

# Moderating Competitive Advantage On Factors Affecting Economic Performance

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## **Abstract.**

*The purpose of this study is to determine the effect of environmental performance, corporate image, corporate social performance on economic performance with competitive advantage as a moderating. The population of this study includes all manufacturing company listed on the Indonesia Stock Exchange in the 2014-2018 period. The sampling technique used purposive sampling technique. Based on predetermined criteria obtained 11 companies. The type of data used is secondary data obtained from the Indonesia Stock Exchange website. The analytical method used is panel data logistic regression analysis. The results showed that environmental performance, corporate social performance, competitive advantage proxied by economic performance had a negatif effect, corporate image proxied by economic performance had no effect. While environmental performance, corporate social performance proxied by economic performance had a positif effect after moderating by competitive advantage, corporate image proxied by economic performance had no effect after moderating by competitive advantage.*

**Keywords:** *Economic performance, environmental performance, corporate image, corporate social performance, competitive advantage.*

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## **I. INTRODUCTION**

Based on temporary observations in 2014-2018 by taking 4 samples of Indonesian manufacturing companies such as: PT Uniliver Indonesia Tbk, Astra International Tbk, Indocement Tunggul Prakarsa Tbk, Gudang Garam Tbk. In 2015 when there was a decline in economic performance, only PT Uniliver Indonesia Tbk's stock returns survived with positive stock returns. PT Samuel Sekuritas analyst Andy Ferdinand said that the performance of PT Unilever Indonesia Tbk was triggered by an increase in product selling prices of around two percent in the first nine months of 2015. This is considering 55 percent of the cost of goods sold has exposure to foreign currencies despite facing pressure from the economic slowdown in 2015, PT Unilever Indonesia Tbk continues to expand by building factories. One of them is by the company's parent company, PT Unilever Oleochemical Indonesia, which builds a palm oil processing factory in Sei Mangke. The resulting product is the raw material for soap and detergent for PT Unilever Indonesia Tbk. This factory is targeted to be operational in 2016. Based on the above phenomenon, it shows that the company's stock return fluctuates every year. Economic performance is published in the company's financial statements. In the era of the market economy accompanied by the realization of good economic performance conditions, it not only demands economic performance that is economically efficient but brings big profits for the company but also needs to be accompanied by ethical economic performance behavior, namely by the realization of good corporate social responsibility to the community. On the other hand, if the rate of return on the company's shares is bad and shows poor results, it will have an impact on the company's economic performance being less good in the eyes of stakeholders because the stock returns are not good which can provide low trust to stakeholders to invest in shares, the company's goals cannot be achieved according to what is expected. Expected and investors will think again to invest, so the company does not get additional capital for its operational activities (Mufid, Maslichah, 2016).

One of the factors that can affect economic performance is environmental performance. Linde (1995), states that improving environmental performance is an important source of information so that companies can achieve efficient production levels, improve productivity in accordance with safety standards, reduce costs caused by environmental damage and gain new market opportunities. In Indonesia, environmental performance can be measured by PROPER (Programme for Assessment of Compliance Performance Rating in Environmental Management) conducted by the Ministry of Environment of the Republic of Indonesia. The purpose of implementing PROPER is to encourage the improvement of the company's performance in environmental management through the dissemination of information on the

company's compliance performance in environmental management. Stakeholders will give appreciation to companies that have good ratings and give pressure and/or encouragement to companies that are not rated well (Saputra, 2016). Therefore, the application of environmental performance is important for companies because companies with high environmental performance disclosures in financial statements will be more reliable, reliable financial reports have a positive effect on economic performance, where investors will respond positively with high stock price fluctuations. If the disclosure of environmental performance is low, then investors will respond negatively with stock price fluctuations which are decreasing from year to year, because investors will rethink investing in companies that do not pay attention to good environmental performance governance and will have a negative impact on investor confidence. to invest and cause the company's economic performance to decline.

