

ABSTRACT

The core of ethical business is Corporate Social Responsibility (CSR), which emphasizes that companies are not only concerned with their own goals, but must also consider the interests of stakeholders in their business activities. This study aims to obtain empirical evidence related to the impact of Corporate Social Responsibility (CSR) on financial aspects, including stock returns, real earnings management, information asymmetry, and corporate financial performance.

The population of this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2022. Purposive sampling was used to eliminate the population and 87 data were obtained as the sample. Hypothesis were tested using Multiple Linear Regression Test for models that met the Classical Assumption Test, and using the Spearman Rank Correlation Test for models that did not meet the Classical Assumption Test.

This study found that CSR has a positive impact on stock return and corporate financial performance. However, this study found that CSR does not have a significant effect on real earnings management and information asymmetry. The results of this study indicate that CSR-oriented companies are able to improve their reputation and maintain stakeholders' trust, which has an impact on improving their financial performance and stock return due to increases in share prices and dividends distributed by the corporate.

Keywords: Corporate social responsibility, Stock return, Real earnings management, Information asymmetry, Financial performance