate the role of the intervening variable in their research. His research found that reputation and competitive advantage mediate the relationship between CSR and company performance. Thus, Saedi et al. (2014) found that CSR's role indirectly enhances company performance by strengthening reputation and competitive advantage among manufacturing and consumer product companies in Iran.

The inconsistency in research results on the effect of CSR on performance ultimately led to a desire to review empirical studies. Based on two studies by Samuel & Wijaya (2008) and Saedi et al. (2014), this study examines the mediating role of reputation in the influence of CSR on company performance. Therefore, in the next section, the author will explain the relationships among CSR, corporate reputation, and company performance, based on theoretical reviews of these areas, and will then link them to empirical studies. The authors hope that the review can be situated within the red thread of CSR relations, corporate reputation, and company performance, and that it identifies future research opportunities related to all three.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMPANY REPUTATION

Reputation or corporate image is an important factor in a company's business continuity. Sutojo (2004) stated that a strong corporate image benefits the attainment of medium- and long-term competitiveness. Companies with medium- and long-term competitiveness will be able to survive in conditions of high business competition and in crisis conditions as well. Therefore, companies should help stakeholders form a positive assessment of the company, thereby strengthening its image. Roslina (2010) states that corporate image is a perception of external stakeholders. Thus, if external stakeholders have a positive assessment of the company, it can be said that the company has a strong corporate image or corporate reputation, and vice versa. Corporate image can be measured using six dimensions. Spector (1961) mentions six dimensions for measuring the company's image: dynamic, cooperative, business-wise, character, successful, and withdrawn. Spector (1961) states that the character dimension has the greatest influence on corporate image assessment

A company's character can be built in various ways to foster a good reputation. One way to build a strong company character is to engage in Corporate Social Responsibility (CSR) activities. CSR activities can enhance the company's corporate character in the eyes of external stakeholders by signaling a value system in harmony with the community's values. Companies are considered to have concern for the environment and not just pursue profit alone. In addition, CSR activities undertaken by the company will be required to maintain the company's legitimacy with external stakeholders, so that its activities can continue. This is because the company has a contract with its stakeholders to conduct its activities in accordance with the values of justice and to respond to various interest groups to legitimize its actions (Tilt, 1994; Haniffa & Cooke, 2005). Thus, companies should conduct CSR activities effectively to gain legitimacy and a positive character assessment from external stakeholders.

Corporate Social Responsibility (CSR) is a company's commitment to creating better economic, social, and environmental conditions. This aligns with Chahal & Sharma (2006) and Russo & Tencati (2009), who state that CSR encompasses three dimensions: economic, social, and environmental. Effective CSR activities across the economic, social, and environmental sectors will enhance the company's reputation. Kotler & Lee (2005) stated that the proper implementation of CSR will provide many benefits for the company, including improved reputation. This can be exemplified by companies that have adopted the concept of reduce, reuse, and recycle, which can certainly attract attention from external parties. The public will judge that the company cares about the surrounding environment, which, in turn, will result in a positive reputation for the company.

Khan et al. (2013) have shown that there is a positive relationship between CSR activities that are environmentally, socially, and economically oriented and the company's reputation. In other words, the better the company's CSR activities, the better its reputation in the eyes of external stakeholders, and vice versa. The results of research conducted by Khan et al. (2013) in Pakistan, a developing country, were also supported by research findings from developed countries. Hillenbrand & Money (2007); Melo & Morgado (2011); Mukasa et al. (2015), who researched the influence of CSR on corporate reputation in developed countries — namely England, the United States, and Korea — also reported results similar to those of Khan et al. (2013). Hillenbrand & Money (2007); Melo & Morgado (2011); Mukasa et al. (2015) stated that the company's CSR activities have a positive effect on its reputation. This indicates that, in both developed and developing countries, a company's CSR activities can affect its reputation.