The second factor that affects economic performance is corporate image. Corporate image is the goal of a company to attract the marketability of a product and public trust. For a company, the reputation and image of the company is the most important and invaluable asset. Therefore, all efforts, resources and costs will be used to cultivate, maintain and strive for the creation of a good corporate image in the eyes of stakeholders because it will benefit and affect the product in the long term (A. Rahman Hakim, 2015). So it can be concluded that information that is one of the important considerations for potential investors is information about social and environmental performance, which builds a good corporate image in the eyes of the community and stakeholders for the performance of corporate governance because the company's image is the most important and invaluable asset with the company's image. Good products can increase production and will be accepted by consumers more easily so that economic performance increases. On the other hand, if the company's corporate image is negative, it will affect the decline in the company's economic performance, marked by a decrease in the intensity of production and product purchases by consumers, thus affecting the company's opinion which causes economic performance to decline and investors lose confidence to invest their capital.

The third factor that can affect economic performance is Corporate Social Performance (CSP). CSP is a collection of descriptive categories of business activities, with a focus on impacts and outcomes for communities, stakeholders and companies. The relevant types of outcomes are determined by corporate relationships, both general and specific, as defined by the structural principles of corporate social responsibility. Production, monitoring, evaluation, compensation and improvement of the results determined by the company's social response process includes processes that relate to the company itself to information, stakeholders and other issues (Wood, 2010). CSP reporting functions as a medium of communication as well as corporate accountability to stakeholders. So, companies began to realize the importance of implementing social responsibility as a part of business strategy. From an economic perspective, companies will disclose information if the information can increase stock returns. The implementation of CSP is important, this is because there are many negative impacts that are caused by the company for the community and the environment. CSP disclosures have the aim of building information and gaining public attention. Companies with high environmental disclosures in financial statements will be more reliable, financial statements that pay attention to CSP will have a positive effect on economic performance, which will be responded positively by increasing stock prices. If a company's environmental disclosure is low in financial statements, it will eliminate investor confidence, then investors will respond negatively by decreasing stock prices, this will affect the rate of return on shares and affect the decline in the economic performance of a company.

The novelty in this research is the use of competitive advantage as a moderating variable. Given the intense competition in the industry and the rapid development of technology and information. This condition makes companies have to follow the development of technology and information that is most timely, efficient, and can use techniques to measure competitive advantage. Competitive advantage is an advantage over competitors either through lower prices or by providing more benefits, so as to provide more value to consumers (Kotler and Armstrong, 2015). Thus, competitive advantage techniques become an important area of management in the 21st century if companies are to have sustainability and be able to compete in the future (Chang, 2013). However, not all companies are able to solve this problem. Companies must build knowledge mechanisms and rules to measure competitive advantage and solve problems. If the company can

combine existing and newly acquired knowledge, products/services will be warmly welcomed and focus on energy efficiency is important in modern society. Therefore, implementing a competitive advantage strategy cost more to make the product unique from other competitors, this aims to increase product sales so that the company can gain profit. If the company does not apply competitive advantage, product competition tends to be slow and there is no strategy to make unique products that can increase product sales, attract new consumers, which can become a binder between customers and the company so that it can reduce the company's economic performance.

### **Stewardship Theory**

Stewardship theory is based on psychological and sociological theories and comes from management accounting thinking, where stewards are motivated to behave according to the wishes of the principal. Stewardship theory is a description of the condition of managers who are motivated from the main outcome targets to the interests of the organization rather than being motivated by their personal interests (Davis, 1991). Stewardship theory emerged simultaneously with the development of accounting. Stewardship theory developed due to dissatisfaction and selfishness as well as clashes between principals and agents in agency theory (Schillemans, 2013). The relationship between stewardship theory and economic performance in this study is collective steward behavior, because stewards are guided by this behavior so that organizational goals can be achieved. For example, an increase in sales or profitability. This behavior benefits stakeholders in the form of increased stock returns. This also benefits managerial status, because their goals are well followed up by the stewards. There is a very strong relationship between company success and stakeholder satisfaction. This theory protects and maximizes stakeholders through economic performance; therefore, the steward utilization function can be maximized and can increase investor interest in investing so that the company's stock returns increase and have a positive effect on economic performance. Stewardship theory is related to competitive advantage, namely stewardship theory which diverts self-serving to behave cooperatively. This behavior can put the company in a cost leadership situation to produce and market goods or services compared to other companies by promoting a cooperative attitude, this will increase the competitive advantage of a company so that the company can become a price leader in a market.

