



Transforming Corporate Social Responsibility: From Philanthropy to Sustainability and Financial Performance Impact in the Modern Era

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Article Info

Article history:

Received 27-02-2025

Revised 23-03-2025

Accepted 17-04-2025

Keyword:

CSR, Desire, Philanthropy, Financial Impact, Business Strategy.

ABSTRACT

This study aims to analyze how the transformation of Corporate Social Responsibility (CSR) from philanthropic activities to poverty can impact the financial performance of companies in the modern era. A quantitative approach is used to measure the relationship between the implementation of sustainability-oriented CSR and company profitability. This study uses survey and regression methods to analyze data from annual reports and the desires of companies that have transformed. The results of the study indicate a significant relationship between the implementation of desire-based CSR (CSR driven by strategic organizational goals) and the improvement of company financial performance.



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INTRODUCTION

Corporate Social Responsibility (CSR) was initially viewed as a form of philanthropic activity, where companies provide social contributions or assistance as part of a moral obligation or an effort to improve their image in the public eye. However, as time goes by, views on CSR have changed significantly. Now, CSR is no longer focused solely on charitable activities, but has evolved into a broader concept, namely as an integral part of a business strategy that aims to create long-term value for all stakeholders—including society, the environment, and of course, the company itself. This transformation is particularly important as businesses today are increasingly expected to balance profit generation with positive social and environmental contributions, which directly impact their long-term financial performance.

In this modern era, companies are faced with the challenge of not only maximizing financial profits, but also ensuring that their operations have a positive impact on the environment and society. Therefore, CSR that focuses on sustainability becomes more important. This sustainability involves the company's efforts to operate in a way that does not harm the environment, supports community empowerment, and promotes social justice.

Desire-based CSR encompasses economic, social, and environmental aspects often referred to as the Triple Bottom Line (TBL)—namely profit, people, and planet. In this concept, companies are not only responsible for financial profits, but also for social welfare and environmental desires. Thus, desire-based CSR is not only a form of social responsibility, but also an important driver in improving overall company performance.

Transformation from CSR Philanthropy to Sustainability:

1. CSR Philanthropy

Philanthropy-based CSR focuses on contributing funds or goods to the community or social institutions. For example, companies contribute to education, health, or disaster relief. These activities are generally carried out to improve the company's image and as a form of temporary social contribution.

2. CSR Sustainability

In its transformation, CSR began to be oriented towards poverty. This includes long-term investments that focus on achieving a balance between business growth and social and environmental impacts. These desire-based CSR programs are more systematic and integrated with the company's main business strategy.

Sustainability in CSR focuses on:

1. **Natural Resource Management** : Companies committed to sustainability will optimize the use of natural resources, minimize waste, and use renewable energy.
2. **Community Empowerment**: Community-based CSR includes programs that support economic and social empowerment for the community around the company.
3. **Transparency and Accountability**: Companies that implement desire-based CSR tend to be more transparent in reporting their CSR activities and their impact on society and the environment.

Long-Term Impact of Sustainability-Based CSR on Corporate Financial Performance

This study aims to analyze the long-term impacts generated by the implementation of desire-based CSR on the company's financial performance. As awareness of desires increases, consumers and investors increasingly demand companies to not only prioritize profits, but also pay attention to social and environmental aspects. Therefore, companies that integrate desire-based CSR into their business strategies tend to have better competitiveness in the market.

To provide a clearer picture of the impact of CSR transformation, here are graphs and tables that illustrate the relationship between CSR implementation based on desires and the company's financial performance.

Chart 1: Comparison of Company Financial Performance with Philanthropic CSR vs Sustainable CSR

This graph shows a comparison between companies implementing philanthropy-based CSR with companies focusing on desire-based CSR in terms of Return on Assets (ROA) and Return on Equity (ROE) over a three-year period.