CSR activities can positively affect the company's reputation because they are a form of corporate philanthropy aimed at addressing the environmental impact the company causes. Therefore, the company is said to successfully conduct its CSR activities if it can reduce the negative impact of its operating activities. Mukasa et al. (2015) state that charitable contributions and toxic emissions from each company's activities have both positive and negative impacts on shareholders' returns and that companies can utilize CSR activities to develop current reputation competencies. Based on these explanations, the company needs to conduct CSR activities in line with the emissions generated by its operations to improve its reputation and increase its stock returns.

CSR activities that reduce pollution from emissions can improve a company's reputation; therefore, they must be tailored to each company's industry. This is because the industry type can determine the levels of emissions generated and the environmental damage. Melo & Morgado (2011) have demonstrated the influence of industry types on CSR relationships and corporate reputation. Melo & Morgado (2011) in their research of public companies in the United States from 2003 to 2007 found that the five dimensions of CSR, namely employee relations, diversity issues, product problems, public relations, and environmental issues, have an influence on the reputation of a company, moderated by the type of the company's industry. Melo & Morgado (2011) stated that companies in non-financial industries have a significant influence on three of the five dimensions of CSR: public relations, product issues, and diversity of issues. Thus, the company needs to align its CSR activities with the level of emissions generated by its type of industrial company to positively affect its reputation.

Based on the theoretical foundations and research results, it can be concluded that the company's CSR activities positively affect its reputation. Corporate CSR activities can build a strong corporate reputation by addressing the company's negative environmental impact. Corporate CSR activities can be successful and improve the company's reputation if they reduce the environmental impact of the company's emissions. Therefore, when conducting CSR activities, the company must adjust its emissions and pollution levels based on its industrial type. Thus, CSR in each Company varies according to its industry.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND FINANCIAL PERFORMANCE (CFP)

Financial performance is a vital indicator of corporate health. The company's financial performance is the condition of a company that is analyzed using financial analysis tools. Financial performance is used as a measure of both a company's poor financial condition and the performance of its management over a given period. Tampubolon (2005: 20) states that financial performance is a measure of the company's performance resulting from the management decision-making process, as it involves capital utilization, efficiency, and the profitability of the company's activities. Thus, good financial performance indicates that the company's management is also effective, and vice versa.

Company performance is an important indicator not only for the company but also for investors. Performance is the result achieved through activities carried out with available resources, measured using a standardized size (Felisia, 2011). Financial performance is useful information for investors when making investment decisions about a company. Therefore, the company should be able to provide information about its performance, which will increase investor confidence and encourage continued investment in the company.

Various ways that the company can use to produce good financial performance. One way to achieve good financial performance is through Corporate Social Responsibility (CSR) activities. CSR activities can improve the company's financial performance because engaging in CSR and disclosing corporate CSR information can enhance the company's legitimacy with external stakeholders. Disclosure of CSR information in the annual report is one way for companies to build, maintain, and legitimize their corporate contributions in the economic and political spheres (Guthrie & Parker, 1990). The legitimacy the company has gained will keep it alive and create long-term benefits. Finch (2005) states that companies using the sustainability reporting framework aim to communicate management performance in achieving long-term benefits for stakeholders. The company's long-term profits will ultimately enable it to perform well.

CSR activities are conducted for long-term benefits, but to perform CSR, companies must have achieved a profit in the previous period. Thus, between corporate CSR activities and company performance, a two-way relationship exists. McGuire et al (1988), Scholtens (2008), and Rodriguez & Fernandez (2016) show that there is a two-way relationship between CSR activities and company performance. McGuire et al. (1988), Scholtens (2008), and Rodriguez & Fernandez (2016) stated that the company's financial performance in previous periods affects its CSR activities, and that the Company has undertaken measures that will affect its performance in the next period. In other words, the company's CSR activities help maintain its long-term performance. Statements by McGuire et al (1988), Scholtens (2008), and Rodriguez & Fernandez (2016) support the triple bottom line concept from Elkington. The concept of the triple bottom line essentially explains that the company should focus on generating and growing while taking into account the human condition and the environment around the company's operations.

