THE RELATIONSHIP BETWEEN CSR AND FINANCIAL DISTRESS: MODERATED BY CORPORATE LIFE CYCLE

Bella Tjendriawan[1,)], Herlina Lusmeida[2*)]

[1&2)] *University of Pelita Harapan, Tangerang -Banten*

e-mail: Herlina.lusmeida@uph.edu*
(Corresponding Author)

ABSTRACT

This research aims to prove empirically the relationship between Corporate Social Responsibility (CSR) performance and Financial Distress. Also to prove empirically how Mature Stage of Corporate Lifecycle is moderating the relationship between CSR performance and Financial Distress. The independent variable (CSR) is divided into 2 categories namely positive and negative. The populations are consumer sectors companies listed on the IDX during the period of 2018-2020. Based on purposive sampling criteria, the total observation for this study is 153 companies. Data were analysed using logistic regression analysis method by using a statistical software namely SPSS version 26. The results showed that positive corporate social responsibility has negative significant relationship with financial distress and mature stage of corporate life cycle is not significantly strengthen the relationship between positive corporate social responsibility and financial distress.

Keywords: CSR, Financial Distress, Lifecyle, Return on Assets, Leverage, Cash Holding, Springate Ratio.

1. INTRODUCTION

An executive chairman of Ford Motor Company, Bill Ford, once said "creating a strong business and building a better world are not conflicting goals, they are both essential ingredients for long term success." In other words, both are one connecting goal that are dependent on each other. Ultimately, the goal of every company is to be profitable. It is certain that being profitable and having sufficient capital is crucial for every company to maintain their business operation, without it, no companies can stay in existence (Edi & Tania, 2018). However, in pursuing only maximum profit, it is easy for a company to be tangled in political conflicts and even social sanctions. Inevitably, all business activities have either positive or negative impacts towards the society and environment. The positive impacts bring its own benefits to the surrounding community, such as the availability of employment, and economic development of the community. On the other hand, if the activities carried out are causing negative impacts, such as pollution and environmental damage, this will most certainly interfere and inhibit the activities carried out by the surrounding community, which, in turn, results in negative sanctions such as loss of customers' trust, loss of company's reputation, and even potentially consumer boycott (Al-Hadi et al., 2017).

In essence, it is not ideal to only focus on being profitable since we have a moral obligation to also satisfy and focus on public interest. For that reason, implementing CSR has been the focus of many companies to make sure that the business activities are not only beneficial for the company but also beneficial for the society and environment. According to

(Belas et al., 2020), CSR is a concept implemented by the management of a company that consider the impact of its business activities and incorporates social and environmental concerns in their business activities. By implementing this concept, it is hoped that a company can address the expectations of shareholders and stakeholders while minimizing the negative impacts towards the society and environment. In short, the implementation of CSR is hoped to achieve a balance of economic, environmental, and social. Some would argue that the outcomes of this concept should be a bonus, not the reason for implementing it since it goes beyond that (Rangan et al., 2015) . However, we can't deny that many use this concept as a risk management strategy to enhance their reputation and strengthen their image (Al-Hadid et al., 2017). Positive reputation can increase customers' trust towards a brand and increase their tendency to buy from that specific brand, eventually the sales and profits of the company will increase. In fact, according to (Deloitte, 2019), 42% of Gen Z and millennials are starting to turn their attention to brands that are integrating social and environmental issues in their business activities and 37% of Gen Z and millennials refuse to use a product or service from a company or brand that is not working ethically. Moreover, (Facebook IQ Report, 2019) reported that 61% of Gen Z stated that they are willing to spend more for products or services that are sustainable and ethically made. The changing customers' behaviour towards sustainable brands allows a company with CSR programs to obtain economic benefits that would improve its financial performance. With improved financial performance, the smaller the chance for a company to experience financial distress.

Financial distress is interchangeably used with terms such as insolvency, failure, bankruptcy and default. (Mohamed, 2019) defined financial distress a financial situation in which a company struggles from insufficient operating cash flow, and in turn prevents a company to fulfil its financial obligations. His research suggests that such financial situation can only be solved if a company restructure its operations. While (Balasubramanian et al., 2019) agrees that financial distress is to describe companies that are wrestling with financial problems. Having to cope with financial distress is not a cost that all companies can pay. Signs of financial distress can cause a company to be delisted, hence why it is crucial to mitigate financial distress. In fact, In Indonesia, many companies were delisted due to its failure to fulfil the standards of being a listed company. In 2015, 3 companies were delisted due to financial distress which include consistent loss in the last few years, namely, PT. DA, TBK, PT. BER, Tbk, and PT. U, Tbk (Purwaningsih and Aziza, 2019). Therefore, to minimize such debacle to happen in the future, this paper wishes to study said topic. This paper also argues that the corporate life cycle is moderating the relationship between CSR performance and financial distress. According to (Suranta et al., 2021), the corporate life cycle is a development process of a company that goes through linear and consecutive stages; start-up, growth, maturity, decline. Many scholars (Al-Hadi et al., 2017; Lee & Choi, 2018; Owen & Yawson, 2010; Suranta et al., 2021; Utami et al., 2021) agree that all companies are consecutively progressing over their life cycle. It implies that during each life cycle, a company has different characteristics which include different needs and access to capital, different strategies, and according to Wanis (2020) and (Al-Hadi et al., 2017), companies' CSR activities differ according to their stage of life cycle. On top of all that, according to (Wang et al., 2019a), the corporate life cycle is not only affecting how a company designs their business strategy but also affects their possibility of going bankrupt. For that reason, this paper wishes to further study the influence of corporate life cycle towards the relationship between financial distress and CSR performance.

Decision to further study about said topic was based on the phenomenon of the Walmart Company, one of the world's biggest retailers, is often the talk of the public, including market critics (Morillo et al., 2015), Walmart has been long criticized regarding their treatment towards the employees, their failures on their sustainability program, their attempt at greenwashing, etc. In 2005, Walmart first launched its sustainability program, and in response to that, Food & Water Watch, and the Institute for Local Self-Reliance (ILSR) published an article about how Walmart is failing on sustainability. The article stated how CSR is only a marketing tool for Walmart to gain a good image and boost their growth (Institute for Local Self-Reliance, 2012). Another issue is unethical wages and poor working conditions. In 2012, it was claimed that Walmart was exceptionally cruel to its employees, this is ranging from unethical wages, sexual misconduct exploitation to discrimination (Egizi, 2012). However, this is not something new for Walmart, in fact, in 2008, Walmart had to pay $640 million to settle dozens of both federal and state lawsuits regarding previously stated issues. Again in 2020, Walmart was trending globally, many campaigned to boycott Walmart due to its employees' wages and working conditions (Scribner, 2020). However, despite all those issues, Walmart still managed to keep being the world's largest retailers. In fact, Walmart's revenue has been increasing, with an annual growth rate of 5% and a stable gross profit margin at around 26.5% (Morillo et al., 2015). In essence, we can understand that as a long-standing company, those problems did cause them some financial loss, but, surprisingly, it did not lead them to face financial distress whatsoever. Due to said phenomenon, this paper wishes to analyse CSR activities affect financial distress.

Previously, many empirical literatures regarding said topic have been conducted. A prior study concluded that CSR performance and financial distress have a significant positive relationship(Farooq & Noor, 2021; Tristiarini, 2017). In other words, their findings indicate that an investment in CSR does not result in good image and reputation, but financial distress, which is consistent with the over-investment hypothesis. Despite those prior studies, there are other prior studies concluded that CSR is able to reduce the chance of financial distress, but ignored the fact that companies are heterogeneous in terms of the life cycle (Boubaker et al., 2020; Cooper & Uzun, 2019; la Nguyen et al., 2020; Lin & Dong, 2018; Shahab et al., 2018; Zheng et al., 2019). However, there are few other prior studies that have taken into account the influence of corporate life cycle (Al- Hadi et al., 2017; Purwaningsih & Aziza, 2019; Utami et al., 2021; Zhao & Xiao, 2019). Therefore, this paper would like to study the effect of corporate life cycle towards the relationship between CSR performance and financial distress. To be more specific, this paper will focus on the mature stage of life cycle. All companies have their own contribution towards the rapidly changing climate change. However, according to the Journal of Industrial Ecology, consumer good products are responsible for 60% of global greenhouse gas emissions (Jacobs, 2016). Additionally, the sample of prior studies are heterogeneous among researchers and none of them have specifically chosen non-cyclical consumer goods companies as their sample. Hence why this study is examining the influence of said factors on non-cyclical consumer goods sector companies. Given all that, the writer is motivated and interested to study the said topic. The result of this study is hoped to assist investors, business owners, and other stakeholders in making decisions regarding the said topics.