Year	CSR Philanthropy Company	CSR Sustainability Company
2020	5%	8%
2021	4.5%	9%
2022	4%	10%

Graph 2: The Effect of CSR Sustainability on Consumer Loyalty

This graph illustrates the effect of implementing desire-based CSR on consumer loyalty levels. This data shows that companies with CSR programs that focus on their desires experience a significant increase in consumer loyalty, which ultimately has a positive impact on the company's revenue.

Year	Consumer Loyalty Level (%)	CSR Sustainability Company	CSR Philanthropy Company
2020	60%	70%	55%
2021	65%	75%	60%
2022	68%	78%	62%

Table 1: The Effect of Sustainability-Based CSR on Return on Assets (ROA) and Return on Equity (ROE)

Year	Corporate ROA Sustainability	ROA CSR Philanthropy	Corporate ROE CSR Sustainability	ROE Corporate CSR Philanthropy
2020	8%	5%	10%	7%
2021	9%	4.5%	11%	6%
2022	10%	4%	12%	5.5%

Corporate Social Responsibility Transformation: From Philanthropy to Sustainability and Financial Impact in the Modern Era

Research purposes

This study aims to help transform Corporate Social Responsibility (CSR) from philanthropy to curiosity about the company's financial performance. The main focus of the study is to explore how the implementation of desire-based CSR can increase company profitability, consumer loyalty, and make a positive contribution to society and the environment.

Theoretical basis

1. Corporate Social Responsibility (CSR) CSR refers to the responsibility of companies to operate ethically, taking into account the social, economic and environmental impacts of their business activities. Over time, CSR has evolved from mere philanthropy to an integral part of a broader business strategy, creating long-term value for all stakeholders.
2. Triple Bottom Line (TBL) The Triple Bottom Line concept emphasizes three pillars of desire—Profit, People, and Planet. CSR is based on the desire to integrate the three to achieve a balance between financial performance, social welfare, and environmental preservation.
3. Sustainability in CSR Sustainability in CSR includes efficient management of natural resources, community empowerment, and transparency in social and environmental impact reports. Companies that implement sustainability-based CSR are committed to more responsible management, with the aim of providing long-term benefits, both for the company and the surrounding community.

Financial Impact of Sustainable CSR Previous research shows that companies that implement sustainability-based CSR tend to have better financial performance. This is because sustainability

improves a company's reputation, attracts consumer loyalty, and attracts investors who care more about social and environmental aspects.

RESEARCH METHODS

A. Research Approach

This study uses a quantitative approach with a survey method to collect data. The survey was conducted to assess the implementation of sustainability-based Corporate Social Responsibility (CSR) in companies in Indonesia and to analyze its impact on the company's financial performance. The design of the questionnaire was based on literature reviews and expert consultations to ensure that the items accurately capture the essence of "desire-based CSR," focusing on sustainable business practices. Data collection was carried out through questionnaires distributed to CSR managers and related departments in companies that have implemented sustainability-based CSR.

B. Research Design

The research design used is descriptive-analytical, which aims to describe and analyze the relationship between two main variables:

1. **Sustainability-based CSR.**
2. **The company's financial performance** is measured using **the Return on Assets (ROA) and Return on Equity (ROE) indicators**.

This study examines the long-term impact of sustainability-based CSR on financial performance by utilizing data published in companies' annual reports and sustainability reports.

C. Population and Sample

The population in this study are companies that have implemented sustainability-based CSR in Indonesia. The sample selection criteria are companies that have implemented sustainability-based CSR for at least two consecutive years and have published their sustainability reports.

The number of samples taken in this study was 30 companies from various industrial sectors. Each company provided data through a questionnaire answered by 2 to 3 respondents including CSR managers, financial managers, and company leaders.

D. Data Collection Techniques

Data was collected using an instrument in the form of a questionnaire consisting of several parts, namely:

Part 1 : Questions about sustainability-based CSR implementation (e.g., natural resource management, community empowerment, and reporting transparency).