### **Legitimacy Theory**

Legitimacy can be defined as a condition or a status and is the end result of a process of legitimacy. Legitimacy theory states that organizations/companies must continuously ensure whether they have operated within the norms upheld by society and ensure that their activities can be accepted by outsiders (legitimized). The postulate of legitimacy theory is that organizations must not only pay attention to the rights of investors but in general they must also pay attention to the rights of the public (Frost, 2000).

### **Economic Performance**

Economic performance of a company is a description of the condition of a company which is analyzed with financial analysis tools, so that it can be known whether the economic condition of a company reflects the economic performance in a certain period. The company's economic performance is the company's relative performance (changes from year to year) in a group of similar industries (industry engaged in the same business) which is characterized by the size of the company's annual return (Luciana, 2017).

### **Environmental Performance**

In Indonesia Environmental Performance can be measured by PROPER (Programme for Assessment of Compliance Performance Rating in Environmental Management) conducted by the Ministry of Environment of the Republic of Indonesia. PROPER intends that stakeholder can actively respond to this level of compliance information, and encourage companies to further improve their environmental management performance (Jefany, 2017).

### **Corporate Image**

Corporate image is an impression that arises because of an understanding of a reality. So, it can be concluded that the image is an impression that arises in a person as a result of an understanding formed from his knowledge and experience in viewing or assessing an organization or company, but the notion of image is abstract and cannot be measured systematically, but its form can be felt from the results of the

performance performed. carried out, such as acceptance and responses both positive and negative, which especially came from the public (target audience) and the community (Hakim, 2015).

### **Corporate Social Performance**

Corporate social performance is an assessment of the performance of a company seen from the social role of CSR it plays in the community. Corporate Social Performance is a business organization configuration of the principles of social responsibility, responding to social policies and programs and showing results as they relate to corporate social relations (Wirawan, 2016).

### **Competitive Advantage**

According to Kamukama & Sulait (2017), competitive advantage is the capacity of the organization to present a product and service activity that has superior value to the market compared to competitors. From the above understanding it can be concluded that the company's competitive advantage can be done through the use of resources, efficiency in terms of cost use and product differentiation.

### **Hypothesis**

#### **The Effect of Environmental Performance on Economic Performance**

Many studies have been conducted regarding the relationship between Environmental Performance and Economic Performance, among others, according to (Saputra, 2016) which states that there is a positive relationship between environmental performance and increasing economic performance of the company. The application of environmental performance is important for companies because companies with high environmental performance disclosures in financial statements will be more reliable, reliable financial statements have a positive effect on economic performance, where investors will respond positively to high stock price fluctuations, and vice versa. Based on this thinking, the first hypothesis was formulated:

#### **H1: Environmental Performance has a positive effect on Economic Performance**

#### **The Effect of Corporate Image on Economic Performance**

Many studies have been conducted regarding the relationship between corporate image and Economic Performance, among others, according to (Hatane, 2016) a good corporate image will be able to influence consumer purchasing power so that the company's economic performance will increase. Therefore, it can be concluded that building a good corporate image in the eyes of the community and stakeholders for the performance of corporate governance because the company's image is the most important and priceless asset with a good corporate image can increase production and will be accepted by consumers more easily so that economic performance increases. Based on these thoughts, the second hypothesis is formulated:

#### **H2: Corporate Image has a positive effect on Economic Performance**

#### **The Effect of Corporate Social Performance on Economic Performance**

Many studies have been conducted regarding the relationship between Corporate Social Performance and Economic Performance, including research (Saputra, 2016) which has positive research results where companies are required to carry out corporate social responsibility activities, besides that they are also required to disclose them in the annual report. Companies are required to always be responsible for what they have done and produced. The company is not only responsible for the results obtained, but company managers must understand how big or good the social performance they have given to the company or has the maximum performance been. Structured social performance will have a positive effect on the company's economic performance. Based on these thoughts, the third hypothesis is formulated:

#### **H3: Corporate Social Performance has a positive effect on Economic Performance**

#### **Moderation of Competitive Advantage on the Effect of Environmental Performance on Economic Performance**

Companies that have good environmental performance will be good news for investors and potential investors so that they can be responded positively through fluctuations in the company's stock price. The essence of formulating competitive strategy is to connect companies with a very broad environmental scope that includes environmental social forces as well as economic forces by paying attention to the development of environmentally and socially friendly products or services, applying an operating model that emphasizes efficiency. utilization of the environment, and innovate products or services by combining environmental performance and economic development. Based on these thoughts, the fourth hypothesis is formulated:

