

ABSTRACT

This study aims to test the company's internal resources against future investments. The study uses a test model that links past slack (financial slack and financial flexibility) resources and financial resources (asset performance and financial performance), current CSR expenditure and future investments. This research sample was obtained from the sustainability report of industrial companies in Indonesia listed on the IDX during the period 2013-2020, there were 194 companies with 1,164 observational data. Data analysis using path analysis with smartPLS. Social expenditure is the highest formative indicator compared to environmental expenditure and economic expenditure in the element of CSR expenditure.

The test results provide evidence that internal resources i.e. financial flexibility, asset performance, past financial performance and current CSR expenditure can be used in the consideration of future investment decisions. The role of CSR expenditure as a competitive partial mediator of the relationship of past financial flexibility to future investments and the relationship of past financial performance to future investments.

The results of this study show that CSR can be a company's capability to connect buffer resources that are important in future investment decisions. The achievement of sustainable competitive advantage in future investment decisions can be achieved, with a strategy to strengthen the company's capabilities supported by the availability of well-managed resources. The implication of the research results is that the transparency of the company's sustainability report as much as possible must be able to present the value of CSR expenditure well. Such information can provide confidence about the capabilities and capabilities of financial flexibility and past financial performance in making future investment decisions.

Keywords : Slack resources, Financial resources, CSR expenditure, Investment