THE IMPACT OF SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE WITH AUDIT QUALITY AS A MODERATION VARIABLE IN INDONESIA

Regita Shinta Arta Meviani*, Muchamad Syafruddin

Diponegoro University, Indonesia
regitashinta3@gmail.com

ARTICLE HISTORY
Received: 27 September 2023
Revised: 29 July 2024
Accepted: 09 August 2024

ABSTRACT
This research aims to examine the impact of social responsibility on financial performance with audit quality as a moderating variable in Indonesia. This study uses data from 31 Indonesian companies registered during the 2016–2021 period. Direct and moderating effects were tested using multiple regression techniques. Researchers found that CSR had a positive effect on company financial performance as proxied by return on equity (ROE) and a negative effect on company financial performance as proxied by return on assets (ROA) and Tobin’s Q (TQ). These findings have practical implications that may be useful for managers in corporate management. The manager encourages all board members to seriously consider investing in developing strategies that promote social behavioral components to improve overall company performance. This research adds to the current literature on CSR by revealing the impact of external auditor quality on the relationship between CSR and financial performance.

Keywords: Financial Ratios, Profitability, Non-Financial Companies,

1. Introduction
Companies are increasingly concerned with corporate social responsibility (CSR) activities. Several perspectives and definitions are most commonly used regarding CSR in this research which were put forward by Carroll, 1991. According to Carroll, CSR is the concept of integrating economics, ethics, policy, business, and law in society towards companies. The latest definition of CSR comes from ISO 26000 by the International Organization for Standardization (ISO) as a company that makes decisions with transparency, corporate ethics, and corporate responsibility for the impact of these decisions on social and environmental activities.

The same opinion suggests that CSR is the integration of social and environmental concerns into company activities by paying attention to the comfort of stakeholders (Chuang et al., 2018; Wang et al., 2020; Endrikat et al., 2020). Companies have financial goals that must be met. In addition, companies must meet other non-financial goals, especially social and environmental issues that can ensure economic activities can be ecologically and socially sustainable (Franks et al., 2014). Extensive literature shows that CSR has an impact on corporate financial performance, while other studies have examined the impact of CSR on corporate
Several studies support a positive relationship between CSR and company financial performance (Nguyen, 2018; Shabbir, 2018; Long et al., 2020; Tangngisalu et al., 2020; Okafor et al., 2021). Meanwhile, other studies argue otherwise (McGuire et al., 1988; McWilliams and Siegel, 2001; Shin et al., 2011; Barnea and Rubin, 2010). Apart from that, other studies deny the existence of a relationship between these two variables (Hillman and Keim, 2001).

The mixed research results regarding the relationship between CSR and company financial performance need to be reviewed to obtain additional literature. Previous research still uses simple models and only focuses on the direct relationship between CSR and company financial performance (McGuire et al., 1988; Adeneye and Ahmed, 2015; Cho et al., 2019; Awaysheh et al., 2020). Meanwhile, potential moderation mechanisms are ignored. Previous researchers did not consider the moderating impact on several governance mechanisms that influence corporate decision-making, motivation, and orientation (Rodriguez-Fernandez, 2016; Achour and Boukattaya, 2021). Therefore, it is interesting to examine variables that were ignored by previous researchers and gain the latest knowledge about CSR on company financial performance.

Recent empirical studies conclude that the relationship between social responsibility and corporate financial performance supports a positive association, the latter of which several conditional variables (moderation or mediation) can influence it (Wang et al., 2016). In this sense, some governance mechanisms such as audit quality can play a key role in improving the quality of strategic decisions and ensuring the successful implementation of innovation strategies, including corporate social responsibility (Xiao et al., 2004). Quality inspection is considered an important administrative mechanism for managing conflicts between authorities (Watkins et al., 2004). In an office environment, information asymmetry between stakeholders and managers incurs office costs. Therefore, companies use independent auditors to reduce opportunistic behavior (Imen and Anis, 2021; Buchanan et al., 2021). This research aims to examine the impact of CSR on company financial performance emphasizing the moderating effect of audit quality. In this relationship, the sample used is companies listed on the Indonesia Stock Exchange (BEI) in 2016-2021.

