DIPONEGORO JOURNAL OF ACCOUNTING Volume 11, Nomor 1, Tahun 2021, Halaman 1-15
http://ejournal-s1.undip.ac.id/index.php/accounting ISSN (Online): 2337-3806

The Effect of CEO Power on Firm Performance Moderated by Corporate Social Responsibility (CSR) Disclosure (Empirical Evidence in Manufacturing Companies Listed on Indonesia Stock Exchange (IDX) For Period 2018-2020)

Safira Alifah, Puji Harto [1]

Departemen Akuntansi Fakultas Ekonomika dan Bisnis Universitas Diponegoro
Jl. Prof. Soedharto SH Tembalang, Semarang 50239, Phone: +622476486851

ABSTRACT

The purpose of this study is to examine the effect of CEO power on firm performance and the moderating influence of Corporate Social Responsibility (CSR) disclosure on the relationship between CEO power and firm performance. Indicator of CEOs Power studied were the CEO ownership and the CEO tenure in the company. The firm performance studied with the calculation of Return on Assets (ROA). This study is conducted by quantitative methods using secondary data. The population is the manufacturing company listed on the Indonesia Stock Exchange (IDX) for the period 2018 – 2020, and the samples were taken by the purposive sampling method with linear regression analysis technique through the SPSS program. The sample used in this study were 89 companies with 256 observations. The results of the hypothesis test indicate that the CEO Power with CEO ownership and also CEO tenure as indicators are positively affect the firm performance with return on assets (ROA) calculated. The Corporate Social Responsibility (CSR) disclosure moderates the relationship between the CEO ownership and firm performance. Meanwhile, Corporate Social Responsibility (CSR) disclosure does not moderate the relationship between the CEO tenure and firm performance.

Keywords: CEO Power, Corporate Social Responsibility (CSR), Firm Performance (ROA).

INTRODUCTION

In today's highly competitive business environment, every firm is continually competing to improve its performance in front of the public and other interested parties, particularly investors. Maximizing the performance of the firm is something that any firm should accomplish since by doing so, the firm will also fulfill its major goals, which is the prosperity of its shareholders (Wahyudi & Pawestri, 2006).

The Ministry of Industry said that the manufacturing sector is still the largest contributor to the national economy, including through an increase in the addition of domestic raw materials, absorption of local workers, and foreign exchange earnings from exports. Regarding employment, the Ministry of Industry said that in 2019 there will be 17.01 million people, an increase compared to 2018 which reached 15.54 million people. This achievement led to a reduction in the unemployment rate and poverty in Indonesia is quite significant.

According to the Minister of Industry, increasing competitiveness and investment attractiveness in Indonesia's industrial sector is aided by the availability of raw resources. and professional human resources (HR), with a qualified, competent, and powerful CEO anticipated to improve the company's performance and attract investors. The firm's CSR activities are also expected to preserve raw material availability since the company pays attention to environmental conditions without damaging nature, allowing the company to function better in the future.

The ownership structure is said to be able to impact the firm's operating and performance in accomplishing the firm's aims, notably maximizing the firm's worth. This is due to the power they have. In this era of emerging economies, the CEO is primarily responsible for a firm's performance. CEO power is becoming more widely recognized as a possible factor of firm performance.

[1] *Corresponding author*

Firm performance is a very significant factor for the success of a firm. CEO Power is one of the factors that affect firm performance. A CEO is responsible for the day-to-day operational tasks of the firm to the actions needed in the course of business. As stated on (Tien et al., 2013), the role of the CEO is crucial in a business because of his role as a leader who will be responsible for the failure and success of a firm. At present many companies in doing business set high goals standards: efficient business growth and high progress, predictable results from the strategy to be carried out, and obtain business income quickly.

As stated on (Sudana & Aristina, 2017) Chief Executive Officer (CEO) is the top position in the executive ranks, responsible for all of the firm's operational activities. According to (Certo et al., 2007), the CEO has the power to influence potential investors' investment decisions. The CEO's power can originate from their ownership (Ownership Power), formal roles (Structural Power), expertise from their tenure (Expert Power), and social ties (Prestige Power), all of which are non-financial information utilized by investors to judge the firm's future prospects (Daily & Johnson, 1997).