Research Problem

Based on the background presented above the research problems are as follows:

1. Does Corporate Social Responsibility (CSR) Performance affect Financial Distress?

2. Does Corporate Life Cycle moderate the relationship between Corporate Social Responsibility (CSR) Performance and Financial Distress?

2. LITERATURE REVIEW

2.1 Legitimacy Theory

Tracing back to its root, the term "legitimacy" is derived from the latin word "legitimus", which translates to "according to law"(Gary O, 2000). However, the law referred to is not merely about the establishment of laws to be enforced by a legal system, but also about the social laws that govern moral and ethical behaviour. The basic principle of legitimacy suggests that a person or a group has power and authority over the others. Just like any other assets, (Gary O, 2000) suggests that power essentially needs to be maintained properly and accordingly. To keep having power, it is crucial for the power holder to understand and fulfil the wishes of the people over whom it has control, and this must be acceptable to the group over which they have authority. The concept of legitimacy is widely used in various contexts such as governments, citizens, and any organizations where power and authority are in existence. In the context of organizational legitimacy, the company management as the power holder should consistently control and ensure that its business activities and performances are not breaching norms of its surrounding society in order to gain the approval of its stakeholders (including shareholders, employees, financiers, and society) for its continued existence (Guthrie et al., 2016). In other words, legitimacy theory is a theory that suggests the existence of a 'social contract' between a company and its stakeholders in which it operates. This theory is clearly demonstrated through of CSR activities.

2.2 Financial Distress

Financial distress is defined differently among prior researchers. As one of the most influential authors on the topic of financial distress, Altman (1968) used the term to define a situation in a company where the value of its total asset is relatively less than the value of its total debts, which in turn, limits the company's ability to pay its debts on maturity date. It is also often used interchangeably with other terminologies such as insolvency, default, bankruptcy, and default (Balasubramanian et al., 2019). Another researcher used financial distress to reflect the company's difficulty to fulfil its financial obligations due to its lack of liquidity (Almamy et al., 2016). Meanwhile, according to (Mselmi et al., 2017) when a company's cash flow is insufficient to pay its financial obligation, the company is known to be facing financial distress. In specific, according to (Yazdanfar & Öhman, 2020) financial distress is a situation in which a company's EBITDA is lower than its spending on interest expense. All combined, they agreed that financial distress is not only about a company's failure to fulfill its financial obligations but also accumulated financial problems that occur priorly. However, (Yazdanfar & Öhman, 2020) argued that the cause of financial distress is not always financial problems, but also attributable to natural disasters.

2.3 Corporate Social Responsibility (CSR)

The earliest known definition stated that CSR is the obligation of a company to ensure that its decisions, company's policies, and activities are in accordance with the norms of society (Bowen, 1953). In 1972, another researcher defined CSR as a 'social contract' between a company and the society(Steiner, 1972) .The later researcher suggests that a company should

be aware of its business activities and how it affects the well-being of society. Ideally, a company should be operating on the ground of the welfare of society and not only focus on maximizing profit. Arguably, CSR is a requirement, because as an essential part of society, a company is obligated to provide solutions for social concerns through its business activities. In addition to the previous definition, CSR is a dedication of a company to take advantage of its resources to improve the welfare of its surrounding society(Kotler & Lee, 2004). Aside from that, CSR is also believed to be more than just an ethical responsibility but also as a means of achieving business goals (Du et al., 2011). Arguably, corporate social responsibilities activities are making a company more appealing to inventors as it adds value in terms of competitiveness and survival (Mecaj & Bravo, 2014) . Meanwhile, its latest known definition defines CSR as a commitment of a company that aims to improve the welfare of its surrounding society through its voluntarily actions using its resources (Salehi et al., 2017). Moreover, it is defined as a business strategy that takes into account the impacts of its activities towards the society that consists of responsibilities to align economic benefits to the environment, growth, and development of the business (Kamalirezaei et al., 2020). Aside from that, it is also referred as an imperative strategy for present-day companies to be more appealing in the perspective of potential investors and to be more connected with stakeholders (Boubaker et al., 2020). CSR is frequently classified into three categories which are economic, social, and environmental (Kamalirezaei et al., 2020).

2.4 Sustainability Report

Sustainability report is defined as a tool used by a company to report information related to its environmental, economic, and social activities including the impacts of said activities towards its stakeholders (Fernandez-Feijoo et al., 2018). In other words, it is to report a company's CSR activities. In essence, it is the financial and non-financial performance information of a company reported to its stakeholders. Such report is expected to satisfy the needs of stakeholders and allows a company to gain legitimacy through it. Meanwhile, according to (Baumüller & Sopp, 2022), sustainability report is a pertinent tool that enables users to understand the company's sustainability goals and its performance, hence allow users to make proper evaluation and informed decision making. Essentially, it displays a company's state of sustainability. However, for such tool to be effective, it must be faithful, relevant, comparable, and reliable (Baumüller & Sopp, 2022). Aside from that, such disclosure is not expected to report all issues related to sustainability. However, it must cover pertinent issues related to a company's environmental, economic, and social impacts (Torelli et al., 2020). Generally, a company publishes a sustainability report due to several reasons, which ranges from leadership style, managerial perception to financial incentives (Tarquinio & Xhindole, 2021).

2.5 Corporate Lifecycle

Developed from the theory of product's life cycle, corporate life cycle has a long history that began in the 50s. Many prior studies argued that the corporate life cycle is a development process of a company that goes through linear and consecutive stages (Suranta et al., 2021; Tariq et al., 2020).In essence, they argued that as time goes by, all companies will face an inevitable chronological life cycle transition, and it is irreversible. Meanwhile, Habib & Hasan (2019) argued otherwise. He argued that it is not a linear process, in essence, a company can move from one stage to another stage. This is because, arguably, the real market condition can be disrupted by thousands unpredictable factors. As an example, a pandemic could occur suddenly, and that is proven to disrupt the market condition and financial performances of not

only one but many companies. The stages of the life cycle vary among researchers. Habib & Hasan (2019) categorized it into five stages which are introduction, growth, maturity, shake-out, and decline. On the other hand, Suranta et al. (2021) categorized it into four stages which are start-up, growth, mature, and decline. Tariq et al. (2020) argued that companies' activities, financing, and investment decisions will change depending on their life cycle stage. In essence, the characteristics vary uniquely among the life cycle stages. First during the start-up stage, a company's cash flow and incomes are uncertain, tends to focus their attention on finding as many investment opportunities as possible, more audacious to take risks, and go heavy on product innovation (Tariq et al., 2020). Moreover, during the start-up stage, a company also tends to concentrate on constructing competitive strategies. Given all that, companies at this stage often require a high cost of capital. Second, during the growth stage companies are starting to have positive cash flow, maximizing profit, and bigger investment (Suranta et al., 2021). Third, at this mature stage, companies' sales have increased, and liquidity tends to be higher (Utami et al., 2021). Lastly, during the decline stage, companies' profitability and net income start declining (Utami et al., 2021). Ultimately, prior study has argued that corporate life cycles are affecting decision making and outcomes (Habib & Hasan, 2019).