2. Theoretical Framework and Hypothesis

Arguments supporting a positive relationship between CSR and corporate financial performance are found in stakeholder theory which states that good management will produce the best results in the social impact hypothesis (Laskar, 2016; Rodriguez-Fernandez, 2016; Nyeadi et al., 2018; Ramzan et al., 2018; Ramzan et al., 2018; Ramzan et al., 2018; al., 2021). Other researchers
who support this argument explain that participating in CSR activities will have a positive impact on the company's financial performance gain satisfaction and have repeat customers (Tanggisalu et al., 2020; Grassmann, 2021). Thus, socially responsible companies will gain an advantage over competition in the capital market (Kim et al., 2018; Franco et al., 2020; Miller et al., 2020; Lu et al., 2021). However, the arguments supporting a negative relationship between CSR and corporate financial performance are based on agency theory.

Agency theory explains that CSR activities are associated with the transfer of control by shareholders which can exacerbate information asymmetry problems and reduce the company's reputation. This results in high capital constraints (Bacha et al., 2021). Managers invest in CSR practices to maximize company value by choosing between shareholders or stakeholders who can generate agency costs and not cause a decrease in company value. Agency theory posits that high investment in CSR leads to additional costs that place the company at a disadvantage relative to its competitors and reduce financial performance.

Recent empirical research shows a positive influence between social responsibility and business financial success. This relationship may be influenced by several conditional factors, such as moderation or mediation (Wang et al., 2016). Audit quality may significantly contribute to enhancing the quality of strategic choices and assuring the effective execution of innovative plans, including corporate social responsibility (Xiao et al., 2004). Quality inspection is seen as a significant administrative technique for effectively handling disagreements among authorities (Watkins et al., 2004). Information asymmetry between stakeholders and management in an office setting leads to the occurrence of office expenses. Hence, corporations use external auditors to mitigate opportunistic conduct (Ilmen and Anis, 2021; Buchanan et al., 2021). Therefore, the hypothesis proposed is:

**H1:** There is a positive relationship between CSR and financial performance.

**H2:** Audit quality moderates the relationship between CSR and financial performance.

### 3. Research Methodology

This research used companies that are listed on the Indonesia Stock Exchange for the 2016-2021 period. Sample selection was carried out by taking companies that had completed the research 2016-2021 annual report information the research criteria were selected so that this research used 186 companies as research samples. The measurement of variables is shown in table 1. The regression was used in this research.
Table 1

Variables Measurement

<table>
<thead>
<tr>
<th>Variable</th>
<th>Code</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent variable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Assets</td>
<td>ROA</td>
<td>Net profit / total assets</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>ROE</td>
<td>Net profit / total equity</td>
</tr>
<tr>
<td>Tobin Q</td>
<td>TQ</td>
<td>(Market value of equity+ BV of debt) / BV of total assets.</td>
</tr>
<tr>
<td><strong>Independent variable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>CSR</td>
<td>Composite score on three dimensions (Social, environmental and governance). Finally it is measured on a scale of 0 to 100.</td>
</tr>
<tr>
<td><strong>Moderating variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit Quality</td>
<td>BIG4</td>
<td>A dummy variable that has a value of 1 (one) if the audit company is audited by a BIG 4 auditor and 0 (zero) otherwise.</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>COST</td>
<td>The dummy variable has a value of 1 (one) if the total audit fee is better than the median of the company sample during the research period, 0 (zero) and vice versa.</td>
</tr>
<tr>
<td><strong>Control variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Size</td>
<td>SIZE</td>
<td>Natural logarithm of total assets.</td>
</tr>
<tr>
<td>Company Average</td>
<td>LEV</td>
<td>Total debit divided by total equity.</td>
</tr>
</tbody>
</table>

4. Results and Discussion

Table 2 presents a summary of descriptive statistics for the variables considered in the research model for the 2016-2021 period. ROA has an average value of 0.06 with a standard deviation of 0.07. Meanwhile, the ROE values of 0.12 and 1.75 respectively for TQ have a wide interval value between the minimum value (0.64) and the maximum value (12.96) with an average of 1.74.