Essentially, the primary objective of a firm is to achieve maximum profits. Therefore, firm must have a CEO that have the ability to manage the firm. The position of CEO genuinely determines whether the firm is doing well or not, CEO can also lead a firm to be either successful or failure. The responsibility of every CEO must have the abilities which requires good leadership and decision-making skills.

CEO can influence the disclosure of firm information about the value of CSR and the value of firm (Javeed & Lefen, 2019).The relation between CEO Power and CSR is associated with the agency theory. Because stockholders are widely distributed and there is no shareholder who may exercise direct control, the CEO position provides a great deal of influence over the firm's resources. Thus, the CEO greatly influences the disclosure of information about the value of CSR. The previous research that has tested CEO Power and CSR disclosure are (Harper & Sun, 2019; Li et al., 2016; Rashid et al., 2020).

CEO Power refers to a CEO's potential to leveraged holdings or positions to pursue their own goals. When a CEO's power is uncontrolled by an independent commissioner, it is more likely to behave in his or her own self-interest, decreasing shareholder wealth. (Dunn, 2004; Frankforteret.al., 2000).

According to (McWilliams & Siegel, 2001), Corporate Social Responsibility (CSR) defined as an action that appears as a continuation of social action, the higher the firm as required in law. In Indonesia, corporate social responsibility is required by law. This is stated in Law Number 40 year 2007 regarding the Limited Liability Companies (PT) which was passed on July 20, 2007 in the matter of Limited Liability Companies which obliged companies in order to carry out CSR.

Companies are increasingly expected to play a positive role in society by contributing to long-term development. In Indonesia the implementation of CSR has received considerable attention by the community. This is motivated by a variety of cases that occur such as, people who protest over environmental pollution due to increased air pollution and industrial waste released into the environment, continuous deforestation, poor quality and safety of products, exploitation of natural resources, excessive exploitation of functions land, investment abuse and others.

The existence of a firm in the community can provide two important aspects that must be considered, the creation of synergistic conditions to bring change for the better and improve people's lives. Companies that have a high commitment to CSR will be appreciated by the community so that the firm's reputation will increase.

The firm as a form of organization which is on generally has certain objectives to be achieved in its business activities to meet the interests of its members. Corporate governance is one of the most critical components., which aims to improve firm performance. If good corporate governance is implemented, firm performance will improve.

Effective corporate governance could also contribute to increased financial performance and market value. From the standpoint of the composition and operation of the board as a crucial driver in the corporate governance who can provide insights for the improve in corporate governance in

developing economies such as Indonesia. Success in achieving firm goals is one part of the achievements of the president director or Chief Executive Officer (CEO) at the firm.

Companies can experience obstacles, not always running smoothly. Companies sometimes have problems, both on a small scale and large scale. These problems are the responsibility of a CEO. Because CEOs are required to be tough in facing anything in bringing the firm to success and achieving its goals. As follows some CEOs who have a strong influence on their companies have succeeded in bringing their companies to success.

Ed Whitacre who managed to rebuild General Motors from the crisis. Lee Iacocca fought hard to preserve Chrysler Automotive, which was on the verge of bankruptcy, and he made a number of clever actions in the firm, including reorganizing the financial structure and the market pricing imposed on Chrysler products. Not only that, but Iacocca overhauled the company's administration; all of its efforts were effective, and Chrysler was able to return to profitability in its own hands.

The good management of Isaac Perlmutter in reviving Marvel Comic is an interesting thing, he combined his firm Toy Biz to reduce the various problems that were plaguing Marvel Comic and its ability to manage the firm's finances well, which is the success of Marvel Comic. The success of these CEOs proves that if Powerful CEO is able to make the firm to perform better. This is what underlies research on CEO Power interesting to do.

The most powerful position in the firm is always regarded to the CEO, because CEOs are expected to lead their companies to create wealth and enhance future opportunities for stakeholders. Top executives not only have absolute power over the firm's operational decisions, but also have great power to influence the firm's strategic decisions. As Chief Executive Officer (CEO) as top executive who stands on top-level organizational structure, the strength of their decision making clearly has a substantial influence on the operations of the firm.