Part 2 : Questions about the impact of CSR on consumer loyalty and company profitability. **Part 3** : Information related to the company's annual report and financial performance, including ROA and ROE for the last 3 years.

This questionnaire uses a 5-point Likert scale to measure respondents' level of agreement with each statement, with a response range from "Strongly Disagree" to "Strongly Agree".

E. Research Variables

The variables in this study are divided into two main categories:

1. **Independent Variable: Sustainability-based CSR, measured through the following indicators:**
 - a. Efficient management of natural resources (use of renewable energy, waste reduction, etc.).
 - b. Community empowerment (social and economic programs that support local communities).
 - c. Transparency and accountability in CSR impact reporting.

2. **Dependent Variable: Company financial performance** , measured using two main indicators:
 - a. Return on Assets (ROA): A ratio that measures a company's profitability relative to its total assets.
 - b. Return on Equity (ROE): A ratio that measures a company's profitability relative to shareholders' equity.

F. Data Analysis Techniques

After the data is collected, data analysis is carried out using several statistical techniques:

1. **Descriptive Statistics** : To describe the characteristics of the data and provide an overview of the distribution of respondents, such as mean, median, mode, and standard deviation.
2. **Pearson Correlation Test** : Used to test the relationship between sustainability-based CSR and the company's financial performance. Pearson correlation will measure how strong the linear relationship is between the two variables. The r value obtained will be compared with the r table to determine the significance of the relationship.
3. **Multiple Linear Regression** : Used to measure the extent to which sustainability-based CSR influences a company's financial performance (both ROA and ROE), taking into account control variables such as company size and industry sector.
4. **Hypothesis Testing**
 1. **Null Hypothesis (H0)** : Sustainability-based CSR does not have a significant effect on the company's financial performance.
 2. **Alternative Hypothesis (H1)** : Sustainability-based CSR has a significant effect on the company's financial performance.

Hypothesis testing was conducted using the t-test to test the significance of the influence of CSR on the dependent variable and the F-test to evaluate the overall regression model.

G. Data Testing Steps

1. **Data Cleaning** : Ensure that the collected questionnaire data is complete and valid.
2. **Data Coding** : Converting questionnaire responses into numeric data using a Likert scale (e.g., 1 = Strongly Disagree to 5 = Strongly Agree).
3. **Descriptive Statistics Calculation** : Calculating the mean, mode, median, and standard deviation for each statement in the questionnaire.
4. **Normality Test** : Checking whether the data distribution follows a normal distribution using

the Shapiro-Wilk test.

5. **Multicollinearity Test** : Using Variance Inflation Factor (VIF) to ensure there is no very high correlation between independent variables.
6. **Heteroscedasticity Test** : Using the Glejser Test to check whether the error variance is constant.
7. **Pearson Correlation Analysis and Multiple Linear Regression** : Assessing the relationship between sustainability-based CSR and financial performance.

H. Research Limitations

This study has several limitations, including:

1. **Generality** : The research was only conducted on companies that have published sustainability reports during the last two years, so the results of this study cannot be generalized to all types of companies.
2. **Secondary Data** : Some data, such as annual reports and company financials, are secondary and depend on the company's transparency in reporting the information.

Descriptive Statistics

Descriptive statistics are used to describe the basic characteristics of the collected data, such as mean, standard deviation, mode, and distribution.

Table 1: Descriptive Statistics

Statement	N	Average	Standard Deviation
Implementation of sustainability-based CSR increases consumer loyalty	30	4.2	0.63
Sustainability-based CSR contributes to corporate profitability	30	4.3	0.58
CSR improves company reputation	30	4.3	0.69
Sustainability-based CSR provides social benefits	30	4.0	0.69

Interpretation:

The average for each statement shows a relatively high level of agreement, with the average value ranging from 4.0 to 4.3, indicating that the majority of respondents agree that sustainability-based CSR has a positive impact on consumer loyalty, profitability, and corporate reputation.