2.6 Previous Studies

Previously, many empirical literatures have reported negative relationship between CSR performance and financial distress. CSR is argued to be a risk management strategy that allows a company to mitigate the likelihood of financial distress as it helps a company to reduce cash flow volatility (Al-Hadi et al., 2017; Lin & Dong, 2018). Another study by (Zheng et al., 2019) also reported a negative relationship between both variables. They argued that a good CSR performance allows a company to establish a good relationship with its stakeholders, hence lower its likelihood of financial distress. Also, according to (Zheng et al., 2019) engagement in CSR allows a company to enhance its social capital, hence provides a company with a 'safety net' during unfavorable financial market situation. Moreover, Boubaker et al. (2020) find that CSR as a 'hedging device' is mitigating financial distress risk. According to their study, such thing can happen because companies that engage in CSR are essentially have stronger corporate image, hence more attractive in the eyes of investors and lenders. In essence, they argued that companies with good engagement in CSR gains legitimacy from its stakeholders. Correspondingly, those companies will enjoy economic benefits such as lower cost of equity, lower cost of debt, and better access to finance, hence mitigate the possibility of financial distress. Their study is in line with other prior studies such as Purwaningsih & Aziza (2019) and Nguyen et al. (2020) where they argued that engagement in CSR allows a company to enhance its image and reputation despite the high cost for CSR activities, hence avoid the likelihood of financial distress. Another study by Shahab et al. (2018) and Zhao & Xiao (2018) also found significant evidence showing that CSR performance can mitigate financial distress. According to Zhao & Xiao (2018), a company's commitment on CSR is frequently appreciated by the governments, hence may strengthen a company's relationship with the government and gain several economic benefits. Meanwhile, there's also a prior study reporting a positive relationship between CSR and financial distress. According to prior studies (Farooq & Noor, 2021; Tristiarini, 2017), investment on CSR activities is proven to disrupt the cash flow of a company, hence increase the likelihood of financial distress. Moreover, according to Farooq & Noor (2021), such commitment on CSR is frequently done for personal gain, hence it may backfire and lead to financial distress. In relation to corporate life cycle, many empirical studies have included it as an important factor in examining the relationship between CSR performance

and financial distress (Al-Hadi et al., 2017; Purwaningsih & Aziza, 2019; Utami et al., 2021; Zhao & Xiao, 2019). According to Al-Hadi et al. (2017) each life cycle stages have its own affect or consequences towards the relationship between financial distress and CSR performance. To be more specific, companies in the mature stage are more likely to engage in CSR than other stages because of their better access to resources and capability to compete with their competitors. Other than that, their empirical study also reported that companies' susceptibility to financial distress varies depending on a company's life cycle stage. Correspondingly, a company's susceptibility to financial distress during certain corporate life cycle can be reduced through a company's engagement at CSR. Consistent with Al-Hadi et al. (2017), other prior studies (Purwaningsih & Aziza, 2019; Utami et al., 2021; Zhao & Xiao, 2019) also reported that corporate life cycle at mature stage can strengthen the relationship between CSR and financial distress.

2.7 Hypothesis Development

2.7.1 Corporate Social Responsibility Performance and Financial Distress

According to legitimacy theory, a company will continuously ensure that its business activities are in accordance with the norm of society. A company that incorporates CSR as one of its activities will increase the society's legitimacy, hence increases consumer buying power. As the result, the profit of a company will increase and that satisfies the few stakeholders like investors and shareholders, hence they will increase their support through funds or loans which eventually lead to better financial performance and fewer chance of financial distress. Failure to perform CSR is frequently associated with negative sanctions which includes but not limited to damaged reputation, pressure from the media and or political, potential financial fines, and worse, consumer boycott. Hence why it is crucial for companies to perform and disclose CSR (Al-Hadi et al., 2017). Those statements are consistent with prior studies such as Al-Hadi et al. (2017), Zhao & Xiao (2018), Lin & Dong (2018), Purwaningsih & Aziza (2019), Shahab et al. (2018), Zheng et al. (2019), Nguyen et al. (2020), Boubaker et al. (2020), and Utami et al. (2021). According to (Al-Hadi et al., 2017), CSR activities is an essential part of a company's risk management because it serves the interests of shareholders and as a result, mitigates the risk of falling into financial distress. Meanwhile, according to (Zhao & Xiao, 2019) and (Purwaningsih & Aziza, 2019), CSR activities help a company to establish a good image and enhance its reputation. Thus, lead a company to have a better financial performance and eventually lower likelihood of financial distress. (Zhao & Xiao, 2019) also stated that good CSR allows a company to have better relationship with the government. Such relationship is argued to a good source of social capital which could help a company to gain access to the government resources such as state-owned bank loans with lower interest rates and longer loan term. These benefits surely give a company a financial advantage hence lower its likelihood of financial distress. In short, higher or better CSR performance will result in lower or no financial distress, which is proxied by higher score of springate ratio. As for that, they argued that CSR and financial distress are negatively related. Therefore this study hypothesise that:

H1: CSR performance is negatively associated with financial distress

2.7.2 Corporate Life Cycle, CSR Performance and Financial Distress

According to the corporate life cycle theory, as a company is progressing through the next stages, it will encounter systematic changes in terms of its business activities, which include operating, financing, and investing. Other than that, it will also encounter other changes such as resources, risk tolerance, and strategies (Al-Hadi et al., 2017). As an example, companies'

profitability differs throughout different stages of corporate life cycle, starting from introduction to decline stage. Prior study revealed that during the introduction and decline stages, companies tend to be less profitable. Meanwhile, during growth and mature stage, companies tend to be more profitable(Al-Hadi et al., 2017). As for that, it is reasonable and crucial to assume that those different stages are affecting companies' decision and capability in applying CSR throughout each stage of the corporate life cycle. A company have its highest sales and liquidity during a mature stage of corporate life cycle. A company on this stage tend to be a big company that has established for a long period of time and often have greater knowledge and experience in terms of business. Speaking of big company, it also tends to have greater and widespread number of shareholders, a heterogenous and competitive surrounding, and often become the focus of attention among the public and investors. In essence, companies at this stage have a reputation to maintain. Because of that, incorporating CSR becomes crucial for companies on the mature stage to gain legitimacy from the society, hence gain an additional value from the public (Utami et al., 2021). Also, to avoid reputational consequences when a company's corporate social responsibilities performances are poor (Al-Hadi et al., 2017). In other words, as a company applies CSR and perform it well, it will gain good image (Zhao & Xiao, 2019). Moreover, prior study argued that a good CSR performance will allow a company to establish a good relationship with the government and bank. In doing so, a company will have better competitive advantages such as greater resources. For example, it creates an easier path for a company to get access to external source of capital with lower interest. Because of all that positive effect due to a company's commitment on CSR, a company will be able to suppress or avoid financial distress (Habib & Hasan, 2017). One of the key determinants of whether a company engage in CSR activities is argued to be the availability of capital (Al-Hadi et al., 2017) .Given that, companies that are in the introduction and decline stage are less likely to engage in CSR. That is because companies on said stages are more likely to focus on conserving capital or reach the minimum capital needs to gain capital for growth or survival. On the contrary, companies in the mature stage don't have to worry about uncertain cash flows and lack of capital, therefore they can use their excess resources to well execute corporate social responsibilities (Al-Hadi et al., 2017). Therefore, this study hypothesise that:

H2: Mature stage of corporate life cycle strengthen the negative relationship between CSR performance and financial distress.

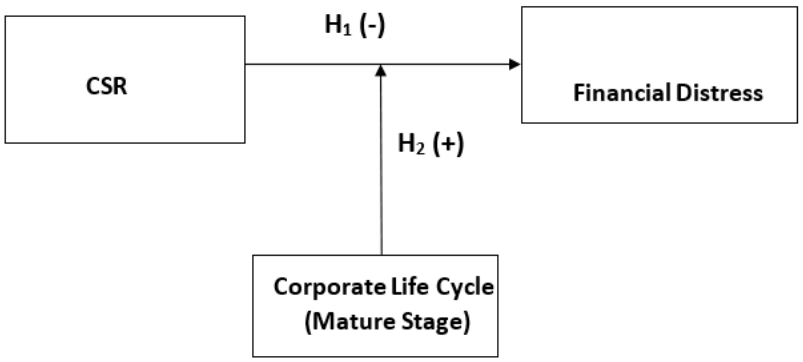


Figure 1. Research Model

3. RESEARCH METHOD

3.1 Population

Population is a distinct group of people, events, or things that are taken into consideration to be further analysed for the sake of his or her research (Sekaran & Bougie, 2016a). Therefore, to gather relevant data and express findings based on the obtained evidence, this research uses the population as a reference. The population in this study is companies in the Consumer sector companies listed on IDX for the period 2018-2020.