Table 3 provides Pearson correlations between research model variables. Multicollinearity problems occur if the value exceeds 0.80 (Lin et al, 2014). In this study, the highest coefficient was 0.18 through the relationship between company size (SIZE) and CSR. Apart from that, the VIF (variance inflation factor) value is below the critical level of 10 (Belsley et al, 1980 & Pallant, 2013). Table 4 provides the multivariate regression models.

Table 2

Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Observation</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>186</td>
<td>0.06</td>
<td>0.07</td>
<td>-0.17</td>
<td>0.32</td>
</tr>
<tr>
<td>ROE</td>
<td>186</td>
<td>0.12</td>
<td>0.12</td>
<td>-0.80</td>
<td>1.00</td>
</tr>
<tr>
<td>TQ</td>
<td>186</td>
<td>1.75</td>
<td>1.74</td>
<td>0.64</td>
<td>12.96</td>
</tr>
<tr>
<td>CSR</td>
<td>186</td>
<td>38.94</td>
<td>11.64</td>
<td>18.84</td>
<td>65.46</td>
</tr>
<tr>
<td>BIG4</td>
<td>186</td>
<td></td>
<td></td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>SIZE</td>
<td>186</td>
<td>93.49</td>
<td>1.45</td>
<td>9.07</td>
<td>9.91</td>
</tr>
<tr>
<td>LEV</td>
<td>186</td>
<td>0.80</td>
<td>1.22</td>
<td>0.00</td>
<td>11.02</td>
</tr>
</tbody>
</table>

Source: Stata, 2023
Table 3

Pearson Correlation

<table>
<thead>
<tr>
<th>Variable</th>
<th>ROA</th>
<th>ROE</th>
<th>TQ</th>
<th>CSR</th>
<th>BIG4</th>
<th>LEV</th>
<th>SIZE</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>0.7644</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TQ</td>
<td>0.7768</td>
<td>0.4724</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>-0.0224</td>
<td>-0.1016</td>
<td>-0.0323</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIG4</td>
<td>0.2028</td>
<td>0.1842</td>
<td>0.2799</td>
<td>0.2243</td>
<td>1.0000</td>
<td></td>
<td></td>
<td>1.14</td>
</tr>
<tr>
<td>LEV</td>
<td>-0.2802</td>
<td>0.0775</td>
<td>-0.1324</td>
<td>-0.2194</td>
<td>0.0322</td>
<td>1.0000</td>
<td></td>
<td>1.23</td>
</tr>
<tr>
<td>SIZE</td>
<td>-0.1463</td>
<td>-0.1124</td>
<td>-0.1992</td>
<td>0.1853</td>
<td>-0.1452</td>
<td>-0.0797</td>
<td>-1.0000</td>
<td>1.06</td>
</tr>
</tbody>
</table>

Source: Stata, 2023

Table 4

Multivariate Regression

<table>
<thead>
<tr>
<th>Variable</th>
<th>ROA</th>
<th>ROE</th>
<th>TQ</th>
<th>CSR</th>
<th>BIG4</th>
<th>LEV</th>
<th>SIZE</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>(-0.0003)</td>
<td>0.0009</td>
<td>-0.0038</td>
<td>0.0002</td>
<td>0.0007</td>
<td>0.0019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>(0.0004)</td>
<td>(0.0009)</td>
<td>(0.0012)</td>
<td>(0.0008)</td>
<td>(0.0018)</td>
<td>(0.0195)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TQ</td>
<td>(0.0096)</td>
<td>0.0124</td>
<td>-0.2965</td>
<td>-0.064</td>
<td>0.0057</td>
<td>-0.2068</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>(0.0043)</td>
<td>(0.0098)</td>
<td>(0.1050)</td>
<td>(0.0043)</td>
<td>(0.0097)</td>
<td>(0.1035)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIG4</td>
<td>(0.0017)</td>
<td>-0.0064</td>
<td>0.2020</td>
<td>-0.0189</td>
<td>-0.0013</td>
<td>0.2539</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>(0.0039)</td>
<td>(0.0089)</td>
<td>(0.0958)</td>
<td>(0.0039)</td>
<td>(0.0090)</td>
<td>(0.0953)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIZE</td>
<td>0.3237</td>
<td>-0.4549</td>
<td>9.3328</td>
<td>0.2009</td>
<td>-0.1894</td>
<td>6.1741</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR*BIG4</td>
<td>(0.1042)</td>
<td>(0.2365)</td>
<td>(2.547)</td>
<td>(0.1098)</td>
<td>(0.2507)</td>
<td>(2.6500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONSTANT</td>
<td>(0.0834)</td>
<td>0.0836</td>
<td>0.1879</td>
<td>0.1931</td>
<td>0.8829</td>
<td>0.0232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIG4*CSR</td>
<td>-0.0013</td>
<td>-0.0032</td>
<td>0.0232</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEV*CSR</td>
<td>0.0009</td>
<td>0.0021</td>
<td>0.0232</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obs</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.110</td>
<td>0.022</td>
<td>0.062</td>
<td>0.165</td>
<td>0.071</td>
<td>0.142</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