#### **H4: Competitive Advantage Moderates the Effect of Environmental Performance on Economic Performance**

##### **Moderation of Competitive Advantage on the Effect of Corporate Image on Economic Performance**

Competitive advantage is created so that consumers can know and recognize products better, differentiate products from competing products, and encourage repeat purchases to create customer loyalty, so companies should use a competitive advantage strategy in diversifying corporate image in this case related to products or services. . The advantages of the product are able to encourage the brand image of the product. The competitive advantage of the company is closely related to the marketing strategy carried out and can encourage consumer interest to buy the company's products or services so as to improve the company's economic performance. Based on these thoughts, the fifth hypothesis is formulated:

#### **H5: Competitive Advantage Moderates the Effect of Corporate Image on Economic Performance**

##### **Moderation of Competitive Advantage on the Effect of Corporate Social Performance on Economic Performance**

Competitive advantage is the company's ability to outperform its competitors on the company's main performance objectives. Although the company's performance goal in general is profitability, this does not mean that profitability is everything. Companies must pay attention to social responsibility to the environment and society, so that people's purchasing power also increases, this will affect the increase in economic performance. So it can be concluded that public pressure for companies to be more concerned with the environment is an opportunity to strengthen between companies and consumers, it can even be used as a competitive advantage. Consumers who are increasingly aware of environmental issues will look for products that are friendly to the environment. As a further impact, the company will look for suppliers who can solve environmental problems that have an impact on increasing the selling power of products or services. Based on these thoughts, the sixth hypothesis is formulated:

#### **H6: Competitive Advantage Moderates the Effect of Corporate Image on Economic Performance**

## **II. METHODS**

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2014-2018 reporting period. The sampling method used purposive sampling method. The research data is in the form of secondary data obtained from the official website of the Indonesia Stock Exchange (IDX). The type of data analysis used is panel data regression analysis which was analyzed using E-views version 9.0. The dependent variable in this study is economic performance. This study uses 3 independent variables, namely environmental performance, corporate image, and corporate social performance. Also using the moderating variable is competitive advantage. The operational definition of research variables is:

1. The method used to measure the Economic Performance (ECP) of similar companies from the rate of return on investment invested by investors (stock returns). This Stock Return is calculated by the following formula:

$$ECP = \frac{(P_1 - P_0) + Div}{P_0} - M_{eRI}$$

2. Environmental Performance (EVP) is measured based on the performance rating obtained by the company in the PROPER set by the Indonesian Ministry of Environment. The PROPER performance rating system includes five colors which will be scored consecutively with the highest score of 5 for gold, 4 for green, 3 for blue, 2 for red and the lowest score of 1 for black.
3. Corporate Image (CI) measurement is calculated using the awards obtained by the company with indicators namely quality, performance, responsibility, and attractiveness contained in the company's annual report. This corporate image is calculated by the following formula:

$$CI = \frac{\sum Reward_n}{\sum Reward_{n Max}}$$

4. Corporate Social Performance (CSP) is an assessment of the performance of Corporate Social Responsibility Disclosures carried out in the community. CSR results are used to measure Corporate Social Performance which compares the natural logarithm of net profit because each company has a different amount of net profit. To avoid abnormal data, the net profit needs to be logarithmic. So, the formula for calculating Corporate Social Performance is:

$$CSP = \frac{CSRI_j}{\ln Net Profit}$$

5. Competitive Advantage (CA) is the company's ability to create value or advantages that are not owned by other companies and cannot be imitated by competitors. Indicators of competitive advantage are divided into 3 parts, namely Customer Relationships (CR), Supplier Relationships (SR), and Research & Development Intensity (R&D Intens). The measurement of Competitive Advantage begins with the formula:

$$CA = \frac{CR + SR + RnD Intens}{3}$$

$$CR = \frac{\text{Advertising Expense}}{\text{Sales} + \text{Account Receivable}}$$

$$SR = \frac{\text{Account Payable} + \text{Inventory}}{\text{Sales}}$$

$$R\&D\ Intens = \frac{\text{R\&D Expense}}{\text{Sales}}$$

### III. RESULT AND DISCUSSION

#### Descriptive Statistics

In this study, descriptive statistical analysis aims to explain the specifications of each variable, so as to be able to provide an overview of the central tendency and data dispersion of each variable based on the minimum, maximum, mean, median, and standard deviation values. The table below displays descriptive statistics on the variables in the research sample that have been determined and are in accordance with the research model to be carried out.