3.2 Sample

Purposive sampling technique is used to support the writing of this research paper. This sampling method is limited to certain types of people who withhold desired information(Sekaran & Bougie, 2016a). With that being said, this paper used a purposive sampling method based on certain criteria that are crucial to be followed while sampling for use in data processing. The appropriate sampling criteria for this research is as follows:

1. The company is in the Consumer sector listed on IDX in the period of observation, which is 2018-2020;
2. The company has never been delisted from the IDX;
3. The Initial Public Offering (IPO) date of the company is before 1 January 2018;
4. The companies publish proper financial reports each year, especially in the observation period beginning with the fiscal year ended at December 31, 2018 through fiscal year ended at December 31, 2020;
5. The companies disclose CSR on the annual report each year, especially in the observation period beginning with the fiscal year ended at December 31, 2018 through fiscal year ended at December 31, 2020;
6. The financial statement and annual reports published by the company contains information necessary for the research and the reporting currency used in Rupiah.
7. The company is on the mature stage of corporate life cycle, especially in the observation period beginning with the fiscal year ended at December 31, 2018 through fiscal year ended at December 31, 2020;

3.3 Source of Data

Data sources is divided into two categories namely primary and secondary sources(Sekaran & Bougie, 2016a). Secondary sources are sources that indirectly providing data. Meanwhile, primary sources are those that are directly providing data. This research paper relied on the use of quantitative and secondary data from Indonesia's listed companies.

3.4 Empirical Model

The dependent variable of this study uses a dummy variable, therefore logistic regression analysis is used. Following prior study (Al-Hadi et al., 2017), the model used to analyse the relationship between CSR performance and financial distress is as follows:

This study uses Corporate Lifecycle as the moderating variable, therefore the method of analysis is Moderated Regression Analysis (MRA). Following prior study (Al-Hadi et al., 2017) , the model used to analyse the relationship between positive Corporate Social Responsibility (CSR) performance, financial distress, and Corporate Lifecycle is as follows:

Equation 1 Regression Model 1

$$DIS_{it} = \alpha_{\#it} + \beta_{\$}PositiveCSR_{it} + \beta_{2}MatureLC_{it} + \beta_{\&}ROA_{it} + \beta_{4}LEV_{it} + \beta_{(}CH_{it} + \varepsilon_{it}$$

Where : *i* = Firms; *t* = Financial Years (2018-2020); α= Constant; β= Regression Coefficient; ***DIS* = Financial Distress**, companies that do not experience financial distressare coded 1, and code 0 for those who experience financial distress; *CSR* = Positive items of Corporate Social Responsibility (Al Hadi et al., 2017); *ROA*= Return on Assets; *LEV* = Leverage; *CH* = Cash Holding; ε= Error

Equation 2 Regression Model 2 (MRA)

$$DIS_{it} = \alpha_{\#it} + \beta_{\$}PositiveCSR_{it} + \beta_{2}MatureLC_{it} + \beta_{\&}PositiveCSR_{it} * MatureLC + \beta_{4}ROA_{it} + \beta_{(}LEV_{it} + \beta_{)}CH_{it} + \varepsilon_{it} \quad (2)$$

Where : MatureLC = Retained Earnings/Total Equity Positive CSR * LC_MATURE = an interaction term comprising the life cyclevariable multiplied by Positive CSR.

According to Sekaran & Bougie (2016), dependent variableis the main variable that becomes a factor in the investigation. Themain goal of a research is to explain and understand the variabilityof this variable. The dependent variable is a variable that is influenced or is affected by the independent variable. In this study,the dependent variable is financial distress. Unlike prior studies (Al-Hadi et al., 2017; Purwaningsih & Aziza, 2019; Utami et al., 2021;Zhao & Xiao, 2019), this study relies on Springate Model (1978). The Springate model was chosen to measure financial distressbecause it has 91,66% accuracy compared to the Altman Model that only has 60,41% accuracy (Edi & Tania, 2018)

The Springate Model was developed by Gordon Springate in 1978. To determine the likelihood of financial distress, this model uses four out of nineteen common financial rations. Companies with a Springate score higher than .862 are considered as healthy companies or no financial distress. Meanwhile, companies with a Springate score lower than .862 are considered as companies with financial distress (Edi & Tania, 2018). In essence, higher values of financial distress proxy represent lower levels of financial distress. Companies that do not experience financial distress are coded 1, and code 0 for those who experience financial distress. Following is the formula of Springate Model :

$$S = 1.03A + 3.07B + 0.66C + 0.4D$$

Where:

A= Working Capital / Total Assets

B= EBIT/ Total Assets

C= EBT / Current Liabilities D= Sales / Total Assets

3.5 Independent Variable

Independent variable is a variable affecting the dependent variable either positively or negatively (Sekaran & Bougie, 2016b). In this study, the independent variable is CSR Performance, that is responsible as the proxy measure for the level of positive or negative CSR activity (Al-Hadi et al., 2017). The proxy measures of CSR activity are based on GRI Standard sustainability reporting guidelines. Prior studies divided the items of GRI Standard into positive and negative CSR activities (Al-Hadi et al., 2017; Purwaningsih & Aziza, 2019). Positive CSR activities include activities such as improving environmental efforts, strengthening customer relationship, improving employment, health, and safety as the proof of compliance to regulations, monitoring resource usage. Meanwhile, negative CSR activities include activities such as payment of fines, liabilities relating to poor environmental or social practices, and engagement in controversial or risky activities. This study will categorize both groups of CSR items through content analysis. However, following prior study (Purwaningsih & Aziza, 2019), only positive CSR items will be used and analysed. The positive CSR items will then be measured by the natural log of the number of positive CSR items. For each CSR items, a company will be scored either 1 for disclosing a particular CSR activity, or 0 otherwise. The following describes the formula to calculate CSR performance:

$$POS_{CSR} = (Ln)Positive\ CSR$$

3.6 Moderating Variable

The proxy of corporate life cycle on this paper is retained earnings by total equity (RE/TE). From that ratio, we will then find the median value. Those above the median value is

categorized as mature companies. Meanwhile, those below the median value is categorized as non-mature companies. This paper will only use mature companies as the sample.

$$Corporate\ Life\ Cycle = \frac{Retained\ Earnings}{Total\ Equity}$$

3.7 Control Variable

3.7.1 ROA (Return On Assets)

Following prior study (Al-Hadi et al., 2017), leverage is measured by dividing net income with total assets.

ROA = Net Income / Total Assets

3.7.2 Leverage

Following prior study (Purwaningsih & Aziza, 2019), leverage (LEV) is measured by dividing total liabilities with total assets.

Leverage = Total Liabilities/Total Assets

3.7.3 Cash Holding

Following prior study (Purwaningsih & Aziza, 2019), cash holding (CASH) is measured by dividing total cash and short-term investment with total assets.

Cash Holding = Cash + Short Term Investments/Total Assets

3.8 Method of Data Analysis

Data analysis aims at extracting insights that will support decision-making by collecting, modeling, analyzing data, and interpreting the result. There are several methods depending on the goal of a study. This study is quantitative research that will be using logistic regression analysis and moderated regression analysis to determine the moderating effect of corporate life cycle towards the relationship between corporate life cycle and financial distress.

Logistic Regression Analysis was chosen with respect to both research objectives because it is commonly used when doing research for dichotomous dependent variable. In other word, the dependent variable is a dummy variable equal to 1 if the companies going through financial distress and 0 if it does not.

Moderated Regression Analysis was chosen with respect to the second research analysis. Such analysis is used when the regression model consists of interaction.