***significant 1%; **significant 5%; *significant 10%

Source: Stata, 2023

Table 5 shows that the research results of the CSR*COST variable have a positive and significant effect on ROA (β=0.0006, Z=0.0003), ROE (β=0.0011, Z=0.0007), and TQ (β=0.0241, Z=0.0074), performance finances of companies in Indonesia that are socially responsible (CSR). However, these results have a different direction from the previous regression. For example, the influence of CSR on ROA, ROE, and TQ is higher if audit quality is proxied by audit fees.

The authors provide additional tests of how the 2016-2021 financial crisis affected this model. In verifying whether these results were affected, the authors included another dummy variable called "FINCR". Score 1 (one) if the research was conducted after 2016-2019 and 0 (zero) 2020-2021. Table 6 shows the results of the regression analysis of the dummy variable "FINCR". These results indicate that this addition has a negative effect on the company's financial performance.
### Table 5
#### Robustness Testing

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model A1</th>
<th>Model A2</th>
<th>Model A3</th>
<th>Model B1</th>
<th>Model B2</th>
<th>Model B3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>-0.0003</td>
<td>0.0009</td>
<td>-0.0038</td>
<td>-0.0010</td>
<td>-0.0022</td>
<td>-0.0301</td>
</tr>
<tr>
<td>ROE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TQ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>(0.0004)</td>
<td>(0.0009)</td>
<td>(0.0102)</td>
<td>(0.0005)</td>
<td>(0.0011)</td>
<td>(0.0127)</td>
</tr>
<tr>
<td>SIZE</td>
<td>-0.0096</td>
<td>0.0124</td>
<td>-0.2965</td>
<td>-0.0084</td>
<td>0.0105</td>
<td>-0.2471</td>
</tr>
<tr>
<td>LEV</td>
<td>(0.0043)</td>
<td>(0.0098)</td>
<td>(0.1050)</td>
<td>(0.0042)</td>
<td>(0.0097)</td>
<td>(0.1037)</td>
</tr>
<tr>
<td>CONSTANT</td>
<td>0.3237</td>
<td>-0.4549</td>
<td>9.3328</td>
<td>0.2920</td>
<td>0.3950</td>
<td>8.2920</td>
</tr>
<tr>
<td>COST</td>
<td>(0.1042)</td>
<td>(0.2365)</td>
<td>(2.5476)</td>
<td>(0.1031)</td>
<td>(0.2347)</td>
<td>(2.4989)</td>
</tr>
<tr>
<td>CSR*COST</td>
<td>0.0006</td>
<td>0.0011</td>
<td>0.0241</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obs</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>R²</td>
<td>0.110</td>
<td>0.022</td>
<td>0.062</td>
<td>0.149</td>
<td>0.061</td>
<td>0.121</td>
</tr>
</tbody>
</table>