**Table 1.** Descriptive Statistics

	Economic Performance	Environmental Performance	Corporate Image	Corporate Social Performance	Competitive Advantage
Mean	15.81818	1.184364	0.28218	0.01036	0.08691
Median	15.80000	1.10000	0.21000	0.01000	0.08000
Maximum	21.20000	1.39000	1.00000	0.02000	0.20000
Minimum	10.20000	1.10000	0.01000	0.00000	0.03000
Std. Dev.	3.89088	0.13293	0.27705	0.00576	0.03595
Observations	55	55	55	55	55

The table above describes a descriptive statistical picture of all the variables in this study with a total of 55 observational data. The Economic Performance variable shows a minimum value of 10.20000, namely at PT. Gudang Garam Tbk. in 2015 and the maximum value of 21.20000, namely at PT. Astra International Tbk. in 2014. The standard deviation value is 3.89088 and the mean of manufacturing companies only reveals 15.8181. The Environmental Performance variable shows a minimum value of 1.10000 at PT. Gudang Garam Tbk in 2014-2018. The maximum value of 1.39000 is at PT. Astra International Tbk in 2014, 2015, 2016, 2018. The standard deviation value is 0.13293 and the mean value is 1.184364. Corporate Image variable shows a minimum value of 0.01000, namely at PT. Gudang Garam Tbk. in 2016 and a maximum value of 1.0000, namely PT. Unilever Indonesia Tbk. in 2014-2018. The standard deviation value is 0.27705

and the mean value during the observation period is 0.28218. The Corporate Social Performance variable shows a minimum value of 0.00000, namely at PT. Gudang Garam Tbk. in 2014-2016, and the maximum value of 0.02000 is at PT. Indofood CBP Sukses Makmur Tbk. in 2014-2018. The standard deviation value is 0.00576 and the mean value during the observation period is 0.01036. Competitive Advantage variable shows a minimum value of 0.03000, namely at PT. Kalbe Farma Tbk. in 2018 and the maximum value of 0.2000 is at PT. Gudang Garam Tbk. in 2015. The standard deviation value is 0.03595 and the mean value is 0.08691.

#### Feasibility Test Model (Fit Test Model)

Model feasibility tests were conducted to determine whether the independent variables added to the model significantly improved the model fit. Or in other words, this research model is feasible or not to be continued. The results of the model feasibility test show the F-statistic value of 2.989779, while the F table with a level = 5%, dfl (k-1) = 4 and df2 (n-k) = 50, the F table value is 2.56. Thus, F-statistics (2.989779) > F Table (2.56) and the Prob value (F-statistics) is 0.000012 < 0.05. It can be interpreted that together the independent variables in this study, namely Environmental Performance, Corporate Image, and Corporate Social Performance have an effect on Economic Performance with Competitive Advantage as a moderating variable. So that this model can be said to be fit and feasible to continue. The following is the output of the model fit test (Fit Test Model).

F-statistic	2.989779	Durbin-Watson stat	1.085355
Prob(F-statistic)	0.011146		

**Fig 1.** Fit Test Model Result

#### Coefficient of Determination

The coefficient of determination test is used to see how much influence the independent variables, namely Environmental Performance, Corporate Image, Corporate Social Performance have on the dependent variable, namely Economic Performance and moderated by Competitive Advantage. The value of the coefficient of determination adjusted R<sup>2</sup> is 0.205046, indicating that the ability of all independent variables (environmental performance, corporate image, corporate social performance) in explaining the variation of changes in the ups and downs of the dependent variable (economic performance) moderated by the variable (competitive advantage) is 20.50 % while the remaining 79.50% is explained by other variables that are not included in this study.

