International Journal of Studies in International Education
Vol.1, No. 3 August 2024
e-ISSN : 3048-0884, p-ISSN : 3047-356X, page 01-11
DOI: https://doi.org/10.62951/ijsie.v1i3.28

Corporate Social Responsibility: Analysis Of Green Financial Behavior, Political Connections, Corporate Financial Performance And Sustainability Development

Nabilah Qurrotul 'Aini, Ruri Istia Damayanti, Hwihanus
University 17 August 1945 Surabaya

Alamat : Jl. Semolowaru No.45, Menur Pumpungan, Kec. Sukolilo, Surabaya, Jawa Timur 60118
Korespodensi email : 1222200072@surel.untag-sby.ac.id

***Abstract**. Research or researching five international journals on corporate social responsibilities, political connections, corporate financial performance and sustainable development aimed at analyzing links between corporate social responsibility (CSR) and green financial behaviors, political connections, corporate financial performance, and sustainability. Research methods are employed with descriptive qualitative methods of searching through top five international academic databases such as science direct, emerald, and taylorandfrancis, with emphasis on publications that include aspects of corporate social responsibility. The results from a study of the five journals say that companies that have good CSR policies tend to be more active in implementing green finance practices, such as investments in renewable energy and resource efficiency. In addition, companies with strong political connections have easier access to resources and business opportunities that can improve their financial performance. Furthermore, effective CSR applications prove to have a positive impact on sustainability development, with companies contributing more significantly to environmental and social initiatives. It is hoped that the findings will provide insights for stakeholders in CSR relevant strategic decision making and company sustainability.*
***Keywords:** Corporate Social Responsibility, Green Financial Behavior, Political Connections, Corporate Financial Performance, Sustainable Development.*

BACKGROUND

Corporate Social Responsibility (CSR) is an increasingly vital concept in the modern business world, where companies focus not only on financial profits, but also on the social and environmental impacts of their operational activities. This concept is rooted in global awareness of the importance of sustainable development and corporate moral responsibility towards society and the environment. In the mid-20th century, CSR began to become widely known as a response to increasing public attention to issues such as human rights violations, environmental damage and social inequality. As a form of commitment, companies are starting to adopt practices that aim to make a positive contribution to society, such as community development programs, environmentally friendly initiatives, and improving employee welfare. In Indonesia, the development of CSR is driven by government regulations and demands from society which are increasingly critical of the role of companies in solving social and environmental problems. CSR is not just a philanthropic or charity activity, but is an integral business strategy that aims to create long-term value for the company and all stakeholders. Corporate Social Responsibility (CSR) also has a varied but generally positive impact on company performance. Across various economic and cultural

Revised Mei 25 , 2024, Revised June 24, 2024, Accepted August 30, 2024
* Nabilah Qurrotul 'Aini, 1222200072@surel.untag-sby.ac.id

contexts, the integration of CSR in business strategy not only improves a company's reputation but also contributes to better financial performance. Investor sentiment, government policy, and political connections are some of the factors that moderate the impact of CSR on company performance. Overall, this research confirms the importance of CSR as a strategic tool in increasing company value and achieving long-term sustainability.

Green financial behavior is emerging as a response to increasingly pressing global environmental crises, including climate change, pollution and declining biodiversity. This concept is rooted in the principle that the financial sector has a crucial role in promoting sustainability by directing the flow of funds to projects that support environmental sustainability. Since the late 20th century, increasing awareness of the environmental and social risks faced by the global economy has fueled the development of green financial instruments, such as green bonds, sustainable investments and green banking. Additionally, government regulations and international initiatives, such as the Paris Agreement and the Sustainable Development Goals (SDGs), have encouraged financial institutions to take environmental factors into account in investment and financing decisions. In Indonesia, the government and private sector are starting to strengthen their commitment to green finance through policies and programs that support renewable energy, energy efficiency and natural resource conservation. Thus, green financial behavior focuses not only on short-term financial profits, but also on creating long-term, sustainable value for society and the environment, integrating environmental, social and governance (ESG) considerations in all aspects of financial operations.