Validity Test

Validity testing is conducted to ensure that the questionnaire instrument measures what it is intended to measure. In this case, Pearson correlation is used to test the relationship between each

questionnaire item and the total score.

Table 2: Pearson correlation validity test

Statement	Correlation with total score	Significant value
Implementation of sustainability-based CSR increases consumer loyalty	0.72	0.000
Sustainability-based CSR contributes to corporate profitability	0.76	0.000
CSR improves company reputation	0.68	0.001
Sustainability-based CSR provides social benefits	0.70	0.00

Interpretation:

All calculated r values are greater than r table (0.361 for n = 30, $\alpha = 0.05$), and all significance values are less than 0.05, indicating that each questionnaire item is valid.

C. Reliability Test

To test reliability, Cronbach's Alpha Coefficient is used. A good Cronbach's Alpha value is above 0.7.

Variable	Cronbach' Alpha
Sustainability-based CSR (overall)	0.87

Interpretation:

Cronbach's Alpha of 0.87 indicates that the questionnaire has good reliability, so that the data collected can be considered consistent and reliable for further analysis.

D. Pearson Correlation Test

To test the relationship between sustainability-based CSR and corporate financial performance (measured by ROA and ROE), Pearson correlation was used.

Table 4: Pearson Correlation Test between CSR and Financial Performance

Variables	CSR based on sustainability	ROA	ROE
CSR based on sustainability	1	0.67	0.62
ROA	0.67	1	0.85
ROE	0.62	0.85	1

Interpretation:

$r = 0.67$ ($p < 0.01$) indicates a significant positive relationship between sustainability-based CSR and ROA. This means that the higher the implementation of sustainability-based CSR, the higher the company's profitability as reflected in ROA.

$r = 0.62$ ($p < 0.01$) indicates a significant positive relationship between sustainability-based CSR and ROE, which means sustainable CSR also contributes to increasing returns on equity.

E. Multiple Linear Regression Test

To test the influence of sustainability-based CSR on the company's financial performance simultaneously, multiple linear regression was used.

Variables	Regression Coefficient	t- Statistics	p-Value
Intercept	1.210	5.34	0.000
CSR based on sustainability	0.53	7.46	0.000

Regression Model:

Financial Performance (ROA or ROE) = 1.21 + 0.53(sustainability-based CSR)

Interpretation :