SPSS 26, which is a statistical software will be used to assist the data analysis process. Using the software, this study will conduct several data analysis, namely a Descriptive Analysis, Logistic Regression Analysis, and Moderated Regression Analysis. The regression analysis includes Overall Model Fit, Goodness of Fit Test, Coefficient Determination or (Nagelkerke's R Square), and Classification Matrix.

3.8.1 Descriptive Statistical Test

According to Hayes (2022), descriptive statistics analysis summarizes a given data set which consists of three measures, namely frequency, central tendency and variability. Frequency distribution summarize a given data set based on the number of occurrences and mutually exclusive classes that provides researchers with a more organized raw data. Measures of central tendency include the mean, median, and mode. While measures variability include standards deviation, variance, minimum value, maximum value, kurtosis, and skewness. It is frequently used to assist researchers in understanding the features of a specific data set. However, it does not allow for conclusions to be made based on it (Hayes, 2022).

3.8.2 Logistic Regression Assumption Test

This study uses logistic regression analysis. Such regression analysis is frequently used analyse the probability of variable dependent happening based on the independent variable. Therefore, this type of analysis does not require normality test, heteroskedasticities and classic assumption test (Ghozali, 2018).

Logistic regression analysis has 4 assumption tests namely Overall Model Fit, Goodness of Fit Test, Determination Coefficient (Nagelkerke's R Square), and Classification Matrix(Ghozali, 2018).

4. RESULTS AND DISCUSSION

Based on the agreed sampling criteria, therefore the total sample for this research is 51 companies with 153 observations as stated on table 1.

Data Analysis

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
PositiveCSR	153	.693	3.401	357.122	2.33413	.501005
Mature Life Cycle	153	.447	6.638	139.520	.91190	.751493
Leverage	153	.033	38.501	154.712	1.01119	4.436436
Cash Holding	153	.001	.664	20.875	.13644	.131128
ROA	153	-7.887	.447	-13.459	-.08797	.888382
Valid N (listwise)	153					

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Financial Distress	52	34.0	34.0	34.0
	No Financial Distress	101	66.0	66.0	100.0
	Total	153	100.0	100.0	

Original Value	Internal Value
Financial Distress	0
No Financial Distress	1

Table 2 provides the result of descriptive statistics analysis which quantitively explains the characteristics of a set of data. This analysis displays several data namely minimum value, maximum value, sum, mean, and standard deviation. Such data are derived based on the previously selected sample.

From table 2 we can understand that a total of 153 observations were applied for all variables expect dependent variable over a period of 3 years. This indicates that there are a total of 53 observations are made for each year. This number is consistent with the final number of samples as displayed on table 1.

Table 3 provides the result of frequency statistics analysis dummy dependent variable namely financial distress. From this we can understand that among a total of 153 observations, there are 52 companies that are experiencing financial distress. Meanwhile, there are a total of 101 companies that are not experiencing financial distress or in other words, their financial condition seems to be heathy.

Table 4 provides the dependent variable encoding. From this we can understand that companies experiencing financial distress are given the code "0". Meanwhile, healthy companies are given

the code "1". The classification of either "0" and "1" is based on the calculation of Springate Ratio as mention on chapter 3.

As evident from table 2, the independent variable positive CSR performance (PositiveCSR) has a mean of 2.33413 and a standard deviation of 0.501. This indicates that, on average, the Positive CSR disclosure proxied by GRI Standards of companies in consumer sectors during the period 2018-2020 is 2.33413. The mature stage of corporate lifecycle has a mean of 0.91190 and standard deviation of 0.751. This indicates that the mature stage of companies in consumer good during the period 2018-2020 is 0.91190.

Logistic Regression Assumption Test

Table 5 shows an overall fit model consisting few analysis. First, it shows an iteration history on block 0 or when independent variable is not included on the model, which stated on the table as 'Intercept only'. This indicates that from 13 observations, it obtains - 2 Log Likelihood value of 196.130 with the degree of freedom (DF) of 152. This number was obtained by N-1, which is 153-1 = 152. From this we can obtain a chi square table value with DF of 152 and probability of 0.05 is 181.770. From this information we can see that the value of -2Log Likelihood intercept only or before independent variable is included is bigger than the value of Chi Square Table, which is 196.130 > 181.770. Therefore, this indicates that the model, before including the independent variable is not fit.

Table 5 also shows an iteration history table on block 1 or when independent variables such as positive CSR (PositiveCSR), leverage (COM_LEV), cash holding (COM_CH), and return on assets (ROA) is already included into the regression model. This is stated on the table as 'Final'. From that we can comprehend that from 153 observations, it obtains -2Log Likelihood value of 105.637 with the DF of (153-4-1) = 148. Chi square table with DF of 148 and probability of 0.05 =177.390. The value of -2 log likelihood (105.559) < Chi Square (177.390). This indicates that regression model (1) is fit, it suggests that with the inclusion of independent variable into the regression model is fit.

Table 5 also shows an iteration history table on block 1 for model 2 (MRA) or when independent variables such as positive CSR (PositiveCSR), leverage (COM_LEV), cash holding (COM_CH), and return on assets (ROA) is already included into the regression model. Also, on model 2, the moderation variable namely mature stage of corporate life cycle is already included. Moreover, the interaction between moderation and independent variable is also included. This indicates that from 153 observations, it obtains -2Log Likelihood value of 104.306 with the DF of (153-6-1) = 146. Chi square table with DF of 146 and probability of 0.05 =175.198. The value of -2 log likelihood (104.888) < Chi Square (175.198). This indicates that regression model (2), therefore it suggests that with the inclusion of independent variable into the regression model is fit.

In addition to that criterion, we can also decide whether a model fits the data or not by comparing the -2Log Likelihood value from block = 0 with the value of -2Log Likelihood value from block=

1. From the information above, we can understand that all models, the value -2Log Likelihood from block = 1 significantly decreased compared to the value of -2LL from block=0. This information suggests that the model regression gets better as independent variables are included into the model. This indicates that the model does fit the data.

On the same table, the value of Nagelkerke's R Square is also provided. For model one the Nagelkerke's R Square value is 0.618, which indicates that the capability of independent variable in explaining dependent variable is at 61.8% and there's other factors outside the model that explain the dependent variable which is at 38.2% (100-61.8%). This value also relatively close to 1 rather than to 0, therefore it indicates that the independent variable is capable to provide significant amount of information to predict the variability of dependent variable.

Table 5 also provide the Nagelkerke's R Square for model MRA is 0.625, which indicates that the capability of independent variable in explaining dependent variable is at 62.5% and there's other factors outside the model that explain the dependent variable which is at 37.5% (100-62.5%). This value also relatively close to 1 rather than to 0, therefore it indicates that the independent variable is capable to provide significant amount of information to predict the variability of dependent variable.

	Chi-Square	df	Sig.
Model 1	90.571	5	.000
Model MRA	91.825	6	.000

Table 6 provides the value of chi square and its significancy. As discussed on chapter 3, the model is fit when the significancy is <0.05. It is evident than in all tables, the significancy (Sig.) is 0.000<0.05. therefore, based on this criterion, reject H0 and accept H1. This suggests that the model is fit as the independent variables are simultaneously affecting dependent variable.

In addition, the model is fit if fcalculated < f table. From table 4.3.2.1 we can understand that the Chi Square for model one is 90.493. It is evident that fcalculated (90.493) >(7.815) ftable with DF of 3 (4-1). This indicates that with addition independent variable, it can contribute significantly towards the regression model, or in other words, the model is fit.

Table 6 also provides that the Chi Square for model MRA is 91.825. It is evident that fcalculated (91.825) > (7.815) ftable with DF of 5 (6-1). This indicates that with addition independent variable, it can contribute significantly towards the regression model, or inother words, the model is fit.

	Chi-Square	df	Sig.
Model 1	9.711	8	.228
Model MRA	12.156	8	.144

As mentioned in Methodology, the criterion is accepted if sig value > 0.05. Table 7 provides that the sig value of model one is 0.228>0.05, which indicates that there is no significant discrepancy between each variable. Therefore, accept H0 or in other words the model is accepted, and hypothesis test can be done.