Political connections, or political connections, are a phenomenon where individuals or entities have close relationships with government officials or political parties, which can be used to influence government policies or decisions. The background to this concept is closely related to the dynamics of power and influence in political and economic systems. In many countries, including Indonesia, political connections are often considered an important asset for companies and individuals to gain competitive advantages, such as easy access to business permits, government contracts, and protection from detrimental regulations. Since the beginning of the 21st century, attention to the impact of political connections has increased, especially due to several corruption and abuse of power scandals involving large corporations and high-ranking officials. Research shows that companies with political connections tend to gain significant economic benefits, including easier access to financing and greater market opportunities. However, political connections also pose risks to transparency and accountability, and can create inequalities in business competition and exacerbate corrupt practices. In Indonesia, reforms in the political and economic system continue to be pursued to reduce the negative influence of political connections, with the aim of creating a business environment that is fairer and has integrity. Political connections, while they may provide short-term benefits, must be managed carefully to ensure they do not undermine the legal and ethical order that underlies a healthy and sustainable economy.

RESEARCH METHODS

This research applies a meta-analysis approach to synthesize findings from five international journals relevant to the keyword "Corporate Social Responsibility". The literature search process was carried out thoroughly through leading academic databases such as Science Direct, Emerald, and Taylorandfrancis, with an emphasis on publications covering aspects of Corporate Social Responsibility.

Data originating from research on the five journals was then analyzed using qualitative methods with a descriptive approach by highlighting patterns, themes and relationships that emerged from the literature. This analysis takes into account variations in methodological approaches, measurement of variables, and the context in which research is conducted. By integrating findings from each journal, researchers can identify general trends, patterns of similarity, as well as variability in the research results observed. Next, researchers conducted a comparative analysis to highlight the similarities and differences in findings from each journal, as well as explore the implications of these differences.

Based on this qualitative analysis, researchers draw conclusions about the relationship between the variables studied, namely Green Financial Behavior, Political Connections and Company Performance, with corporate social responsibility.

RESULT AND DISCUSSION

Corporate social responsibility and corporate performance: the case of Kazakhstan

This research analyzes data from Q1:2010 to Q4:2020 in Kazakhstan to evaluate the relationship between corporate profitability indicators and Corporate Social Responsibility (CSR) activities. The variables studied include Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Market Value (MV). Descriptive statistical analysis showed quite high data variability, measured through mean, median, standard deviation, and interquartile range (IQR). Correlations between variables showed no significant multicollinearity problems, allowing the use of these variables in regression models.

Before conducting regression analysis, the Augmented Dickey-Fuller unit root test shows the presence of unit roots in the initial level data. The results of the regression analysis reveal that although ROA, ROE, and MV do not have a significant influence on CSR activities, there is a significant relationship between CSR and NPM in Kazakhstan.

Corporate social responsibility and green financing behavior in Bangladesh: Towards sustainable tourism

This research suggests that the integration of CSR and green finance (GF) behavior has a significant positive impact on sustainable tourism practices in Bangladesh. There is a strong positive relationship between CSR activities and environmentally friendly financial practices, indicating that companies that adopt these two strategies can act as catalysts for sustainable development. CSR integration also contributes to preserving Bangladesh's nature and building good relations with local communities. The importance of a strong regulatory framework was also emphasized as a factor supporting sustainable behavior in the tourism industry, with government involvement being key in encouraging environmentally friendly practices. Public awareness initiatives are also considered important in supporting consumer preferences for companies that care about the environment. Additionally, these findings have global implications for other developing countries with growing tourism sectors.

Investor sentiment, corporate social responsibility, and financial performance: Evidence from Japanese companies

This research finds that firm-specific investor sentiment is positively related to future firm value (Tobin's Q) and profitability (ROA), while more comprehensive market sentiment shows a less convincing influence on firm financial performance (FP); the impact of individual shareholders is also relatively lower. Additionally, success in CSR strategies, measured by ESG scores, can increase company value (Tobin's Q) in the following year, although sometimes reducing profitability (ROA), with the social and environmental performance of the three ESG pillars showing a significant influence. Investor sentiment also moderates the relationship between CSR and corporate financial performance, where financial market sentiment plays an important role in regulating its influence. The recommendation of using a quantile on quantile (QQ) approach is suggested to delve deeper into the impact of sentiment and CSR on corporate performance, strengthening the conclusion that the use of surrogate indicators and consideration of endogeneity issues are key in understanding this complex relationship for strategic management and corporate policy.

