# The Effects of Firm Size

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# The Effects of Firm Size, Corporate Social Responsibility on Profitability

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## Abstract

This study is created to determine the effect of Firm Size, Corporate Social Responsibility on Profitability in Consumer Goods sector companies listed on the Indonesia Stock Exchange (IDX) during 2015-2019. The method used in this research is descriptive verification method. The object in this study is the financial statements of the Customer Goods sector companies listed on the Indonesia Stock Exchange (IDX) during 2015 – 2019. The results show that the profitability proxied by Return on Assets (ROA) has an influence on Firm Size and Corporate Social Responsibility (CSR).

**Keywords:** Firm Size, CSR, ROA.

# INTRODUCTION

Financial ratios are one of the tools in the science of corporate financial management to measure how effective the company's performance is in each accounting period. One of the ratios that has an important role for the company is the profitability ratio. Profitability analysis is used to measure the performance of a company which in fact has a profit motive. The profitability ratio shows how effectively the company is managed in using the company's assets. Profitability ratio is proxied by ROA, which is a comparison of Earning Before Tax (Ebit) to total assets. The greater the ROA, the greater the profitability, which means the company's performance is getting better. To measure the company's profitability, it can be done by comparing the expected level of ROA ratio with the level of return requested by investors. If the expected return is greater than the required return, then the investment is said to be profitable(Cheng & Christiawan, 2011).

The calculation of the ROA ratio is very useful for evaluating the company's performance regarding the profits generated from the assets owned. The higher the net income generated on assets, the higher the ROA score. The higher the score, the better the company's performance. With ROA researchers see the extent to which the company's ability to generate profits from assets. To increase profitability the company must be able to analyze the risks that may occur. Of course, the company realizes that there must be a truly quality system in order to achieve maximum profitability

The phenomenon that occurs related to Profitability is reflected in the graph below:

**Graph 1**
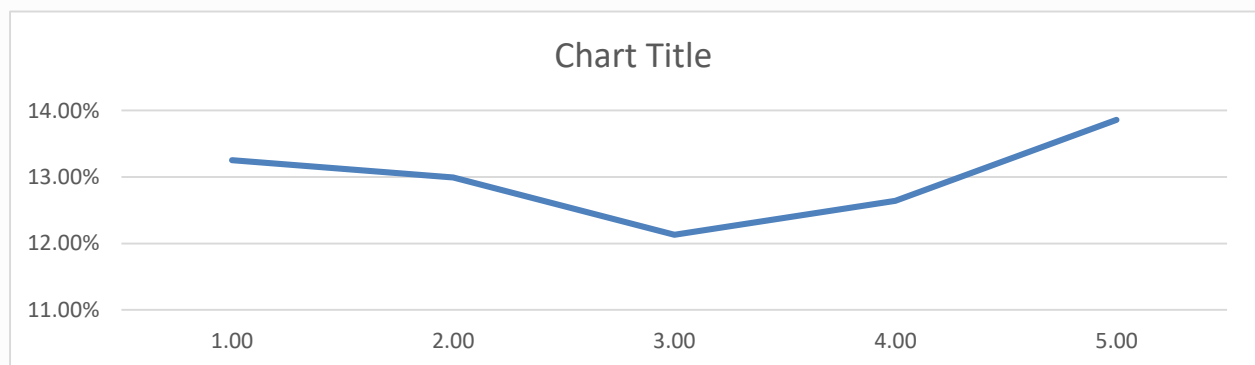


**Graph of Average Profitability in Consumer Goods Companies for the 2015-2019 Period**
Graph 1 shows that the 2015-2019 Consumer Goods sector companies experienced a drastic increase and decrease, especially in 2017 which was the lowest point. This means that there are problems faced by the firm because the resulting profitability tends not to increase every year. This illustrates that the performance of the sector companies that have not been maximized can be seen from the firm's ability to earn profitability proxied by ROA in a certain period.

Firm size in the form of assets or assets is all assets owned by the firm that will be used to fund the firm's operational activities in order to achieve firm goals, one of which is to obtain profits or profits(Nachrowi, 2018).

The increase in the number of assets owned by the firm indicates the increasing size of the firm, so that large and go public companies have greater access to sources of funds to the capital market and banking to finance their investments in order to increase their profits. Large companies have greater flexibility to obtain much-needed funds to carry out profitable investment opportunities. Thus, the opportunity to increase the profitability of large companies is higher than that of small companies(Arisadi & Djazuli, 2013)

According to (Susanto, 2007) companies that carry out their social responsibilities consistently will get broad support from the community who feel the benefits of the various activities they carry out. The implementation of CSR programs will improve the firm's image and in the long term will accumulate into the firm's reputation. CSR have a function for a new marketing tool for companies if it is implemented sustainably.