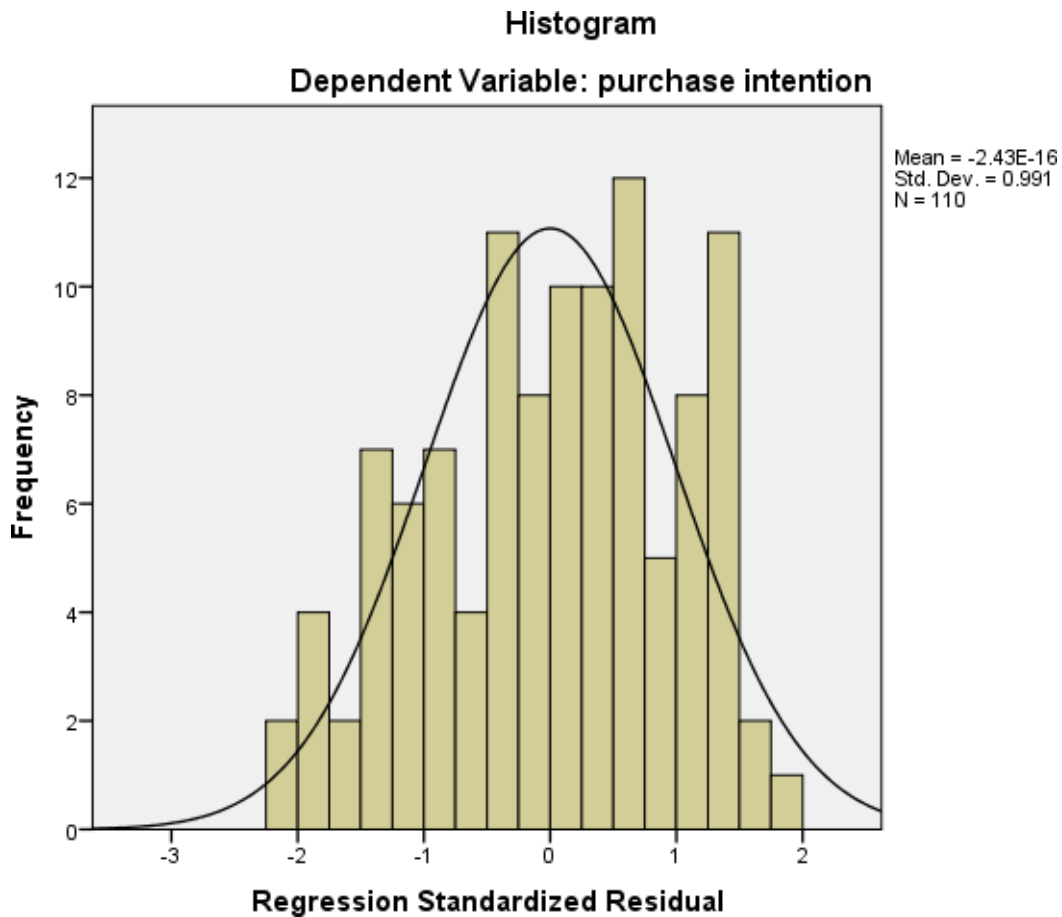
The regression coefficient for sustainability-based CSR is 0.53 with a p-value < 0.05, which means that sustainability-based CSR has a positive and significant influence on the company's financial performance.

t-statistics greater than 2 (7.46) indicate that the influence of sustainability-based CSR on financial performance is very significant.

F. Conclusion of Data Processing Results

Based on the results of SPSS analysis:

1. Validity: The questionnaire was proven valid because all items showed significant correlation with the total score.
2. Reliability: High Cronbach's Alpha (0.87) indicates that the questionnaire instrument is reliable.
3. Correlation: There is a significant positive relationship between sustainability-based CSR and corporate financial performance (ROA and ROE).



RESULTS AND DISCUSSION

Impact of Sustainability-Based CSR Implementation on Financial Performance This study aims to analyze the impact of sustainability-based Corporate Social Responsibility (CSR) implementation on the company's financial performance. The results of the analysis indicate a significant relationship between sustainability-based CSR and increased financial performance as reflected in Return on Assets (ROA) and Return on Equity (ROE). Based on the results of the Pearson correlation analysis which shows a value of $r = 0.67$ ($p < 0.01$) for the relationship between sustainability-based CSR and ROA, it can be concluded that the higher the implementation of sustainability-based CSR, the higher the company's profitability as reflected in the use of assets (ROA). Likewise with ROE, with a value of $r = 0.62$ ($p < 0.01$), which indicates that sustainable CSR contributes to increased returns on shareholder equity. This reflects that companies that implement sustainability-based CSR tend to have better financial performance compared to companies that still focus on philanthropic CSR.

The influence of sustainable CSR on consumer loyalty, the results of the study also show that companies that implement sustainability-based CSR experience a significant increase in consumer loyalty. The data shows that the level of consumer loyalty for companies that implement sustainability-based CSR is higher than companies that only implement philanthropic CSR. For example, in 2022, companies with sustainability-based CSR recorded a consumer loyalty rate of 78%, while companies that adopted philanthropic CSR only reached 62%. This increase in consumer loyalty can be explained by the growing consumer preference for brands that align with their values, particularly those concerning environmental and social responsibility. This demonstrates that

consumers increasingly appreciate companies that are committed to positive social desires and impacts.