Corporate social responsibility, political connections, and barriers to industrial diversification: Evidence from China

This research explains that political connections, especially through partial state ownership (PSE), and fulfilling corporate social responsibility (CSR) have an important role in overcoming barriers to industrial diversification in A-share listed private companies in China from 2009 to 2014. The findings show that political connections at the institutional level, supported by CSR, not only facilitate companies' access to the economic resources necessary for diversification, but also strengthen their ability to overcome the challenges that exist in a complex and changing business environment. The integration of strong political connections and effective CSR initiatives not only enhances a company's credibility and reputation, but also fosters sustainable relationships with stakeholders. The implications of these findings highlight the strategic importance of developing political connections and implementing CSR for private enterprises in China, and provide a basis for policymakers and practitioners to promote transparent, accountable, and sustainable business practices in a competitive market.

Corporate Social Responsibility Practices in the Context of Sustainable Development: The Case of Romania

This research explains that in recent years in Romania there has been an increasing concern for corporate social responsibility (CSR) at the company level, where this field is facing various challenges and opportunities. National actions that could result in the development of a culture of social responsibility include presenting the benefits of CSR practices to society and the business environment, providing incentives for responsible companies through tax incentives or including social and environmental criteria in public procurement policies, as well as harmonization of laws in countries. Member countries to create a healthy competitive environment. The research results show that companies that succeed in creating positive perceptions of their CSR programs benefit from increased sales and recommendations from consumers. Consumers are increasingly informed, able to express their opinions, and more concerned about health, environmental, and social issues, making the market increasingly competitive and driving brands to find new and relevant ways to build emotion and connection with audiences. CSR in Romania is still in the early stages of development and there are no specific cluster locations in each industry, so each institution decides where they want to engage in CSR according to their own strategy. In recent years, there has been a marked increase in CSR activity, with companies becoming active partners in ongoing projects or developing their own projects. In the future, partnerships between the business world, civil society and state institutions will be the key to the success of CSR projects, so cooperation between these parties is needed so that CSR initiatives can have a real and relevant impact on society.

DISCUSSION

Research on corporate social responsibility (CSR) has grown rapidly in recent decades, encompassing a variety of theoretical and empirical perspectives. In this section, we discuss our findings by referring to the existing literature in the 5 journals from various countries that we found.

Research on Corporate social responsibility and corporate performance: the case of Kazakhstan. The results that have been analyzed state that in the context of Kazakhstan from 2010 to 2020, company profitability variables such as Return on Assets (ROA), Return on Equity (ROE), and Market Value (MV) did not significantly influence Corporate Social Responsibility activities (CSR). However, Net Profit Margin (NPM) shows a significant relationship with CSR, highlighting the importance of net profitability in influencing CSR practices in the country. Descriptive statistical analysis revealed that the data for these variables showed a fairly high degree of variability, which may influence further interpretation of the results. The correlation between the variables showed that there were no significant multicollinearity problems, thus validating the use of these variables in the regression analysis.

Before carrying out regression analysis, the Augmented Dickey-Fuller unit root test shows the presence of unit roots in the data at the initial level, which is overcome by carrying out data transformation through logging and differencing to maintain stability. The regression results confirm that NPM is a relevant factor in predicting CSR variability in Kazakhstan. These findings imply that companies in Kazakhstan could focus more on increasing net profitability (NPM) to encourage or strengthen their CSR activities. However, for a deeper understanding, it is recommended to carry out further analyzes taking into account differences in industry sectors or company size, as this can reveal more specific dynamics about the influence of profitability variables on CSR practices at a more detailed and relevant level. The results of this research discussion are similar to the results of research conducted by (Gani Saputra, 2023) stating that both found that Corporate Social Responsibility (CSR) disclosure did not have a significant impact on company profitability indicators, such as Return on Assets (ROA) or other financial variables. that is measured.

Research on Corporate social responsibility and green financing behavior in Bangladesh: Towards sustainable tourism. The results that have been analyzed state that this research shows that there is a significant positive relationship between CSR and GF practices and sustainable tourism practices. CSR integration not only helps in preserving Bangladesh's nature, but also strengthens positive relationships with local communities. This has an impact on increasing the reputation and attractiveness of tourism destinations. A strong regulatory framework is also important in ensuring the sustainability of these practices across the tourism industry. Government involvement in encouraging compliance with environmental and social standards is key in supporting sustainable CSR and GF practices. The global implication of these findings is that other developing countries can adopt the Bangladesh model to promote sustainable tourism development. By increasing public awareness and support from financial institutions and governments, environmentally friendly practices can increase the economic competitiveness and sustainability of the tourism sector in similar countries. Overall, these findings suggest that the integration of CSR and GF is not only important for environmental sustainability, but also contributes to economic growth and social well-being in the tourism context in Bangladesh and globally. The discussion of this research is also supported by research (Hirshi Anadza, 2020) highlighting the importance of integrating social and environmental values in business to support sustainable development, with a focus on the driving role and active collaboration with local communities and the importance of their participation in the decision and implementation process program. In doing so, they show that this approach is not only locally relevant but also has significant global implications in the context of CSR and social business.