***significant 1%; **significant 5%; *significant 10%

Source: Stata, 2023

### Table 6
#### Robustness Test Results by adding the FINCR variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model A1</th>
<th>Model A2</th>
<th>Model A3</th>
<th>Model B1</th>
<th>Model B2</th>
<th>Model B3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>-0.0002</td>
<td>0.0006</td>
<td>-0.0006</td>
<td>0.0003</td>
<td>0.0008</td>
<td>-0.0049</td>
</tr>
<tr>
<td>ROE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TQ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>(0.0004)</td>
<td>(0.0009)</td>
<td>(0.0105)</td>
<td>(0.0008)</td>
<td>(0.0018)</td>
<td>(0.0196)</td>
</tr>
<tr>
<td>SIZE</td>
<td>-0.0094</td>
<td>0.0122</td>
<td>-0.2922</td>
<td>-0.0064</td>
<td>0.0057</td>
<td>-0.2056</td>
</tr>
<tr>
<td>LEV</td>
<td>(0.0043)</td>
<td>(0.0098)</td>
<td>(0.1047)</td>
<td>(0.0042)</td>
<td>(0.0098)</td>
<td>(0.1033)</td>
</tr>
<tr>
<td>FINCR</td>
<td>-0.0117</td>
<td>-0.0187</td>
<td>-0.3809</td>
<td>-0.0091</td>
<td>-0.0132</td>
<td>-0.3061</td>
</tr>
<tr>
<td>CONSTANT</td>
<td>0.3070</td>
<td>-0.4282</td>
<td>8.7916</td>
<td>0.1908</td>
<td>-0.1748</td>
<td>5.8384</td>
</tr>
<tr>
<td>BIG4</td>
<td>(0.1051)</td>
<td>(0.2391)</td>
<td>(2.563)</td>
<td>(1.1104)</td>
<td>(2.525)</td>
<td>(2.660)</td>
</tr>
<tr>
<td>Obs</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>R²</td>
<td>0.117</td>
<td>0.026</td>
<td>0.074</td>
<td>0.168</td>
<td>0.073</td>
<td>0.150</td>
</tr>
</tbody>
</table>

***significant 1%; **significant 5%; *significant 10%

Source: Stata, 2023

Table 4 provides the results of multivariate regression A1-A3 which shows the influence of CSR on company financial performance. Columns 1, 2, and 3 in Table 4 provide the prediction results that CSR has a positive effect on the company's financial performance as proxied by ROE.
and a negative effect on financial performance as proxied by ROA and TQ at a significance level of 1% as a proxy for the company's financial performance variable. The ROA value is ($\beta_1 = -0.0003, Z = 0.0004$) this result rejects the first hypothesis and supports agency theory, ROE ($\beta_2 = 0.0009 Z = 0.0009$) this result accepts the first hypothesis and supports stakeholder theory, and TQ ($\beta_3 = -0.0038, Z=0.0102$) rejects the first hypothesis which supports agency theory.

Companies need to build strong relationships with stakeholders to achieve a competitive advantage in achieving their goals (Cho et al., 2019; Ye and Li., 2021; Lu et al., 2021). The agency perspective explains that CSR activities are associated with diversion by shareholders which can exacerbate asymmetry problems and reduce reputation which creates constraints on high capital (Bacha et al., 2021). High investment in CSR activities will incur additional costs reduce the company's value compared to its competitors and reduce the company's financial performance (Barnea and Rubin, 2010; Shabbir, 2018). Meanwhile, the stakeholder theory view argues that CSR has a positive effect on the company and its stakeholders and can increase capital (Sanchez et al., 2015). CSR performance allows managers to gain more commitment from stakeholders in increasing their loyalty (Kim et al., 2018). Investing in CSR activities will improve the company's reputation and attract investors. Companies that carry out CSR activities can reduce risks compared to companies that do not carry out CSR activities. So companies that carry out CSR activities are associated with high levels of investors and attract more consumers compared to companies that do not carry out CSR. Companies that carry out CSR activities can reduce risks compared to companies that do not carry out CSR activities. So companies that carry out CSR activities are associated with high levels of investors and attract more consumers compared to companies that do not carry out CSR. Companies that carry out CSR activities can reduce risks compared to companies that do not carry out CSR activities. So companies that carry out CSR activities are associated with high levels of investors and attract more consumers compared to companies that do not carry out CSR.