Table 7 also provides that the sig value for model MRA is 0.144>0.05, which indicates that there is no significant discrepancy between each variable. Therefore, accept H0 or in other words the model is accepted, and hypothesis test can be done.

Hypothesis Test

Table 6. Hypothesis Test

Variables in the Equation	Model 1		Model 2 (MRA)	
	Koefisien (β)	Sig.	Koefisien (β)	Sig.
PositiveCSR	-1.137	.030	1.480	.489
Leverage	1.237	.113	1.025	.251
Cash holding	8.910	.002	9.221	.002
ROA	28.293	.000	28.541	.000
Mature Life Cycle	.184	.757	9.125	.206
MATURE*PositiveCSR			-3.671	.211

Table 6 displays logistic regression model 1 where the independent variable is positive CSR performance. The regression coefficient is for this model is -1.137 with 0.030 significancy. The significancy is below 0.05, therefore it can be concluded that positive CSR as the independent variable significantly have negative impact on financial distress. In other words, accept the first hypothesis. Table 9 also displays moderated regression analysis (MRA) to analyse the moderating variable namely mature stage of life cycle and its interaction with the independent variable namely positive CSR performance . The regression coefficient is for this model is -3.671 with 0.211 significancy. The significancy is above 0.05, therefore the conclusion is, reject second hypothesis.

Table 6 also displays the regression coefficient for control variables namely ROA, Leverage, and Cash Holding. It is evident that ROA and CH has a positive relationship as a control variable with a significancy below 0.05. Therefore, both control variables have a positive and significant impact with dependent variable. However, the significancy for leverage is above 0.05, therefore as a control variable it doesn't significantly have an impact.

Discussion

Positive CSR Performance and Financial Distress

In evident to the results of logistic regression analysis mentioned above, we can comprehend that positive CSR performance has significant negative relationship with financial distress. This result indicates higher positive CSR performance leads to higher value of Springate ratio. Meanwhile, higher value of Springate ratio indicate lower financial distress. This result is consistent with this study's first hypothesis prior studies such as Al-Hadi et al. (2017), Zhao & Xiao (2018), Lin & Dong (2018), Purwaningsih & Aziza (2019), Shahab et al. (2018), Zheng et al. (2019), Nguyen et al. (2020), Boubaker et al. (2020), and Utami et al. (2021).

Companies' commitment in performing CSR allows them to mitigate the occurrence of financial distress. The results are consistent this study's statement on chapter two stating that commitment in CSR helps a company to reduce cash flow volatility, establish a good relationship with stakeholders, enhance company's image and reputation, attract more investors and lenders, a safety net during unfavorable financial situation, better relationship with government and other economic benefits. As a result, more stakeholders and shareholders will perceive the companies as more trustworthy and reliable. Hence, increase their support through funds and purchases which eventually lead to a better financial performance and mitigate financial distress.

The results also support legitimacy theory suggestingthat a company will continuously make attempt to make sure that its business activities are align with the norms of the society, hence gain their trust and other economic benefits. As the result of the trust, consumer buying power will increase. Commitment on CSR also allows us to conclude that companies are not always focusing on merely profit, but also focus on the wellbeing of the society and the environment impacted by its activities.

However, this result contradicts prior studies (Farooq & Noor, 2021; Tristiarini, 2017). According to Tristiarini (2017), commitment on CSR would disrupt a company's cash flow when a company is unable to control the substantial costs that may be incurred to perform CSR activities. Such situation could arguably increase the possibility of financial distress as it may reduce the rate of profit (Tristiarini, 2017). In accordance with Tristiarini (2017), according to Farooq & Noor (2021), commitment on CSR would lead to financial distress based on shareholder view and over-investment hypothesis. Farooq & Noor (2021) argued that commitment on CSR is a management's attempt to gain personal benefits. In other words, it may not be perceived as genuine in the public eyes and in result may backfire and leads a company toward financial distress state.

Mature Stage of Corporate, Positive CSR Performance, and Financial Distress

In evident to the results of logistic regression analysis mentioned above, we can comprehend that mature stage of corporate life cycle does not significantly strengthen the relationship of positive CSR performance and financial distress. Corporate life cycle is not yet a frequently discussed topic in the same exact research model as stated on the first chapter of this paper. Therefore, to the best of our knowledge, this study is the first to document such result. This

result is also inconsistent with this study's second hypothesis. Such result is supported by the over-investment theory as stated by Tristiarini (2017) and Farooq & Noor (2021). As companies get older, their resources may increase. Such situation may cause companies to get out of control with its expenses, especially knowing that incorporating CSR requires substantial costs, hence disrupt cash flow. Such result can also be explained by a theory that corporate lifecycle is not a linear process where a company can move from one stage to another stage ((Habib & Hasan, 2019). As the result, in practice, identifying a company's lifecycle is quite a challenge and an attempt to do so might result as inaccurate. As stated in previous chapter, lifecycle is proxied by retained earnings over total equity. Companies' retained earning can be disrupted in accordance with the market's condition. When unfavorable market condition occurs, companies will make surviving as the main priority, hence decrease expenses on CSR. When such matter occurs, companies will focus on stabilizing its financial position and avoid financial problems. These statements are consistent with one of the results of prior studies (Utami et al., 2021; Wang et al., 2019b).

This result also contradicts prior studies such as Al-Hadi et al. (2017), Habib & Hasan (2018), Purwaningsih & Aziza (2019), Zhao & Xiao (2019), and Utami et al. (2021). Those prior studies argued that during each life cycle stages, a company's behavior towards decision making differs. This includes decisions to incorporate CSR activities. Such decision is affected by the availability of capitals, sales situation, management goals, etc. Arguably, during mature stage of life cycle, companies have its highest sales and liquidity. Also, companies on this stage often have a reputation to maintain and willing to do anything to avoid reputational consequences. Therefore, mentioned prior studies argued that mature stage of life cycle strengthens the relationship between positive CSR and financial distress.

ROA and Financial Distress

Based on the results presented above, return on assets (ROA) has a positive and significant affect towards financial distress. The result indicates that profitability, in terms of return on asset is one of the factors affecting the possibility of financial distress occurring in a company. This is consistent with prior study(Al-Hadi et al., 2017).

Leverage and Financial Distress

Based on the results presented above, leverage has a positive and insignificant affect towards financial distress. This result indicates that higher leverage does not leads to higher possibility of financial distress, and vice versa. This result is inconsistent with prior studies (Al-Hadi et al., 2017; Utami et al., 2021).

Cash Holding (CH) and Financial Distress

Based on the results presented above, cash holding (CH) has a positive and significant affect towards financial distress. This indicates that the occurrence of financial distress is affected by

how much cash and cash equivalent a company has. This result is consistent with prior study(Al- Hadi et al., 2017).

5. CONCLUSIONS

As stated in introduction, the main focus of this study is to provide an empirical evidence on the moderating effect of corporate life cycle towards the relationship between CSR and financial distress. In Indonesia, this exact topic is rarely forms a topic of research, therefore add to reasoning of performing study on said topic. Financial distress is caused by many things, and frankly, it is not beneficial for a company in any ways, if any, it causes harm on a company and should be avoided by implementing ethical and efficient business strategies. Unlike prior studies, on this study, financial distress is observed through Springate ratio since it has better accuracy. Meanwhile, the researcher attempted content analysis to observe CSR performance. Lastly, corporate life cycle is observed through RE/TE as previously used by many prior research. The companies observed were the Consumer Sector companies listed in Indonesian Stock Exchange during the period 2018-2020. A total of 51 companies fulfilled the criteria outlined in methodology.

The results of the model of fit test performed and outlined in results and discussion, suggest the following:

1. Corporate social responsibility has negative significant relationship with financial distress.
2. Mature stage of corporate life cycle is not significantly strengthen the relationship between corporate social responsibility and financial distress.