R-squared	0.308096	Mean dependent var	3.071814
Adjusted R-squared	0.205046	S.D. dependent var	1.192598

**Fig 2.** Coefficient of Determination Intepretation

#### Hyphotesis Test (t Test)

Partial significance testing (t test) was conducted to determine the effect of independent variables on the dependent variable. The independent variable to be significant for the dependent variable if a significant value is smaller when compared to the alpha level ( $\alpha$ ) 0.05.

**Table 2.** t Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	50.69286	9.416457	5.383432	0.0000
EVP	-22.65831	7.276011	-3.114112	0.0031
CI	4.625597	4.829769	0.957726	0.3431
CSP	-709.4513	225.8100	-3.141806	0.0029
EVP*CA	244.7033	80.14073	3.053420	0.0037
CI*CA	-64.75154	54.04590	-1.198084	0.2369
CSP*CA	3989.986	1435.009	2.780460	0.0078

Based on the results of the t test above show that:

1. Based on table 2 above, it can be seen that the Environmental Performance variable has a coefficient value of -22.65831 with a significance value of 0.0031 < 0.05 significance level. These results indicate

that Environmental Performance has a negative effect on Economic Performance. Thus, H1 in this study was rejected.

2. Based on table 2 above, it can be seen that the Corporate Image variable has a coefficient value of 4.625597 with a significance value of 0.3431 > a significance level of 0.05. These results indicate that Corporate Image has no effect on Economic Performance. Thus, H2 in this study was rejected.
3. Based on table 2 above, it can be seen that the Corporate Social Performance variable has a coefficient value of -709.4531 with a significance value of 0.0029 < 0.05 significance level. These results indicate that Corporate Social Performance has a negative effect on Economic Performance. Thus, H3 in this study was rejected.
4. Based on table 2 above, it can be seen that the Competitive Advantage interaction on the influence of Environmental Performance on Economic Performance has a coefficient value of 244.7033 with a significance value of 0.0037 < 0.05 significance level. These results indicate that Competitive Advantage strengthens the influence of Environmental Performance on Economic Performance. Thus, H4 in this study is accepted.
5. Based on table 2 above, it can be seen that the Competitive Advantage interaction on the influence of Environmental Performance on Economic Performance has a coefficient value of 244.7033 with a significance value of 0.0037 < 0.05 significance level. These results indicate that Competitive Advantage strengthens the influence of Environmental Performance on Economic Performance. Thus, H4 in this study is accepted.
6. Based on table 2 above, it can be seen that the Competitive Advantage interaction on the influence of Corporate Social Performance on Economic Performance has a coefficient value of 3989,986 with a significance of 0.0078 < a significance level of 0.05. These results indicate that Competitive Advantage strengthens the influence of Corporate Social Performance on Economic Performance. Thus, H6 in this study is accepted.

#### **The Effect of Environmental Performance on Economic Performance**

Disclosure of environmental aspects has become a sensitive matter and can have an influence on the achievement of a company's economic performance. However, the behavior of capital market players in Indonesia is different from capital market players in western countries in responding to environmental issues. In Indonesia, environmental management cannot be carried out perfectly, there is no known standard of environmental performance that can be appreciated by the community so that the costs incurred for environmental management are still considered a burden that minimizes stock returns. These results support the legitimacy theory (O'Donovan, 2002) which states that in the theory of legitimacy the relationship between profitability and the level of social performance is when the company has a high level of profit, the company considers it unnecessary to report things that can interfere with information about the company's financial success. On the other hand, when the level of profitability is low, the company hopes that report users will read the "good news" of the company's performance, for example in the social sphere which can make investors keep investing even though the company's profitability is low. This is in line with the results of research from (Filbeck & Gorman, 2004) which found a negative relationship between Environmental Performance and Economic Performance.