The positive influence of CSR activities on this company's performance makes investors pay closer attention to companies with strong CSR practices. This is because the activity's positive impact on the company's performance will ultimately affect the company's Return on Equity (ROE). The company's return on equity indicates its ability to deliver high stock returns to investors. Dkhili & Ansi (2012) stated that the company's CSR activities have a positive and significant impact on the Company's Return on Equity (ROE). With a high ROE, the company can deliver high stock returns to investors. Muid (2011) states that companies' CSR activities in the social field can affect stock returns. Based on the reasons that make investors more like companies that do CSR activities because it is considered to provide long-term benefits.

The positive and two-way influence of CSR activities on firm performance is something that has been recognized by some researchers (McGuire et al., 1988; Scholtens, 2008; Ali et al., 2010; Mishra & Suar, 2010; Muid, 2011; Dkhili & Ansi, 2012; Rodriguez & Fernandez, 2016). This indicates that the company's CSR activities are not only undertaken to comply with regulations but also because they are useful to the company. Finch (2005) states that CSR is useful for communicating management performance and achieving long-term benefits for stakeholders. Corporate CSR activities are a means of communicating to investors that the company's performance is in good shape, as only good-performing companies can engage in CSR activities (McGuire et al., 1988; Scholtens, 2008; and Rodriguez & Fernandez, 2016). Thus, the investor will be interested in investing in the company, and in the end, the company's capital will continue to grow in line with the increasing capital from investors. The additional capital from these investors will ensure smooth operations, leading to increased profits and maintaining the company's financial performance in good condition. Based on this, the company will always conduct CSR activities and disclose this information in its annual report to achieve long-term profitability and good financial performance.

7. CORPORATE SOCIAL RESPONSIBILITY (CSR), COMPANY REPUTATION, AND FINANCIAL PERFORMANCE (CFP)

Corporate Social Responsibility (CSR) is an activity undertaken by a company to demonstrate concern for the environment around it. The company engages in CSR activities to fulfill social contracts with the community in its operating environment. This is in accordance with legitimacy theory, which states that the company has a contract with the community to perform its activities in accordance with the values of justice and that it responds to various interest groups to legitimize its actions (Tilt, 1994; Haniffa & Cooke, 2005). By engaging in CSR activities, the company will be seen as meeting prevailing social values , thereby being acknowledged by the community for its existence. The company's CSR activities are based on the triple bottom line, encompassing profit, people, and the planet. Suharto (2007) stated that companies should be oriented toward economic gain while also caring for human and environmental welfare and biodiversity. In other words, the company should not focus solely on maximizing profit without considering the negative environmental and societal impacts of its operations.

The concept of the triple bottom line in Corporate Social Responsibility (CSR) shows that companies that perform CSR activities are those that experienced profits in the previous period. MC Guire et al. (1988) and Scholtens (2008) stated that the Company's financial performance always precedes corporate CSR performance. This is because the cost of conducting CSR activities is not small, so the company must have a high level of profit to perform them. Thus, companies that suffered losses certainly will not be able to perform CSR activities. Based on the explanation, the company should be able to deliver good performance in carrying out CSR activities and fulfilling the social contract with the community, so that the community can acknowledge it.

Companies that have undertaken CSR activities will then disclose this information in their annual reports. Disclosure of this CSR activity information is based on several reasons, one of which is to gain long-term benefits. Finch (2005) states that companies using the sustainability reporting framework aim to communicate management performance in achieving long-term benefits for stakeholders. Companies can gain long-term benefits from CSR activities because they are perceived as concerned about social and environmental issues important to society. Ahmed et al. (2003) state that CSR disclosure by a company is aimed at being viewed as a responsible citizen, thereby ultimately improving the company's image. Thus, the company can gain long-term benefits from CSR activities through a strong corporate reputation with external stakeholders.