Implications of Research Results

Implications of research results are addressed to companies, investors, and future researchers. This study allows companies to gain insights regarding the implementation of CSR. Especially when CSR activities is now becoming an obligation as stated in UU No. 40 2007 *'Perseroan Terbatas' pasal* 1 *ayat* (3) and *pasal* 74 *ayat* (1), (2),(3), *and* (4). Also, this gives companies insights on how to mitigate financial distress. Meanwhile, this study also allows investors to make better and wiser decision when investing. Also consider CSR performance of a company when making investment decisions. This is because, financial disclosure is no longer the only factor in assessing a company. To further researchers, this study will be an additional knowledge about factors affecting financial distress and hopefully allows further researchers to identify limitations and thoroughly conduct further research to adjust those limitations.

Research Limitation

The following are the limitations to this research:

1. The sample taken for this study is limited to consumer sector listed on the Indonesia Stock Exchange (IDX) during the 2018-2020 period. Therefore, the results of this study might not

apply to private companies, non-profit organizations, and public companies outside the chosen sector.

2. In addition to the chosen sector, the sample of this this study requires that the companies use Rupiah as their reporting currency, publish sustainability report, and classified as a mature company during the 2018-2020 period. Therefore, the results of this study do not fully represent the consumer sector companies listed on the IDX.

3. The Corporate Social Responsibility Disclosure Index used in this research was Global Reporting Initiative Standards (GRI Standards) guide. However, some items are excluded because such items are effective to be used on 1st January 2021, which is beyond the observation period of this study.

4. Data collection on Corporate Social Responsibility was done manually through content analysis. This increase the likelihood of subjectivity during collection.

Recommendation

Based on the findings of this study, the researcher offer recommendations for future researchers as follow:

1. Future researchers are recommended to extend the test sample or take sample from other industries other than consumer goods sector.

2. Future researchers are recommended to expand the research period of observation to provide a more thorough and clear results.

3. Future researchers are recommended to study other factors affecting financial distress.

4. Future researchers are recommended to incorporate other moderating variables affecting the relationship between corporate social responsibility and financial distress.

5. Future researchers are recommended to use the complete GRI Standards items to asses said topic.

REFERENCES

Al-Hadi, A., Chatterjee, B., Yaftian, A., Taylor, G., & Monzur Hasan, M. (2017). Corporate social responsibility performance, financial distress and firm life cycle: evidence from Australia. *Accounting and Finance*, *59*(2), 961–989. https://doi.org/10.1111/acfi.12277

Almamy, J., Aston, J., & Ngwa, L. N. (2016). An evaluation of Altman's Z-scoreusing cash flow ratio to predict corporate failure amid the recent financial crisis: Evidence from the UK. *Journal of Corporate Finance*, *36*, 278–285. https://doi.org/10.1016/j.jcorpfin.2015.12.009

Andrea Egizi. (2012, November 12). *Labor Action: Pushing for Strike and Consumer Boycott Against WalMart*. NEWS JUNKIE POST.

Azizul Islam, M. (2017). *CSR Reporting and Legitimacy Theory: Some Thoughts on Future Research Agenda* (pp. 323–339). https://doi.org/10.1007/978-3- 319-39089-5_17

Balasubramanian, S. A., Radhakrishna, G. S., Sridevi, P., & Natarajan, T. (2019). Modeling corporate financial distress using financial and non-financial variables: The case of Indian listed companies. *International Journal of Law and Management*, *61*(3–4), 457–484. https://doi.org/10.1108/IJLMA-04-2018-0078

Baumüller, J., & Sopp, K. (2022). Double materiality and the shift from non- financial to European sustainability reporting: review, outlook and implications. *Journal of Applied Accounting Research*, *23*(1), 8–28. https://doi.org/10.1108/JAAR-04-2021-0114

Belas, J., Çera, G., Dvorský, J., & Čepel, M. (2020). Corporate social responsibility and sustainability issues of small- and medium-sized enterprises. *Corporate Social Responsibility and Environmental Management*, *28*(2), 721–730. https://doi.org/10.1002/csr.2083

Boubaker, S., Cellier, A., Manita, R., & Saeed, A. (2020). Does corporate social responsibility reduce financial distress risk? *Economic Modelling*, *91*, 835– 851. https://doi.org/10.1016/j.econmod.2020.05.012

Bowen, H. R. (1953). *Social Responsibilities of the Businessman*. Harper & Row. https://openlibrary.org/books/OL6132911M/Social_Responsibilities_of_the_ Businessman#edition-overview

Chen, L., Srinidhi, B., Tsang, A., & Yu, W. (2016). Audited Financial Reporting and Voluntary Disclosure of Corporate Social Responsibility (CSR) Reports. *SSRN Electronic Journal*, 1–43. https://doi.org/10.2139/ssrn.2666872

Cooper, E., & Uzun, H. (2019). Corporate social responsibility and bankruptcy. *Studies in Economics and Finance*, *36*(2), 130–153. https://doi.org/10.1108/SEF-01-2018-0013

Deloitte. (2019). *The Deloitte Global Millennial and Gen Z Survey*.Www2.Deloitte.Com. https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html

Du, S., Bhattacharya, C. B., & Sen, S. (2011). Corporate social responsibility and competitive advantage: Overcoming the trust barrier. *Management Science*, *57*(9), 1528–1545. https://doi.org/10.1287/mnsc.1110.1403

Edi, E., & Tania, M. (2018). Ketepatan Model Altman, Springate, Zmijewski, Dan Grover Dalam Memprediksi Financial Distress. *Jurnal Reviu Akuntansi Dan Keuangan*, *8*(1), 79. https://doi.org/10.22219/jrak.v8i1.28

Facebook IQ Report. (2019). *Gen Z: Getting to know the "Me is we" generation*.

Faff, R., Kwok, W. C., Podolski, E. J., & Wong, G. (2016). Do corporate policies follow a life-cycle? *Journal of Banking and Finance*, *69*, 95–107. https://doi.org/10.1016/j.jbankfin.2016.04.009

Farooq, M., & Noor, A. (2021). The impact of corporate social responsibility on financial distress: evidence from developing economy. *Pacific Accounting Review*, *33*(3), 376–396. https://doi.org/https://doi.org/10.1108/PAR-10-2020-0196

Fernandez-Feijoo, B., Romero, S., & Ruiz, S. (2018). Financial Auditor and Sustainability Reporting: Does it matter? *Corporate Social Responsibility and Environmental Management*, *25*(3), 209–224. https://doi.org/10.1002/csr.1449

Gary O. (2000). *Legitimacy Theory As An Explanation For Corporate Environmental Disclosures*.

Ghozali, I. (2018). *Aplikasi Analisis Multivariete Dengan Program IBM SPSS 25* (9th ed.). Badan Penerbit Universitas Diponegoro.

Guthrie, J., Cuganesan, S., & Ward, L. (2016). *Legitimacy Theory: A Story Of Reporting Social And Environmental Matters Within The Australian Food And Beverage Industry Cocacola Amatil*. http://ssrn.com/abstract=1360518http://ssrn.com/abstract=1360518

Habib, A., & Hasan, M. M. (2017). Firm life cycle, corporate risk-taking and investor sentiment. *Accounting and Finance*, *57*(2), 465–497. https://doi.org/10.1111/acfi.12141

Habib, A., & Hasan, M. M. (2019). Corporate life cycle research in accounting, finance and corporate governance: A survey, and directions for future research. *International Review of Financial Analysis*, *61*, 188–201. https://doi.org/10.1016/j.irfa.2018.12.004

Hargrave, M. (2022, March 5). *Return on Assets (ROA)*. https://www.investopedia.com/terms/r/returnonassets.asp

Hayes, A. (2022, March 4). *Descriptive Statistics*. https://www.investopedia.com/terms/d/descriptive_statistics.asp

Institute for Local Self-Reliance. (2012). *Top Ten Ways Walmart Fails On Sustainability*.