#### **The Effect of Corporate Image on Economic Performance**

Corporate Image has no effect on economic performance, one of the factors is the decline in the manufacturing industry and the declining purchasing power of the people. The slowdown in the world economy in 2015 and lasted until the end of 2017 resulted in a decline in demand for Indonesian Manufacturing Industry products. People tend to increase their savings and reduce consumption, people's purchasing power decreases. Another problem is the onslaught of imported goods, which are much cheaper. These factors cause all efforts to good image by the company have no impact on increasing the company's economic performance. This result is also not in line with the concept of legitimacy theory where every company in doing everything related to operations must comply with the social and environmental norms of the community in accordance with the culture and culture of the local community so that the company's activities can be accepted by the community or other outside parties. These positive activities will have an



impact on the level of public trust in the company so that it can improve the company's corporate image, purchasing power will increase because people buy the products that are sold, so that the Economic Performance will also increase. However, the increase in the number of awards sought from the legitimacy theory does not increase stock returns because people tend to buy a product based on the price of the product because in the years studied several samples of companies experienced a decline in economic performance due to the economic crisis in 2015

### **The Effect of Corporate Social Performance on Economic Performance**

The cause of corporate social performance has a negative effect because there are still many companies that ignore the concept of triple bottom lines. The company prioritizes profit over people and the planet. The company assumes that activities to prove social responsibility will increase the company's costs so that this can reduce shareholder profits and wealth. So that if the costs incurred for corporate social performance increase, it can affect the company's finances because the impact obtained from social and environmental activities is long-term, of course this can cause a negative impact on economic performance. Accounting information is presented so that it can be communicated to other parties within the company. One of the developments is social responsibility accounting in Indonesia, the existence of social responsibility accounting is not yet popular because it is possible that companies in Indonesia still use annual reports only as reports to shareholders. The low awareness of companies in Indonesia is an obstacle in achieving successful implementation of social responsibility accounting, which should be able to provide benefits for the company's long-term financial performance. In addition, according to Juniati Gunawan (2015), the sustainability report is included in voluntary disclosure, namely voluntary disclosure so that there is no binding regulation to oblige every company to publish a sustainability report. This is in line with the results of research from (Wibisono, 2014) which found a negative relationship between Corporate Social Performance and Economic Performance.

### **Competitive Advantage moderates the effect of Environmental Performance on Economic Performance**

After the moderation of competitive advantage, environmental performance has a positive effect on economic performance, this is because the formulation of competitive strategy is to connect the company with its environment even though the environment is very relevant and very broad. Moderation of competitive advantage can include environmental social forces as well as economic forces by paying attention to the development of products or services that take into account environmental and social impacts, applying an operating model that emphasizes the efficiency of environmental utilization, innovating products or services and combining them with environmental performance. , so that it can be a win-win solution for conflicts that can occur between economic development and environmental protection so that the goal of competitive advantage can be optimized. Moderation of competitive advantage will have a positive effect on increasing the company's economic performance because products and services can be accepted by the public and increase investor interest in investing in the company.

### **Competitive Advantage moderates the effect of Corporate Image on Economic Performance**

Competitive advantage that is carried out to improve the company's image and to get a number of awards has no effect on the purchasing power of the people and on the economic performance of the company in general. People's purchasing power in the year this research was conducted experienced a decline, one of the factors was due to the unstable prices of basic necessities and the problem of employment opportunities that still did not show improvement, this made the effect of competitive advantage that had been sought by the company not be able to be a boosting factor in connecting between corporate image as measured by the number of awards does not affect people's purchasing power so that it does not significantly affect the economic performance of a company.

### **Competitive Advantage moderates the influence of Corporate Social Performance on Economic Performance**

Companies are required to always be responsible for the production activities that have been carried out and also pay attention to the impacts resulting from these production activities. The company is not only responsible for the financial performance results obtained but also must understand how big or good the

social performance has been. Companies must pay attention to social responsibility to the environment and society, so that people's purchasing power also increases so that this will affect the increase in economic performance. So, it can be concluded that public pressure for companies to be more concerned with the environment is an opportunity to strengthen the relationship between companies and consumers, it can even be used as a competitive advantage. Consumers who are increasingly aware of environmental issues will look for products that are friendly to the environment. As a follow-up impact, the company will look for suppliers who can solve environmental problems, this will have an impact on increasing the selling power of products or services and can improve the company's economic performance.

#### IV. CONCLUSION

The results showed that environmental performance had a negative effect on economic performance but after being moderated by competitive advantage, environmental performance had a positive effect on economic performance with a larger coefficient value. Corporate image has no effect on economic performance and after being moderated by competitive advantage still does not change these results. Corporate social performance has a negative effect on economic performance but after being moderated by competitive advantage, corporate social performance has a positive effect on economic performance with a larger coefficient value.

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