The image shows a person being assessed against an object. Roslina (2010) states that corporate image is a perception of external stakeholders. The image is the company's main goal and, at the same time, its reputation and achievements. CSR activities and disclosures by the company are one way to build a good image for the company. CSR activities and disclosures can foster a strong corporate character by demonstrating concern for the environment and society. The good character then affects the company's image, as character is the most influential dimension of the company's image. Spector (1961) states that dimensionality has the greatest influence on the assessment of corporate image. Based on the explanation, the company must consistently perform activities and disclose CSR to create a strong corporate character that will impact the corporate image.

Corporate CSR activities may vary according to the country's prevailing issues and the level of pollution generated by the company. Different CSR activities from these companies will still affect the company's image if done appropriately. Kotler & Lee (2005) stated that the proper implementation of CSR will provide many benefits for the company, including improved reputation. Thus, however and wherever companies conduct and disclose CSR information, it will still have a positive impact on the company's reputation as long as it is done appropriately. The results of research by Khan et al (2013), Hillenbrand & Money (2007), Melo & Morgado (2011), Mukasa et al (2015) have proved that either in developing countries (Khan et al, 2013) or in developed countries (Hillenbrand & Money, 2007; Melo & Morgado, 2011; Mukasa et al., 2015) CSR activities continue to affect the company's reputation. Therefore, companies in developed and developing countries need to continue their CSR activities and communicate them to create a strong corporate reputation.

The company's CSR activities can build a strong reputation, as they are a form of corporate philanthropy aimed at reducing the impact of corporate pollution. Thus, the company's CSR activities must be tailored to its industry to precisely reduce the pollution it produces. Melo & Morgado (2011) have proven the influence of industry type on CSR relations and company reputation. Melo & Morgado (2011), in their research on public corporations in the United States from 2003 to 2007, found that the industrial model of the firm moderated the relationships between CSR (employee relations, diversity issues, product issues, public relations, and environmental issues) and company reputation. Melo & Morgado (2011) stated that companies in non-financial industries have a significant influence on three of the five dimensions of CSR, namely community relations, product issues, and diversity of issues. Thus, the company needs to align its CSR activities with the level of emissions generated by its type of industrial company to positively affect its reputation.

A good corporate image resulting from CSR activities and disclosures will benefit the company's performance. Sutojo (2004) stated that a strong corporate image has benefits, among others, in enhancing the company's medium- and long-term competitiveness. Their improved financial performance can illustrate the competitiveness of companies in the medium term. Financial Performance is an illustration used to assess both a company's financial condition and its performance over a given period. According to Ampubolon (2005: 20), financial performance is a measure of corporate performance generated by the management decision-making process, as it involves capital utilization, efficiency, and the profitability of the company's activities. To measure the company's financial performance, it is usually assessed by accounting profit, with common profitability ratios including Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), Residual Income, and Return on Sales (ROS). In addition, financial performance can also be measured through Economic Value Added (EVA) and Financial Value Added (FVA).

Company performance can increase due to corporate reputation, particularly among external stakeholders, as purchase intention for the company's products rises. The public finds the CSR of a company's products more desirable because the company's products are considered environmentally friendly and safe to use. Samuel & Wijaya (2008) stated that CSR activities have a positive effect on corporate image and customer purchase intention. Thus, the company's CSR activities indirectly affect its performance through its reputation. This is similar to that reported by Saedi et al. (2014), which states that the company's reputation and competitive advantage mediate the indirect effect of CSR on corporate performance. Increased performance will ultimately affect the company's ability to deliver high returns to investors.

McGuire et al (1988). Titisari (2008) and Muid (2011) stated that CSR activities have a positive influence on stock returns. CSR activities that increase corporate profits by driving high customer purchase intention can ultimately yield a high return on equity. The high return on equity of this company enables it to provide a high return on capital paid to investors, because its profits exceed the amount of equity in the form of company stock. Dkhili & Ansi (2012) state that companies' CSR activities have a positive effect on the company's Return On Equity. In other words, the better the Company
's CSR activities, the stronger its ability to deliver stock returns to investors, making it more attractive as an investment. Thus, the company will obtain additional funds, thereby increasing the capital it uses to run its operations. So this resulted in the company again achieving better performance in the next period.