(Octaberlina & Asrifan, 2021)Based on the explanation above, implementing CSR will create a image in the among of the public which will affect consumer growth. The increase in consumers will lead to an increase on the sales side which in turn will increase the firm's profitability.

# OBJECTIVE OF THE STUDY

This study is created to determine whether Firm Size and CSR had an effect on Profitability (Return on Assets/ROA) in 2015 – 2019.

# LITERATURE REVIEW

The firm can be accepted in the community because of the support from the surrounding community. Corporate behavior is the method used by the firm when conducting business within the rules and guidelines set by the surrounding community. The firm has a social contract whose contents are in line with changing conditions in society. Whatever changes occur, the social contract is the basis of business legitimacy. This social contract is a place for companies to adjust various firm goals to the goals of the community whose implementation is in the form of corporate responsibility(Ratmono, 2017).

Legitimacy theory explains that companies are continuously trying to act in accordance with the boundaries, norms, values and social rules in the surrounding community. At this time the firm is increasingly aware of the importance of the firm's relationship with the community and the environment for the benefit of the firm's life. The firm is always closely related to the surrounding community and prevailing norms. Legitimacy Theory is a theory based on CSR which is closely related to stakeholders. Firm legitimacy is one of the strategic factors of a firm to develop the firm in the future. This is used as a way to position themselves in the midst of stakeholders and the community(Widiastari & Yasa, 2018).

According to (Singarimbun & Effendi, 2019), Firm size is a scale where the size of the firm can be classified as measured by total assets, total sales, share value and so on.

The definition of CSRaccording to Johnson and Johnson, in (Hadi, 2011)

"CSR is about how companies manage the business processes to produce an overall positive impact to society".

This definition basically departs from the philosophy of how to manage a firm either partially or wholly has a positive impact on itself and its environment. Therefore, companies must be able to manage their business operations by producing products that are positively oriented towards society and the environment.

According To (Fahmi, 2013) Profitability is a ratio to measure the effectiveness of management as a whole, which is indicated by the size of the level of profit obtained in relation to sales and investment

# RESEARCH MODEL

In the research model (Figure 1) the independent variables are Firm Size, and CSR and the dependent variable is Profitability (Return on Assets/ROA).

From the description above, the research model can be described as follows:
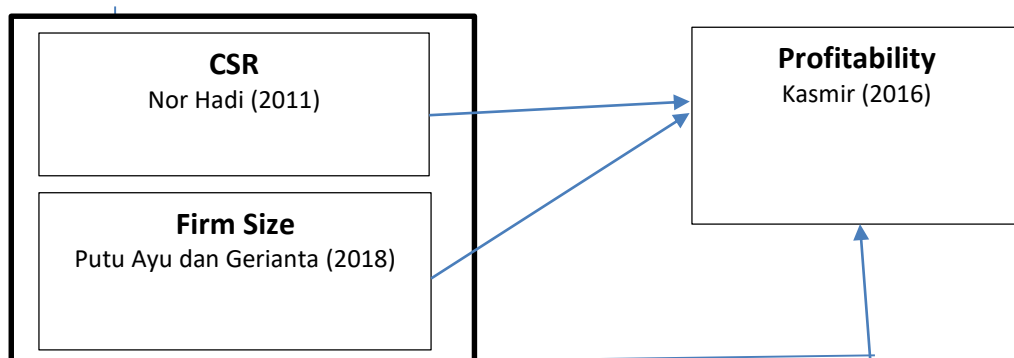


**Picture 1:** Research Model

**HYPOTESIS**

According to Gay, Mills, (Susanto, 2007) "hypothesis is a researcher's prediction of research findings, a statement of research expectations about the relationship between variables in the research topic"

Based on the hypothesis of this study that Firm Size and CSR affect Profitability

# RESEARCH METODOLOGY

Based on the objects and objectives that have been set, this research uses an explanatory research type. As has been written by(Singarimbun & Effendi, 2019) that explanatory research has a function in the form of an explanation of the causal relationship that occurs between independent and dependent variables through hypothesis testing to determine whether there is an influence between the variables studied, namely in this study is Independent and Dependent variables.

# RESEARCH POPULATION AND SAMPLE

The population of concern in this study are manufacturing companies in the consumer goods sub-sector which are listed successively on the IDX during the 2015-2019 period.