Research on Investor Sentiment, corporate social responsibility, and financial performance: Evidence from Japanese companies. In the discussions conducted, this research shows that company-specific investor sentiment has a more significant impact on company performance compared to more comprehensive market sentiment. This shows that individual investors have a more important role in influencing investment decisions. A successful CSR strategy can increase a company's future value, but it can also reduce profitability. The social and environmental performance of the three ESG pillars shows a significant influence on the company's financial performance. This research also shows that investor sentiment moderates the relationship between CSR and company financial performance. Financial market sentiment plays an important role in regulating the influence of CSR strategies on company financial performance. This shows that investor sentiment and financial markets have a more important role in influencing investment decisions. The recommendation given is to use a quantile on quantile (QQ) approach to explore more deeply the impact of sentiment and CSR on company performance. This approach can help strengthen the conclusion that the use of surrogate indicators and consideration of endogeneity issues are key in understanding these complex relationships for strategic management and corporate policy. In synthesis, this research shows that company-specific investor sentiment has a more significant impact on company performance compared to more comprehensive market sentiment. A successful CSR strategy can increase a company's future value, but it can also reduce profitability. The social and environmental performance of the three ESG pillars shows a significant influence on the company's financial performance. Investor sentiment moderates the relationship between CSR and corporate financial performance, and a quantile on quantile (QQ) approach is recommended to explore more deeply the impact of sentiment and CSR on corporate performance. The discussion of this research is supported by research (Elizabeth Inge Pratiwi and Elsa Imelda, 2022) discussing the causal relationship between investor sentiment and the Indonesian financial market. The findings from these two studies provide a complementary picture of how investor sentiment and CSR implementation can influence a company's financial performance

Research on Corporate social responsibility, political connections, and barriers to industrial diversification: Evidence from China. In the discussion conducted, this research shows that political connections and corporate social responsibility (CSR) have an important role in overcoming barriers to industrial diversification in A-share listed private companies in China between 2009 and 2014. Political connections at the institutional level facilitate companies' access to economic resources such as bank credit, business permits, and government policy support, all of which are essential for diversification. Political connections also enhance a company's reputation and credibility in the eyes of stakeholders, creating a perception of stability and reliability that is important for successful diversification. Effective CSR initiatives strengthen political connections by demonstrating a company's commitment to social responsibility, creating goodwill, and gaining support from the government and society. Good CSR implementation also helps companies build sustainable relationships with various stakeholders, such as local communities, customers and employees, which in turn increases loyalty and trust and supports diversification efforts. The findings that we have obtained, wediscuss that researchalmost the same as research (Sherly Noviyanti, 2023) which explains the importance of CSR and political connections to company value and business diversification. However, there are differences in geographic context, industrial sector studied, research period, and measurements and variables used.

Research on Corporate Social Responsibility Practices in the Context of Sustainable Development. The Romanian case, From the resultsWhat has been found shows that there is increasing concern for corporate social responsibility (CSR), even though it is still in the early stages of development. This research was rejected by Dumitru et al. (2017) The research shows a different or more critical view of CSR in Romania, that although there is an increase in CSR awareness, the impact is not always significant and often depends on the industrial sector and the way it is implemented

CONCLUSION

Based on the results of the discussion and discussions above, it can be found that:

1. Influence of profitability variables on CSR practices: Regression analysis reveals that although ROA, ROE, and MV do not have a significant influence on CSR activities, there is a significant relationship between CSR and NPM which is an important determinant in CSR implementation, emphasizing the importance of maintaining healthy profit margins to support sustainable CSR practices.
2. Analysis of the influence of investor sentiment and CSR strategy on company financial performance: From the calculation of the relationship between sentiment and CSR on FP, it shows that company-specific investor sentiment is positively related to future company value (Tobin's Q) and profitability (ROA), while broader market sentiment has less influence on the company's financial performance. The influence of individual shareholders has also been shown to be relatively low. The success of a CSR strategy, measured by ESG scores, can increase company value in the following year, although sometimes reducing profitability. Significant influences were found on the social and environmental performance of the three ESG pillars. Investor sentiment moderates the relationship between CSR and corporate financial performance, with financial market sentiment playing an important role. An effective CSR strategy can increase company value even though it may sacrifice short-term profitability.
3. Relationship between CSR, political connections and barriers to industrial diversification: The integration of appropriate political connections with a robust CSR strategy not only facilitates access to crucial economic resources, but also creates a strong foundation for a company's successful industrial diversification. The

implementation of sustainable and strategically effective CSR can be an important force in building mutually beneficial relationships with stakeholders and supporting the company's business expansion in the future.