Based on the explanation, it can be concluded that there is a continuous relationship between CSR activities, reputation, and company performance. CSR activities can proceed if the company's financial performance in the previous period was strong, enabling it to meet the required CSR costs. In other words, the company's financial performance precedes the company's social performance. Furthermore, the company's CSR activities can help it gain recognition, as they are seen as a sign of care for the environment and the community. That way, the company's reputation will be strong in the public's eyes. A strong corporate reputation ultimately leads to greater public purchase intent for its products. This indicates that the company's revenue will increase. Increased income from the company will also increase its profit, thereby increasing the Company's Return On Equity. The Company's high Return On Equity enables it to deliver strong stock returns, thereby attracting more investors. The explanation can finally be concluded that there is a two-way relationship between CSR activities and the company's performance and reputation, which serves as a mediator in CSR relationships with company performance. Rodriguez & Fernandez (2016) argue that profitable companies are sociable, and that sociable companies become profitable.

8. EMPIRICAL STUDY OPPORTUNITY RELATED TO CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDONESIA

As explained in the previous section, CSR activities, reputation, and company performance are mutually related. Corporate CSR activities are interconnected with corporate performance in two ways, while company reputation can serve as a mediator in CSR relationships with company performance. The relationship between CSR activities, reputation, and the performance of these companies can ultimately provide academics with an opportunity to conduct future research to empirically test the relationship. Academics can research CSR, reputation, and company performance while accounting for the limitations of prior research. Thus, it is expected that future research will be better than the previous research. This research opportunity also needs to be conducted in Indonesia, where the majority of CSR and performance research yields inconsistent results. The following authors offer possible opportunities for future CSR research.

The first research opportunity is to use corporate reputation as a mediating variable in CSR activity-company performance relationships. This research opportunity arises from inconsistent findings across several studies examining the influence of CSR activities on corporate performance in developing countries. The results of inconsistent research on the relationship of CSR activities to firm performance were found in the results of the research of Ali et al (2010), Mishra & Suar (2010), Tirtasari (2008), Handayani & Mustafa (2014), Muid (2011), and Dkhili and Ansi (2012). Ali et al. (2010) and Mishra & Suar (2010) reported that CSR has a significant influence on a company's financial performance. At the same time, Muid (2011) stated that only CSR (Social) influences performance, and Dkhili & Ansi (2012) stated that CSR influences financial performance, as measured by Return On Equity (ROE). However, Titasari (2008) and Handayani & Mustafa (2014) stated that CSR does not affect company performance. Based on this, it can be concluded that there is an inconsistency in research results regarding the relationship between CSR activities and company performance.

Saedi et al. (2014) and Samuel & Wijaya (2008) have demonstrated the role of corporate reputation as an intervening variable in relationships among CSR activities, firm performance, and other variables. Saedi et al. (2014) demonstrate the role of CSR in promoting company performance indirectly through enhanced reputation and competitive advantage in the context of manufacturing and consumer products companies in Iran. While Samuel & Wijaya (2008) do not directly link CSR activities to company performance, they use purchase intention as a proxy for company financial performance. Samuel & Wijaya (2008), who studied at restaurants and cafes in Indonesia, found that corporate CSR has a direct effect on corporate image and purchase intention, and corporate image has an effect on purchase intention. Thus, Samuel & Wijaya (2008) conclude that corporate image can mediate the influence of CSR on purchase intention. The results of research by Saedi et al. (2014) and Samuel & Wijaya (2008) indicate that the company's reputation can mediate the influence of CSR on firm performance.