The technique used in sampling is purposive sampling. The criteria for selecting the sample are as follows:

1) Consumer Goods sub-sector companies listed on the IDX in 2015-2019.
2) Consumer Goods sub-sector companies that publish complete financial reports for a period of 5 consecutive years on the IDX in 2015-2019, either physically or through the website www.idx.co.id or on the official website in each of the companies under investigation.
3) The sample companies manufacturing the Consumer Goods sub-sector did not experience delisting during the observation period in 2015-2019.
4) Manufacturing companies listed as Consumer Goods sub-sector on the IDX whose financial statements have complete data required for each proxy variable in this study.
5) Manufacturing companies listed as Consumer Goods sub-sector on the IDX that have a positive Profitability value.

Based on the above, the number of samples of manufacturing companies listed as the Consumer Goods sub-sector on the IDX that published financial reports in 2015-2019 in this study were 24 Consumer Goods sub-sector companies listed on the IDX.

# DATA COLLECTION TECHNIQUES

The method of data collection carried out by the author in this study is through secondary data with literature and documentation. Secondary data regarding information on the annual financial statements of companies in the Basic and Chemical Industry sector listed on the IDX for the 2015-2019 period, sourced from www.idx.co.id (IDX).

# ANALISIS REGRESI DATA PANEL

Panel data is a combination of periodic data (time series) and data individually (cross section). Time series data is data collected from time over time to an individual. Meanwhile, cross section data is data that collected at one time against many individuals (Nachrowi, 2018)

In this study the independent variables are CSR and Firm Size. The dependent variable is Profitability. This study suspects that Profitability is influenced by Firm Size and CSR. However, there are other factors that affect profitability that are not examined.

The following is a panel data regression model:

$Y_{it} = \beta_1 + \beta_2 X1_{it} + \beta_3 X1_{it} + \mu_{it}$

(Ghozali dan Ratmono, 2017)

Information:

| | | |
|---|---|---|
| Y | = | Profitability |
| β1 | = | Constant |
| β1, β2 | = | Regression Coefficient |
| X1 | = | Firm Size |
| X2 | = | CSR |
| μ | = | Error Term |
| I | = | Manufacturing Firm Financial Statements |
| T | = | Year |

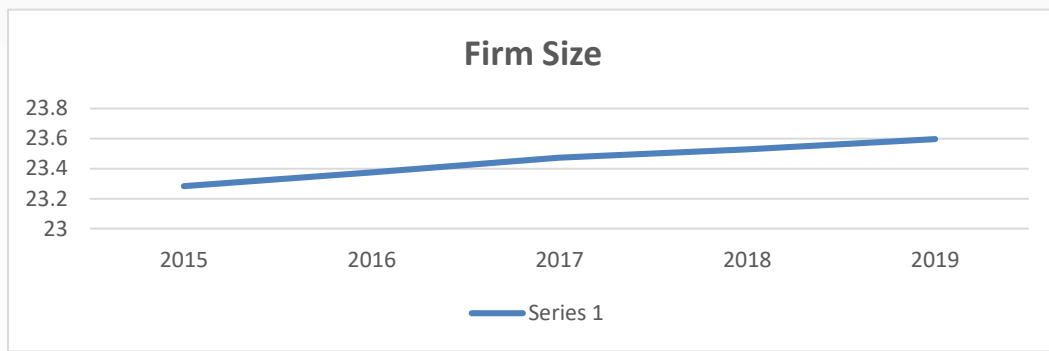This test was carried out with the Eviews version 9 program tool.

# DESCRIPTIVE ANALYSIS

- **Firm Size Descriptive Analysis**

Firm Size provides an explanation of the size of a company which is indicated by the value of assets, the value of sales, in this study the size of the company used is the result of the total asset value.

**Graphics 2**
**Firm Size Disclosure**



Graph 2 provides information that there was an increase in the size of the firm from 2015 to 2019 without a decrease, namely the value from 23.2826 to 23.3738 to 23.4728, increasing again by 23.5290 and lastly in 2019 it increased to 23.5969. This shows that the size of the firm has increased every year which shows an increase in the number of assets owned by the firm indicating that the size of the firm is increasing, if we look at the highest average value of the firm size, in 2019 it was owned by the firm Kalbe Farma Tbk. (KLBF) which is worth 30.64 rounding off from 30.6399 while the lowest average was in 2015 namely the size of the firm obtained by PT Akasha Wira International Tbk. which is worth 13.39 or 13.3897.