4. Implementation of CSR in developing corporate sustainability: Awareness of corporate social responsibility (CSR) has increased significantly at the company level. Companies that succeed in building a positive perception of their CSR programs receive benefits in the form of increased sales and recommendations from consumers who are increasingly informed and concerned about social, environmental and health issues. This creates an increasingly competitive market, pushing brands to develop new strategies for interacting with their audiences.
5. Impact of CSR and Green Finance practices on tourism: Analysis of conceptual methods obtained from various websites, publications and research articles shows that Corporate Social Responsibility (CSR) and Green Finance (GF) practices have a significant positive impact on sustainable tourism. Green Finance supports investment in green infrastructure and sustainable business practices, encouraging the tourism industry to adopt green technology and energy efficiency. This model suggests that developing countries can adopt a similar approach to promoting sustainable tourism.

DAFTAR PUSTAKA

Anadza, H. (2020). *Alternatif Tradisionalitas Csr Dalam Praktek Bisnis Sosial : Kasus Grameen Danone Di Bangladesh*. *October 2014*, 125–138.

Elizabeth Inge Pratiwi, & Elsa Imelda. (2022). Hubungan Kausalitas Antara Sentimen Investor Dan Pasar Keuangan Indonesia. *Jurnal Ekonomi*, *27*(03), 182–201. Https://Doi.Org/10.24912/Je.V27i03.872

Katenova, M., & Qudrat-Ullah, H. (2024). Corporate Social Responsibility And Firm Performance: Case Of Kazakhstan. *Heliyon*, *10*(10), E31580. Https://Doi.Org/10.1016/J.Heliyon.2024.E31580

Noviyanti, S. (2023). Pengaruh Corporate Social Responsibility Terhadap Nilai Perusahaan Dengan Strategi Diversifikasi Usaha Dan Kepemilikan Manajerial Sebagai Variabel Pemoderasi (Studi Empiris Pada Perusahaan Sektor Manufaktur Yang Terdaftar Di Bei). *K&K_Jurnal Manajemen*, *2*(1), 327–346.

Popa, R. A. (2015). The Corporate Social Responsibility Practices In The Context Of Sustainable Development. The Case Of Romania. *Procedia Economics And Finance*, *23*(October 2014), 1279–1285. Https://Doi.Org/10.1016/S2212-5671(15)00395-0

Rahman, M. H., Tanchangya, T., Rahman, J., Aktar, M. A., & Majumder, S. C. (2024).

Corporate Social Responsibility And Green Financing Behavior In Bangladesh: Towards Sustainable Tourism. *Innovation And Green Development*, *3*(3), 100133. Https://Doi.Org/10.1016/J.Igd.2024.100133

Saputra, G., Sundiman, D., & Mujtahid, I. M. (2023). Pengaruh Pengungkapan Corporate Social Responsibility (Csr) Dan Good Corporate Governance (Gcg) Terhadap Profitabilitas Perusahaan (Studi Empiris Terhadap Perusahaan Pertambangan Yang Terdaftar Di Bei Periode Tahun 2010-2020). *J-Mas (Jurnal Manajemen Dan Sains)*, *8*(1), 1191. Https://Doi.Org/10.33087/Jmas.V8i1.1215

Vuong, N. B. (2022). Investor Sentiment, Corporate Social Responsibility, And Financial Performance: Evidence From Japanese Companies. *Borsa Istanbul Review*, *22*(5), 911–924. Https://Doi.Org/10.1016/J.Bir.2022.06.010

Zhang, Z., Wang, W., & Wen, S. (2024). Corporate Social Responsibility, Political Connections, And Barrier Industry Diversification: Evidence From China. *Heliyon*, *10*(8), E29953. Https://Doi.Org/10.1016/J.Heliyon.2024.E29953