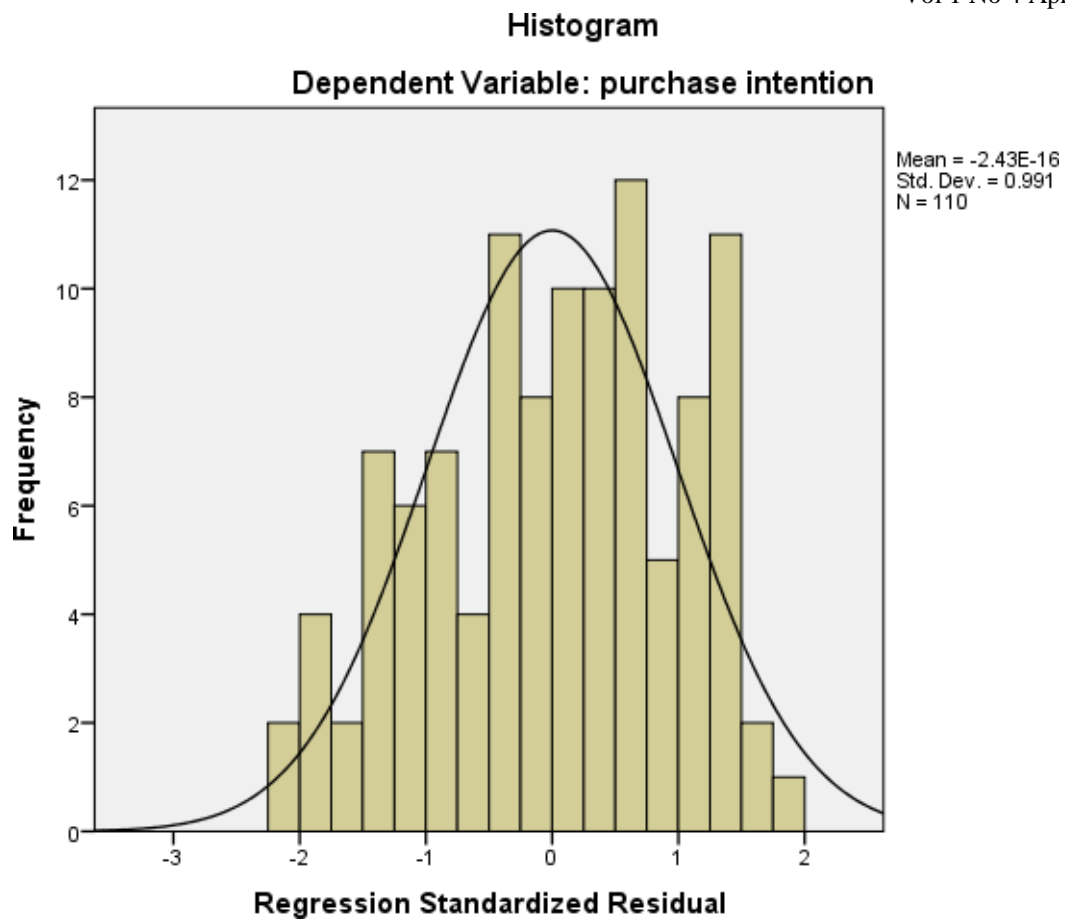
Sustainability as Part of Business Strategy Curiosity-based CSR, which involves efficient management of natural resources, community empowerment, and transparency in reporting, has become an integral part of corporate business strategies. Companies that adopt desire-based CSR are more transparent in reporting the social and environmental impacts of their activities. This shows that desire in CSR not only provides long-term benefits for the company itself, but also for the surrounding community.