- **CSR Descriptive Analysis**

CSR is the obligation of every company to the surrounding environment both in terms of humans and the environment itself which is carried out sustainably as a negative impact of company activities for the company's survival in the future by providing the best assistance and solutions to the surrounding environment (Kasmir, Thomas, & Scalisi, 2016)

**Graphics 3**
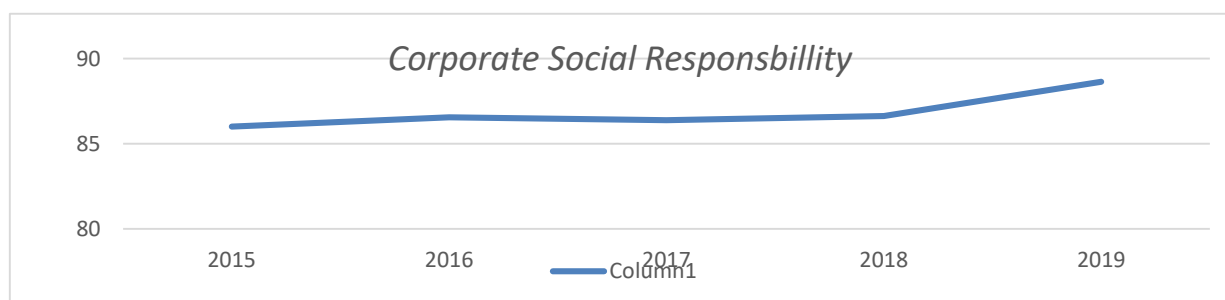


**CSRDisclosure**

From Graph 3 shows that the average ratio of CSRD is closures fluctuates every year and if we look at Graph 4.1 there is a sharp increase from 2018 to 2019. The average value of CSR disclosures

listed on the IDX in 2015 up to 2019 it was in the range of 86.01% to 88.64%, based on the criteria required by the Global Reporting Initiative (GRI) which had not been fully met with a significance value of 100%, which in our opinion is still a lack of attention by the firm in conducting Corporate Social Responsbillity, the highest average ratio in manufacturing companies in the Consumer Goods sector on the IDX during the 2015-2019 period, which is worth 94.29%, there are 2 companies that have the highest value, namely Wilmar Cahaya Indonesia Tbk. (CEKA) in 2019 and Indofood Sukses Makmur Tbk. (INDF) in 2019 while the lowest average ratio during the 2015-2017 period was 74.83%, there was 1 firm that had the lowest score, namely PT Delta Djakarta Tbk. (DLTA) with a value of 74.83% for 2015, 2016 and 2017 this shows that the firm still pays less attention to CSRDisclosure.

- **Descriptive Analysis of Profitability proxied by ROA**

Profitability is an analytical tool in the form of a ratio that has a function to determine the ability of a company to create a profit. In this study, profitability is proxied by ROA, where ROA is an analytical tool used by management to determine the company's ability to create profits with all its assets