Jacobs, S. (2016, February 24). *Consumerism plays a huge role in climate change*. https://grist.org/living/consumerism-plays-a-huge-role-in-climate-change/

Kamalirezaei, H., Anvary Rostamy, A. A., Saeedi, A., & Khodaei Valeh Zaghard, M. (2020). Corporate social responsibility and bankruptcy probability: Exploring the role of market competition, intellectual capital, and equity cost. *Journal of Corporate Accounting and Finance*, *31*(1), 53–63. https://doi.org/10.1002/jcaf.22417

Kotler, P., & Lee, N. (2004). *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*. John Wiley & Sons.

la Nguyen, S., Duc Pham, C., Nguyen, A. H., & Dinh, H. T. (2020). Impact of corporate social responsibility disclosures on bankruptcy risk of Vietnamese firms. *Journal of Asian Finance, Economics and Business*, *7*(5), 81–90. https://doi.org/10.13106/JAFEB.2020.VOL7.NO5.081

Lee, W. J., & Choi, S. U. (2018). Effects of corporate life cycle on corporate social responsibility: Evidence from Korea. *Sustainability (Switzerland)*, *10*(10), 1–17. https://doi.org/10.3390/su10103794

Lin, K. C., & Dong, X. (2018). Corporate social responsibility engagement of financially distressed firms and their bankruptcy likelihood. *Advances in Accounting*, *43*(April), 32–45. https://doi.org/10.1016/j.adiac.2018.08.001

Liu, F., Meng, L., Zhao, Y., & Duan, S. (2020). The influence of the corporate social responsibility disclosures on consumer brand attitudes under the impact of COVID-19. *Frontiers of Business Research in China*, *14*(1). https://doi.org/10.1186/s11782-020-00096-0

Mahmud, T. (2019). *Legitimacy Theory and Its Relationship to CSR Disclosures (A Literature Review)*. https://www.researchgate.net/publication/332071103

Matuszak, Ł., & Różańska, E. (2020). Online corporate social responsibility (CSR) disclosure in the banking industry: evidence from Poland. *Social Responsibility Journal*, *16*(8), 1191–1214. https://doi.org/10.1108/SRJ-11-2018-0303

Mecaj, A., & Bravo, M. I. G. (2014). CSR Actions and Financial Distress: Do Firms Change Their CSR Behavior When Signals of Financial Distress Are Identified? *Modern Economy*, *05*(04), 259–271. https://doi.org/10.4236/me.2014.54027

Michaels, A., & Grüning, M. (2018). The impact of corporate identity on corporate social responsibility disclosure. *International Journal of Corporate Social Responsibility*, *3*(3), 429–450. https://doi.org/https://doi.org/10.1186/s40991-018-0028-1

Mohamed, S. S. (2020). *Suggested Model for Explaining Financial Distress in Egypt: Toward a Comprehensive Model* (pp. 99–122). https://doi.org/10.1108/s0196-382120200000036005

Morillo, J., Mcnally, C., & Block, W. E. (2015). The Real Walmart. *Business and Society Review*, *120*(3), 385–408. https://doi.org/10.1111/basr.12060

Mselmi, N., Lahiani, A., & Hamza, T. (2017). Financial distress prediction: The case of French small and medium-sized firms. *International Review of Financial Analysis*, *50*, 67–80. https://doi.org/10.1016/j.irfa.2017.02.004

Owen, S., & Yawson, A. (2010). Corporate life cycle and M&A activity. *Journal of Banking and Finance*, *34*(2), 427–440. https://doi.org/10.1016/j.jbankfin.2009.08.003

Purwaningsih, R. W., & Aziza, N. (2019). Pengaruh Corporate Social Responsbility Terhadap Financial Distress Dimoderasi Oleh Siklus Hidup Perusahaan Pada Tahap Mature. *Jurnal Akuntansi*, *9*(3), 173–186. https://doi.org/10.33369/j.akuntansi.9.3.173-186

Salehi, M., Tarighi, H., & Rezanezhad, M. (2017). The relationship between board of directors' structure and company ownership with corporate social responsibility disclosure. *Humanomics*, *33*(4), 398–418. https://doi.org/10.1108/H-02-2017-0022

Scribner, H. (2020). *Why are people boycotting Walmart?*

Sekaran, U., & Bougie, R. (2016a). *Research methods for business a skill-building approach.* John Wiley & Sons.

Sekaran, U., & Bougie, R. (2016b). *Research methods for business : a skill-building approach* (Wiley, Ed.; Seventh ed). John Wiley & Sons Ltd.

Shahab, Y., Ntim, C. G., & Ullah, F. (2018). The brighter side of being socially responsible: CSR ratings and financial distress among Chinese state and non- state owned firms. *Applied Economics Letters*, *26*(3), 180–186. https://doi.org/10.1080/13504851.2018.1450480

Steiner, G. A. (1972). *Social Policies for Business*. *15*(2), 17–24. https://doi.org/10.2307%2F41164414

Stuart, A. C., Bedard, J. C., & Clark, C. E. (2021). Corporate Social Responsibility Disclosures and Investor Judgments in Difficult Times: The Role of Ethical Culture and Assurance. *Journal of Business Ethics*, *171*(3),565–582. https://doi.org/10.1007/s10551-020-04454-z

Suranta, E., Midiastuty, P. P., Fitranita, V., & Dianty, A. T. (2021). Siklus Hidup Perusahaan Dan Penghindaran Pajak. *Jurnal Informasi, Perpajakan, Akuntansi, Dan Keuangan Publik*, *16*(1), 1. https://doi.org/10.25105/jipak.v16i1.6162

Tariq, A., Badir, Y. F., Safdar, U., Tariq, W., & Badar, K. (2020). Linking firms' life cycle, capabilities, and green innovation. *Journal of Manufacturing Technology Management*, *31*(2), 284–305. https://doi.org/10.1108/JMTM- 08-2018-0257

Tarquinio, L., & Xhindole, C. (2021). The institutionalisation of sustainability reporting in management practice: evidence through action research.

Sustainability Accounting, Management and Policy Journal.https://doi.org/10.1108/SAMPJ-07-2020-0249

Torelli, R., Balluchi, F., & Furlotti, K. (2020). The materiality assessment and stakeholder engagement: A content analysis of sustainability reports.

Corporate Social Responsibility and Environmental Management, *27*(2), 470–484. https://doi.org/10.1002/csr.1813

Tristiarini, N. (2017). *International Journal of Social Science and Economic Research The Influence Of Csr Cost In Increasing*. *02*, 2497–2504.

Utami, E. F., Rahman, A., & Kartika, R. (2021). Corporate Social Responsibility, Financial Distress, Dan Siklus Hidup Perusahaan. *Ekonomis: Journal of Economics and Business*, *5*(1), 106. https://doi.org/10.33087/ekonomis.v5i1.289

Wang, Y., Yang, J., & Liu, Z. (2019a). Bank Failure Prediction in Relation to the Business Life Cycle. *Modern Economy*, *10*(03), 757–777. https://doi.org/10.4236/me.2019.103051

Wang, Y., Yang, J., & Liu, Z. (2019b). Bank Failure Prediction in Relation to the Business Life Cycle. *Modern Economy*, *10*(03), 757–777. https://doi.org/10.4236/me.2019.103051

Wayman, R. (2021). *What Is a Disclosure: Explained in Plain English*. Investopedia. https://www.investopedia.com/articles/analyst/073002.asp

Yazdanfar, D., & Öhman, P. (2020). Financial distress determinants among SMEs: empirical evidence from Sweden. *Journal of Economic Studies*, *47*(3), 547–560. https://doi.org/10.1108/JES-01-2019-0030

Yudhanti, C. B. H., & Tjahjadi, B. (2021). Drivers of social responsibility disclosure: the moderation of the president director's busyness and political connections. *Asian Journal of Accounting Research*, *6*(3), 335–347. https://doi.org/10.1108/AJAR-11-2020-0126

Zhao, T., & Xiao, X. (2019). The impact of corporate social responsibility on financial constraints: Does the life cycle stage of a firm matter? *International Review of Economics and Finance*, *63*, 76–93. https://doi.org/10.1016/j.iref.2018.08.010

Zheng, Y., Wang, Y., & Jiang, C. (2019). Corporate social responsibility and likelihood of financial distress. *Quarterly Review of Business Disciplines*,

(revised version March, 2024)