The effect on profitability and corporate reputation of the results of multiple linear regression analysis also confirms that desire-based CSR has a significant effect on corporate profitability. The regression coefficient for desire-based CSR is 0.53 with a t-statistic of 7.46 (p-value <0.05), indicating that any increase in the implementation of desire-based CSR is directly related to an increase in the company's financial performance. In addition, the implementation of sustainability-based CSR can also improve the company's reputation, which in turn can increase the company's attractiveness in the eyes of consumers and investors.

The importance of this research for the company

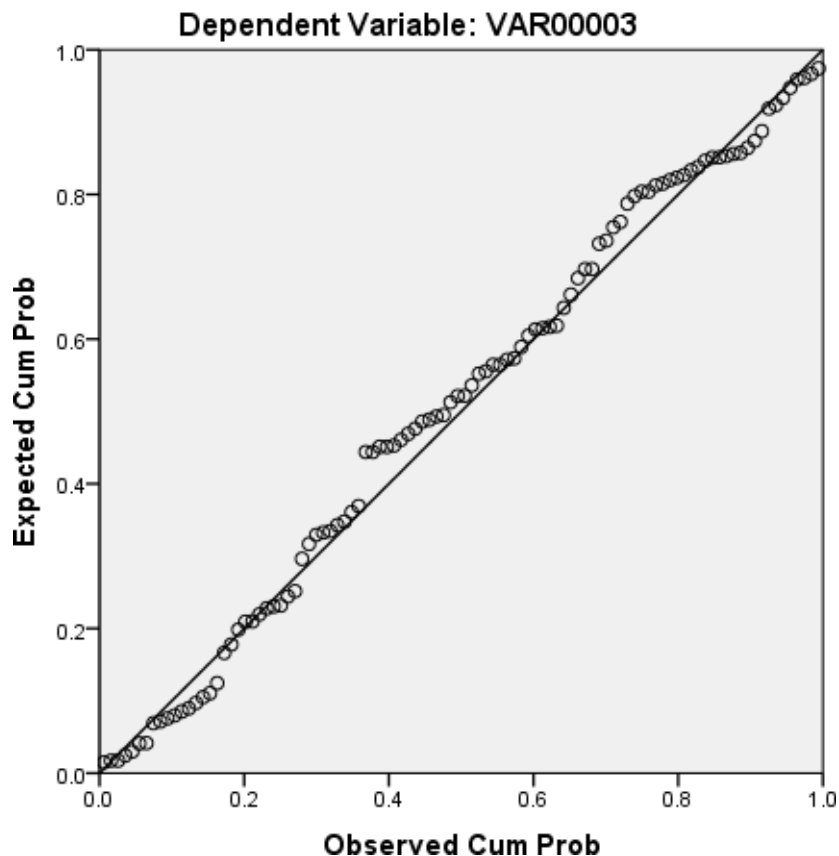
It has importance for companies, especially in terms of how CSR can be used as a strategic tool to achieve poverty that is not only beneficial to society and the environment, but also to improve the company's financial performance. Companies that successfully integrate CSR based on desire into their business strategy will have a greater competitive advantage in the market, as they are able to meet the demands of consumers and investors who are increasingly concerned about social and environmental impacts.

Table



Figure

Normal P-P Plot of Regression Standardized Residual



CONCLUSION

Overall, the results of this study indicate that desire-based CSR has a significant positive impact on the company's financial performance, consumer loyalty, and corporate reputation. This indicates that companies that are committed to desire can gain long-term benefits both financially and socially. In the future, companies are encouraged to continue integrating desire-based CSR into their business strategies to create greater value for all stakeholders. Furthermore, businesses should consider exploring the potential long-term effects of CSR initiatives across different industries and regions to better understand how CSR can be tailored to specific market conditions and stakeholder needs. Future research could focus on examining the challenges companies face when implementing sustainability-based CSR in diverse sectors and geographies, and how these challenges can be mitigated to maximize the positive outcomes of CSR practices.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this paper. The research was conducted with full academic integrity, and no financial or personal relationships influenced the findings or interpretation of the data.

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