

ABSTRACT

Corporate Social Responsibility is a program that deals with the form of corporate concern for environmental and social issues in which the company operates. At present, CSR has become a mandatory program carried out by every company and an evaluation of CSR performance has been carried out to see how CSR influences company performance. Evaluation on CSR is not only by one method, there are several methods that can be used in assessing CSR performance. One of them is the method used in assessing CSR performance by using the Kinder, Lydenberg, Domini & Co. Index. (KLD). Assessment of CSR performance using the KLD index separates positive activities that can help achieve CSR goals (CSR Strengths) and CSR activities that have a low level of optimization and controversy (CSR Concerns). This research was conducted aiming to examine the impact of CSR Strengths and CSR Concerns on the performance of manufacturing companies in Indonesia using the KLD index. In addition, this study also examines the effect of CSR performance (CSR Strength and CSR Concerns) on financial performance if the company operates internationally.

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017 and included in the Main Board Index. The sample selection uses a purposive sampling method to obtain 58 companies. Multiple linear regression analysis was used to test the hypotheses.

The results show that CSR Strength has a positive effect on financial performance and CSR Concerns has a negative effect on financial performance. However, in the CSR Strengths variable the results indicate that international operations do not strengthen the positive influence of "CSR Strengths" on financial performance. Whereas the CSR Concerns variable, the results show that international operations strengthen the negative influence of the "CSR Concerns" on financial performance.

Keywords: financial performance, corporate social responsibility, CSR Strengths, CSR Concerns, international operations.