**Graphics 4**
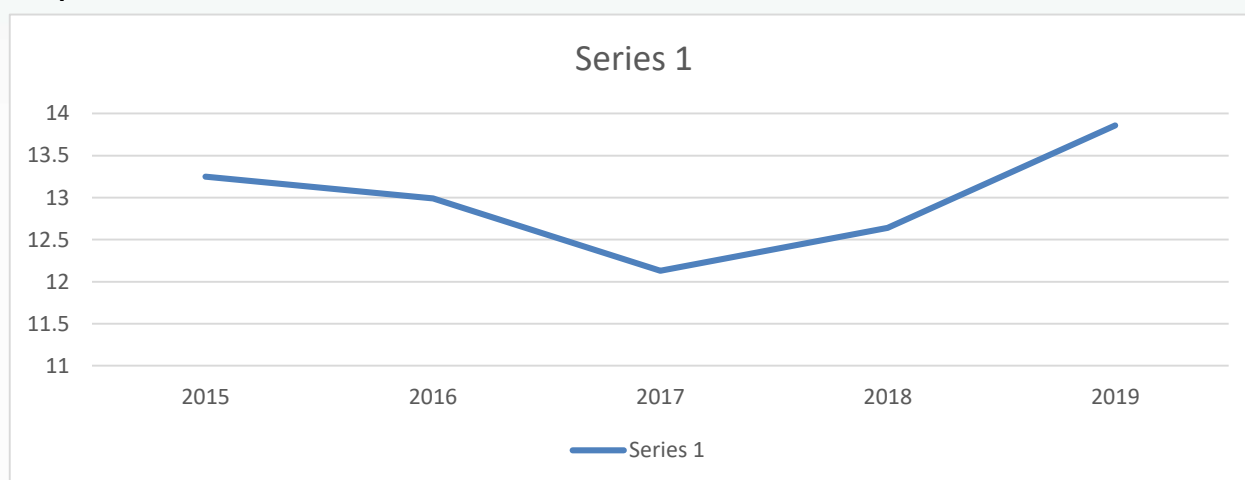


**Profitability Disclosure**

Graph 4 provides information that the average profitability (ROA) of manufacturing companies in the Consumer Goods sector on the IDX during the 2015-2019 period fluctuated every year, the average profitability (ROA) ) in 2015 by 13.25% experienced a decrease in profitability (ROA) in 2016 by 12.99% and decreased again in 2017 by 12.13% and increased in the last 2 years namely 2018 and 2019 at an average of 12.64% and 13.86%. this shows that there is a problem that occurs in the Consumer Goods Sector Manufacturing firm from 2015 to 2019, because the firm's performance pro- cessed by ROA tends not to increase every year. This illustrates that the firm's performance in the Consumer Goods Sector from 2015 to 2019 has not been maximized, as can be seen from the firm's ability to earn profits in certain periods which have fluctuated. If we look at the profitability side that is proxied by ROA, the highest ROA is obtained by PT. Unilever Indonesia Tbk. (UNVR) in 2018 was worth 46.30%, while the lowest ROA value was in 2019 namely PT. Sekar Bumi (SKBM) which was worth -0.05%, this shows that PT. Sekar Bumi's financial performance is not considered good because it is almost close to the number 0 or minus.

## DATA ANALYSIS AND TESTING HYPOTHESES

Analysis of this data is used to use panel data regression analysis using E-Views version 9. To generate information on how the influence of company size and CSR on profitability in manufacturing companies listed as a sub-sector of Consumer Goods on the IDX.

## REGRESSION MODEL ESTIMATION

- **Common/Pool Test**

This test is needed for early detection whether the panel data to be processed must be estimated using common effects or fixed effects.

**Chow Test**

**Redundant Fixed Effects Tests**
Equation: MODEL_FEM
Test cross-section fixed effects

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 32.183652 | (23,94) | 0.0000 |
| Cross-section Chi-square | 261.984858 | 23 | 0.0000 |

The table above provides information that the value of Prob. F of 0.000 < 0.05, then in accordance with the specified criteria, namely rejecting H0 and accepting Ha, which means the results of the chow test provide information that the fixed effects model is selected, if the fixed effect is selected in this chow test, it is necessary to proceed to the Hausman test.

● **Hausman Test**

This Hausman test has a function to choose the best type of model among random effects or fixed effects.

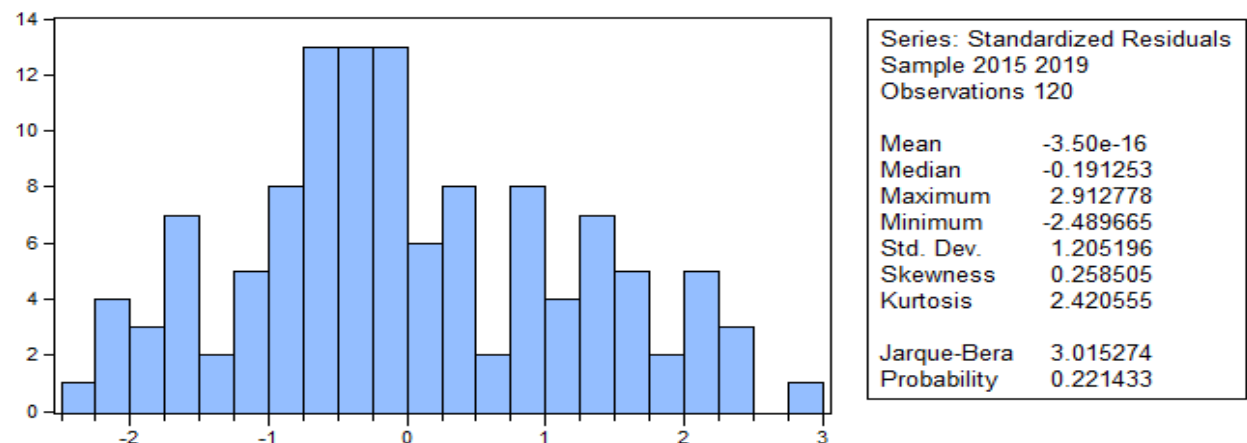**Hausman Test Results to Determine Fixed Effect or Random Effect**

**Correlated Random Effects - Hausman Test**
Equation: MODEL_REM
Test cross-section random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 3.609566 | 2 | 0.1645 |

The table provides information above that the acquisition of the value of Prob. Chi-Sq is 0.1645 > 0.05 so the decision of the Hausman test is to accept H0 and reject Ha, which means that the random effects model is the right choice for estimating the model in finding the effect of Firm Size and CSR on Profitability.