Saedi et al. (2014) and Samuel & Wijaya (2008) are among the researchers who demonstrate that a company's reputation can mediate CSR relationships with company performance. Thus, both researchers have successfully addressed the inconsistency in the results observed in research on the influence of CSR on corporate performance. Nevertheless, other researchers can still pursue research opportunities to empirically test the mediating role of a company's reputation. This is due to limitations in research conducted by Saedi et al (2014) and Samuel & Wijaya (2008). The most important limitation of the research is the sample size. In the study, Saedi et al. (2014) used only 205 manufacturing companies and consumer products in Iran, while Samuel & Wijaya (2008) used only cafe consumers in Surabaya. Based on this, the second research opportunity is to use a more diverse sample of research from different types of companies, such as manufacturing, mining, and financial services. The use of more research samples from different types of companies is expected to yield better results than those of Saedi et al. (2014) and Samuel & Wijaya (2008). This is because the pollution or negative impact varies across different types of companies. Melo & Morgado (2011) argue that industry type affects CSR relations and corporate reputation. Thus, the impact of CSR on a different type of company may provide different results on the company's reputation and performance.

The third research opportunity is to examine the effects of moderating variables, such as industry type, on CSR-company performance relationships. Melo & Morgado (2011) have shown that the five dimensions of CSR affect the company's reputation and are moderated by industry type among American public companies in 2003- 2007. Based on the results of Melo & Morgado (2011), the industry type is also expected to moderate CSR-company performance relationships. Mukasa et al. (2015) state that charitable and emission contributions generated by each company have both positive and negative effects on stock returns. Thus, the company's CSR activities must be adjusted to the level of emissions that hurt the environment. The level of emissions produced by the company, depending on its type, is therefore expected to be a moderating variable in CSR relations and company performance.

The last research opportunity is to consider other measures of the firm's performance. Research related to the influence of CSR on the performance of the company mostly use the size of financial ratios and stock returns to be a proxy of the performance of the Company (McGuire et al., 1988; Scholtens, 2008; Ali et al, 2010; Mishra & Suar, 2010; Muid, 2011; Dkhili & Ansi, 2012; Mustafa & Handayani, 2014; Saeidi et al., 2014). Future research is expected to use other measures that better describe the company's overall performance than financial ratios and stock returns. Economic Value Added (EVA) can be used to measure company performance in addition to financial ratios and stock returns. This is because EVA is considered to have greater capability than profitability measures such as ROA, ROE, and ROI, as it can measure business performance, guide managerial decision-making, and foster business literacy throughout the organization (Raiyani & Joshi, 2011).

Based on the above explanation, the authors provide four possibilities for demography in Indonesia and elsewhere and explore the relationship between Social Responsibility, reputation, and company performance. Exploration of research related to this CSR is expected to contribute to both academia and practice. The contribution of future research on CSR activities enables the development of existing theories and guides practitioners in their performance of CSR activities. This is given that the theory should continue to be developed in accordance with existing developments. In addition, contributions to the world of practice will enable the implementation of CSR activities more effectively. They will not be used solely as a means of compliance with applicable rules.

9. CONCLUSION & LIMITATION

Based on the explanation in the previous section on the relationship between CSR activities, reputation, and the company's performance, several conclusions can be drawn. The main conclusions derived from this review are as follows:

Corporate Social Responsibility (CSR) conducted by the company positively affects its reputation and performance.

Corporate Social Responsibility (CSR) and corporate performance have a two-way effect: CSR influences company performance, and company performance influences CSR.

Corporate reputation can be a variable intervening in Corporate Social Responsibility relationships with company performance.

Industrial type can be a moderating variable in the relationship between Corporate Social Responsibility and company performance.

There are four possible future research opportunities to empirically test the relationships among Corporate Social Responsibility, corporate reputation, and company performance.

The results of the literature review show that the activities of Corporate Social Responsibility, corporate reputation, and corporate performance affect one another. In addition, the literature review identifies four research opportunities for the suggested academic parties in developing countries, especially Indonesia. This is done to make an additional contribution in both theoretical and practical fields. The results of this literature review can be accepted, given the main limitations of this paper: the number of articles and the number of related studies reviewed. Perhaps the authors in this paper relied on only a few articles and studies to support their opinions and arguments. It is therefore advisable for readers to compare the results of related literature studies more closely to reach a more reliable conclusion, rather than relying on a single basis..

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