This research is not in line with previous research conducted by Rodriguez-Fernandes, 2016, Franco et al, 2020, Ramzan et al, 2021, and Okafor et al, 2021. This research argues that companies that pay more attention to CSR activities can improve the company's financial performance. The company's reputation will increase and it will be easily recognized by the public because of CSR activities. Customers will feel proud if they buy products or use the services of companies that pay more attention to CSR activities (Ching et al., 2015 and Phan et al., 2020). In addition, investing in CSR activities can build strong competitiveness and reduce organizational costs, increase shareholder wealth, and increase shareholder competence (Carroll and Shabana, 2010; Shabbir, 2018).

The results of this research show that there is a positive influence of CSR on company financial performance as proxied by ROE and a negative influence on company financial
performance as proxied by ROA and TQ. Meanwhile, for control variables, the research results show that company size (SIZE) has a positive effect on company financial performance with the ROE proxy and a negative effect on the ROA and TQ proxies. The company average (LEV) has a positive effect on the company’s financial performance with the TQ proxy and a negative effect on the ROA and ROE proxies.

Table 3 provides the results of the multivariate regression analysis model B1-B3 which shows that there is a positive relationship between companies audited by BIG4 auditors and the company's financial performance which includes ROA, ROE, and TQ. The ROA values are ($\beta_1 = 0.0834, Z=0.0366$), ROE ($\beta_2 = 0.1879, Z=0.0835$), and TQ ($\beta_3 = 1.9311, Z=0.8829$). These results show that companies audited by BIG4 auditors get better financial performance. BIG4 auditors can help companies improve corporate governance and internal company systems so that they can contribute to the company's financial performance. In addition, BIG4 auditors will gain more trust from company stakeholders because they are free from material misstatements. The second hypothesis in this study discusses the possible moderating influence of audit quality on the relationship between CSR and company financial performance. In testing the hypothesis, researchers added a moderating variable, namely BIG4 (the interaction of CSR with audit quality).

Table 4 shows the BIG4 moderation results, the ROA value is ($\beta_1 = -0.0013, Z = 0.0009$), these results weaken the influence of audit quality in moderating the relationship between CSR and company financial performance which is proxied by ROA, ROE ($\beta_2 = -0.0032, Z = 0.0021$), this result weakens the influence of audit quality in moderating the relationship between CSR and company financial performance as proxied by ROE and TQ ($\beta_3 = 0.0232, Z = 0.0232$), BIG4 auditors are considered trustworthy and invest relevant resources to improve audit quality and facilitate the successful practice of CSR activities (Bacha et al., 2021; Kolsi et al., 2021). Companies that trust BIG4 auditors are socially ethical, transparent, and reliable. The research results show that audit quality and CSR can improve the company's financial performance as proxied by TQ because BIG4 auditors provide additional guarantees to creditors and investors regarding the effectiveness of the company's strategy and the credibility of CSR data. On the other hand, the research results show that audit quality and CSR cannot improve the company's financial performance as a proxy for ROA and ROE.

5. Conclusion
This research aims to examine the impact of social responsibility on financial performance with audit quality as a moderating variable in Indonesia. Researchers found that CSR had a positive effect on company financial performance as proxied by return on equity (ROE) and a negative effect on company financial performance as proxied by return on assets (ROA) and Tobin's Q
One of the limitations of this research is the selection of independent variables. The author is limited to one variable, namely CSR involvement.

Further studies could consider other independent variables, such as company age, industry type, board composition, etc., to provide an in-depth analysis of the drivers of a company's financial performance. These findings have practical implications that may be useful for managers in corporate management. The manager encourages all board members to seriously consider investing in developing strategies that promote social behavioral components to improve overall company performance. This research adds to the current literature on CSR by revealing the impact of external auditor quality on the relationship between CSR and financial performance. In addition, the author examines each CSR indicator, namely environmental, social and governance.

6. References


Barakat, FS, Perez, MVL and Ariza, LR (2015), "Corporate Social Responsibility Disclosure (CSRD) determinants of the Listed Companies in Palestine (PXE) and Jordan (ASE)", Review of Managerial Science, Vol. 9 No. 4, pp. 681-702.


Chung, HH (2005), Selective Mandatory Auditor Rotation and Audit Quality: An Empirical Investigation of Auditor Appointment Policies in Korea, Doctoral Dissertation, Purdue University.


Guix, M., Bonilla-Priego, MJ and Font, 26 No. 7, pp. 1063-1084.