## CLASSIC ASSUMPTION TEST

**Data Normality Test**

The normality test has a function in a study, namely, to find out whether in a regression model in which this study uses panel data regression, the confounding or residual variables have a normal distribution or not.



| Series: Standardized Residuals | |
|---|---|
| Sample 2015 2019 | |
| Observations 120 | |
| Mean | -3.50e-16 |
| Median | -0.191253 |
| Maximum | 2.912778 |
| Minimum | -2.489665 |
| Std. Dev. | 1.205196 |
| Skewness | 0.258505 |
| Kurtosis | 2.420555 |
| Jarque-Bera | 3.015274 |
| Probability | 0.221433 |

**picture 2**
**Data Normality Test Results**
Based on the results of the Jarque-Bera test, researchers obtained information that the probability of showing a number of 0.221 is greater than 0.05. The results of this normality test provide information that the residuals in the panel data regression model are normally distributed, so there is no problem with the normality assumption

- **Multicollinearity Test**

|  | X1 | X2 |
|---|---|---|
| X1 | 1.000000 | -0.098979 |
| X2 | -0.098979 | 1.000000 |

The table above provides information that the research data is free from multicollinearity, because the two independent variables have a value less than 0.90 which is -0.0989

- **Heteroskedastisitas Test**

Heteroscedasticity test is used by researchers to find information on whether the regression model (panel data regression) has variance in residuals between observations.

**Heteroscedasticity Test Results**

Dependent Variable: RESABS
Method: Panel EGLS (Cross-section random effects)
Date: 08/14/21   Time: 16:49
Sample: 2015 2019
Periods included: 5
Cross-sections included: 24
Total panel (balanced) observations: 120
Swamy and Arora estimator of component variances

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 2.502071 | 2.425245 | 1.031678 | 0.3044 |
| X1 | -0.345174 | 0.197030 | -1.751892 | 0.0824 |
| X2 | 0.014649 | 0.235585 | 0.062182 | 0.9505 |

Effects Specification

|  |  | S.D. | Rho |
|---|---|---|---|
| Cross-section random |  | 0.556085 | 0.6685 |
| Idiosyncratic random |  | 0.391615 | 0.3315 |

Weighted Statistics

| R-squared | 0.025100 | Mean dependent var | 0.294418 |
|---|---|---|---|
| Adjusted R-squared | 0.008435 | S.D. dependent var | 0.397959 |
| S.E. of regression | 0.396277 | Sum squared resid | 18.37317 |
| F-statistic | 1.506155 | Durbin-Watson stat | 1.192980 |
| Prob(F-statistic) | 0.226029 |  |  |

Unweighted Statistics

| R-squared | 0.106452 | Mean dependent var | 0.980092 |
|---|---|---|---|
| Sum squared resid | 51.44840 | Durbin-Watson stat | 0.426035 |

The table above shows that the probability value in the Firm Size Variables (X1) and CSR(X2) is greater than 0.05, namely for X1 which is 0.0824 and X2 is 0.9505 so that the decision taken is

Accept H0 i.e., there are no symptoms of heteroscedasticity so that the model has met the assumptions for regression testing.

-      **Autocorrelation Test**

The autocorrelation test is used by researchers to find out whether the research data used in the linear regression model has a correlation between the confounding error in period t and the confounding error in period t-1 (previous).

**Autocorrelation Assumption Test Results (Durbin Watson Test)**

| dU | Durbin-Watson | 4-dU | Kesimpulan |
|----|---------------|------|------------|
| 1.736 | 1.970261 | 2.264 | No Autocorrelation |

The table above shows that the DW value obtained is 1.970261. This figure is compared to the dL and dU values in the Durbin Watson table. With 120 samples, k=2 and = 5%, the closest dL value is 1.668 and dU is 1.736. So that obtained 4-dU of 2.264 and 4-dL of 2.332. From this information, it can be seen by the researcher that the dW number is 1,970, which is between dU = 1,736 and 4-dU = 2,264. Based on this information, it can be concluded that there is no violation of autocorrelation, either positive autocorrelation or negative autocorrelation.

**PANEL DATA REGRESSION**
**Panel Data Regression with Model Random Effect**

```
Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 08/14/21   Time: 17:10
Sample: 2015 2019
Periods included: 5
Cross-sections included: 24
Total panel (balanced) observations: 120
Swamy and Arora estimator of component variances
```

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C | 1.576038 | 3.384934 | 0.465604 | 0.6424 |
| X1 | -1.139051 | 0.403174 | -2.825205 | 0.0056 |
| X2 | 0.775234 | 0.297818 | 2.603047 | 0.0104 |

**Effects Specification**

| | | S.D. | Rho |
|---|---|------|-----|
| Cross-section random | | 1.185517 | 0.8720 |
| Idiosyncratic random | | 0.454250 | 0.1280 |

**Weighted Statistics**

| | | | |
|---|---|---|---|
| R-squared | 0.110050 | Mean dependent var | 0.562637 |
| Adjusted R-squared | 0.094837 | S.D. dependent var | 0.480727 |
| S.E. of regression | 0.457364 | Sum squared resid | 24.47425 |
| F-statistic | 7.234040 | Durbin-Watson stat | 1.183578 |
| Prob(F-statistic) | 0.001091 | | |

**Unweighted Statistics**

| | | | |
|---|---|---|---|
| R-squared | 0.233230 | Mean dependent var | 3.331275 |
| Sum squared resid | 172.8473 | Durbin-Watson stat | 0.167588 |

The regression equation to be formed is as follows:

**ROA = 1,576 – 1,140 X1 + 0,775**

The table above shows that the values contained in the regression equation are described as follows:

a.   The constant of 1.576 shows the prediction of ROA(Y) when the two independent variables are constant.

b.   The regression coefficient for Firm Size is -1.140 with a negative regression coefficient which indicates that every increase in Firm Size is predicted to reduce ROA by 1.140 times.

c.   The regression coefficient for CSR mis 0.775 with a positive regression coefficient which indicates that if the size of the company increases, it is likely that the ROA variable will increase as much as 0.775 times.

# DETERMINATION COEFFICIENT

The coefficient of determination ($R^2$) is used by researchers to determine the model's ability to provide information on variations in the dependent variable, which in this case is the Profitability Variable.

In this case, researchers get information that the coefficient of determination is 9%. This information explains that Firm Size and CSR contribute to the profitability of manufacturing companies listed as the Consumer Goods sub-sector on the IDX by 9%, and the other on 91% is a contribution from other variables not examined.

## HYPOTESIS TESTING

**Simultaneous Hypothesis Testing (F Test)**
To prove whether the variables consisting of, and Firm Size and CSR have an effect on ROA in manufacturing companies listed as Consumer Goods sub-sector on the IDX.
Simultaneous Hypothesis Testing (F Test)

| Fhitung | Ftabel | Prob. F | a |
|---------|--------|---------|---|
|         |        |         |   |

The simultaneous hypothesis testing table presented above provides information to the researcher that the F-count obtained is 7.234. A number of 7,234 will be compared with the number in the Ftable in the distribution table F. With =0.05, db1=2 and db2=117, the F-table number is 3.074. From this number, the researcher obtained information that the Fcount number obtained was 7.234, which was greater than the Ftable value of 3.074. In accordance with the criteria for testing the hypothesis that rejecting H0 and accepting Ha, it means that Simultaneously Firm Size and CSR significantly affect ROA Manufacturing companies listed as Consumer Goods sub-sector on the IDX 2015 – 2019.

- **Partial Hypothesis Testing (t Test)**

1.     **Partial Hypothesis Testing X1**

| Model | tcount | ttabel | Prob. t | A |
|-------|--------|--------|---------|---|
|       |        |        |         |   |

The table above shows that the t-count value obtained by Firm Size is -2.82. This value will be compared with the t-table value in the t-distribution table. For the two-party test, the t-table value is 1.980. From the values above, it can be seen that the t-count value obtained is -2.82 > t-table 1.980, in accordance with the hypothesis testing criteria that Ha is accepted, H0 is rejected, meaning that Firm Size affects ROA with a negative coefficient for manufacturing companies listed as the Consumer Goods sub-sector on the IDX  2015 – 2019.

2.     **Partial Hypothesis Testing X2**

| Model | thitung | ttab | Prob. t | A |
|-------|---------|------|---------|---|
| Size | 2.603 | 1,980 | 0,000 | 0,05 |

The table above shows that the t-count value obtained by CSR is 2,603. This value will be compared with the t-table value in the t-distribution table. For the two-party test, the t-tab value obtained a value of 1.980. From this number, the researcher obtained information that the t-count value was 2.603 > t-table 1.980, based on this information and when compared with the hypothesis testing criteria, it would result in Rejecting H0 and accepting Ha, so it can be concluded that CSR affects ROA in manufacturing companies listed as the Consumer Goods sub-sector on the IDX 2015 – 2019.

# DISCUSSION

1. **The Effect of Firm Size on Profitability**
Based on information from hypothesis testing which states that the t-count number obtained is -2.82 > t-table -1.980, according to the hypothesis testing criteria that Ha is accepted, H0 is

rejected, meaning that company size affects ROA with a negative coefficient in manufacturing companies. listed as the Consumer Goods sub-sector on the IDX 2015 – 2019.

Firm size affects ROA with a negative coefficient for Consumer Goods companies on the IDX. This means that if the size of the company increases, the company's profitability will decrease and these results indicate that company size is not the main factor that can affect profitability, because the size of a company is increasing, the company needs additional costs to carry out its company activities such as utility costs, costs salary due to the need for additional employees, depreciation costs and asset maintenance costs so that it will have an impact on declining company profitability.

In addition, based on research exposure from Mitrae Asset Sekuritas Indonesia, which was reported by CNBC Indonesia, it provides the view that the consumer goods industry in Indonesia has experienced poor growth in recent years. ,7%, compared to 11% CAGR growth from 2003 to 2017. This was due to the slow recovery in people's purchasing power, as well as the shift in consumer choice from FMCG products to non-FMCG products which also slowed down the growth of the industry on the other hand, the depreciation of the rupiah. and interest rates increase, will affect people's purchasing ability which is decreasing.

According to(Muamar, 2018) It can be concluded that a decrease in purchasing power will affect the company's profit which decreases and inventory reserves are increasingly piling up and will affect the increasing company structure, for Consumer Goods in addition to the nature of Consumer Goods goods are relatively short which causes the goods to be easily damaged which this will have an impact on decreasing profits because the company requires additional costs.

**2. The Effect of CSR on the Profitability**

Based on information from hypothesis testing which states the t-count number obtained is 2,603. This value will be compared with the t-table value in the t-distribution table. For the two-party test, the t-table value = 1.980. From this information, where the t-count value is 2.603 > t-table 1.980, it can be concluded that the Hypothesis Testing Rejects H0 and Accepts Ha, so that CSR Affects Profitability as proxied by ROA in manufacturing companies registered as Consumer Goods sub-sector on the Indonesia Stock Exchange 2015 – 2019

**3. The Effect of Firm Size and CSR on Profitability**

Based on information from the F-count hypothesis testing which obtained a value of 7.234. This value will be compared with the Ftable value in the F distribution table. With =0.05, db1=2 and db2=117, the Ftab value = 3.074. Based on this information, it shows that the Fcount score is 7.234, which is greater than the Ftable value of 3.074. In accordance with the criteria for testing the hypothesis that rejecting H0 and accepting Ha, it means that Simultaneous Company Size and CSR have an effect on ROA in manufacturing companies listed as Consumer Goods sub-sector on the Indonesia Stock Exchange 2015 – 2019

Profitability is a company's ability to create profits and provide information on the effectiveness of management in running the company's operations. Companies that are said to be good will have increased profitability from year to year. Thus, companies that have good company size and CSR tend to have good profitability as well. Firm Size and CSRvariables together can Influence the profitability variable by 9.4% while 90.6% which is the difference from 9.4% is another variable outside this research.

# CONCLUSION

1. The partially firm size has a negative effect on ROAin a manufacturing firm in the Consumer Goods sector listed on the the IDX in 2015 – 2019.
2. The CSR has an effect on ROA in manufacturing companies in the consumer industry sector. Goods listed on the IDX in 2015-2019,
3. The Simultaneous Firm Size and CSR have an Influence on ROA in manufacturing companies listed as Consumer Goods sub-sector on the the IDX in 2015 – 2019

# SUGGESTIONS

**1. Academic suggestions**

- For the next researchers are expected to add other variables that can directly affect profitability, further researchers can also use other indicators for company profitability such as Corporate Value and Good Corporate Governance.
- Further researchers can use or add other research variables that are not used in this study such as firm age, public ownership, size of the board of commissioners, media disclosure, BUMN/Non BUMN category and so on to better explain the effect of firm characteristics on CSR.
- On the application about concept of CSR, it can also be done together. This means that the firm invites the government and community representatives to conceptualize a series of processes, from program design or planning, program implementation, program monitoring, program evaluation to reporting. Or in other words, do a PDCA (Plan, Do, Check, Action) cycle. It is hoped that the CSR programs that were initiated together can run in a real, useful, effective, and long-term manner. And so that the program that will be implemented does not stop in the middle of the road or experience futility
- For companies that are the object of this research to pay more attention to CSR factors that have a positive influence on making strategies for Operate a Compan y activities, so that firm profitability can increase.
- In Disclosure of the concept about CSR using the GRI, the firm is considered to be still not optimal because it is still below 100%.)
- For companies that are the object of research on firm size factors that have a negative influence on firm profitability, they must have a special way of managing the firm's size so that the firm can use it effectively to increase profits, basically companies that have large firm sizes have a greater opportunity to earn profits. Funds to carry out investments. Which investment is expected to provide great profitability?
- For investors, this research provides information regarding the factors that need to be considered to increase profitability, namely CSR which affects the firm's profitability, can be used as a reference for consideration so that this information can be used as the basis for making investment decisions by investors.

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