Return on Assets (ROA) is used to predict ability the firm makes a future profit from a firm. Investors may use this ratio to determine which stocks will produce significant returns in the future. Companies with the possibility of high growth usually have a high return on assets (ROA) value, while companies with low growth usually have a low return on assets (ROA) value. ROA is also an indicator of a growth firm, ROA itself is influenced by many variables.

Many researches on CEO power have been conducted, including those by (Rashid et al., 2020), (Li et al., 2016), (Koo, 2015), (Han et al., 2016), (Wu et al., 2011). And the result of the research conducted by (Koo, 2015) and (Wu et al., 2011) stated that the CEO power have a positive effect on firm performance.

The findings of those research not in line with the findings of (Han et al., 2016). According to (Han et al., 2016), when industry circumstances worsen, great CEOs perform significantly worse than the other CEOs. The research conducted by (Rashid et al., 2020) and (Li et al., 2016) stated that CEO power is negatively associated with the level of CSR disclosure.

THEORITICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

There are two relevant theories used, which are agency theory and stakeholder theory. The first thing to know about agency theory aims to control problems due to the conflicts of interest between top executives and shareholders. As stated on the agency theory, because there are many stockholders and no shareholder may exert direct control, the CEO's position will confer significant authority over corporate resources (Jensen & Meckling, 1976). According to agency theory, powerful CEOs would use their position to influence the board in order to align the board with their interests, resulting in lower firm performance. Furthermore, their influence would increase agency costs due to self-interest, resulting in poor firm performance. The theory predicts that CEOs have an influence on firm performance.

Based on the basic assumption of stakeholder theory, companies cannot avoid the social environment in which they operate. Companies must preserve stakeholder legitimacy and include them in policy and decision-making frameworks so that they can assist the achievement of corporate goals, such as business stability and going concern assurance (Andrew L. Friedman & Samantha Miles, 2002). The essence of stakeholder theory, according to (Brown & Forster, 2013), is that firms

should minimize the expectation gap with the surrounding community in order to get the community acceptance. For this reason, the firm should maintain its reputation, which is by shifting the pattern of goals that were originally measured solely by economic measurements that tend to be shareholder orientation, towards taking into account social factors as a form of concern and alignment with social problems or stakeholder orientation.

CEO Ownership on Firm Performance

According to agency theory, the position of CEO confers significant influence over corporate resources because shareholders are many and no shareholder has direct control. The capacity to influence people is defined as power. CEO’s strength is referred to the ability of the CEO to exert influence on the board members, therefore the Chief Executive Officer (CEO) as a top executive standing on top-level organizational structure, their decision-making power clearly has a significant impact on the firm's operations (Brahmana et al., 2021).

The CEO's strength is important for the CEO's ability to maintain control over the firm. Executives can only have an impact on business outcomes if they have a say in critical corporate decisions. CEO’s strength refers to the CEO's potential to utilize the ownership or position to pursue their own objective. A CEO whose power is unchecked by outside directors is more likely to engage in self-serving measures that diminish shareholder wealth.

Ownership is a significant source of power (Daily & Johnson, 1997). However, because it connects CEO and shareholder wealth, it complements strong performance incentives (Fama & Jensen, 1983). Companies with higher managerial ownership tend to have a higher stock market value, which proves that agency conflict can be overcome by including managers in the share ownership structure (Sofyaningsih & Hardiningsih, 2011). The many business challenges have the implication that only organizations with highly skilled managers can rapidly convert strategy into action, efficiently manage operations, and maximize the contribution of employees to create sustainable firm growth. From the description above, the following hypothesis is:

H1 : CEO Ownership positively influence the performance of the firm.

CEO Tenure on Firm Performance

CEO power might have significant consequences to the firm, which can raise the question of how much the decision-making power will be given to the CEO. A powerful CEO may act more decisively with less input from the board or other management, resulting in lower-quality judgments and undue trust in his own skills, the CEO might also let the firm suffer a lot of economic decline. This makes the firm's performance will decline.

Information about the ability and tenure of a CEO in determining strategies to increase firm profits is also one of the important information for an investor. So that the greater the CEO's power in determining firm strategy to increase profits, the greater the firm's worth, the greater the impact on the firm's performance.

This is supported by the research findings of (Sudana & Aristina, 2017), which found a favorable relationship between CEO tenure and firm performance. According to (Lewellyn & Muller-Kahle, 2012), CEO tenure has a positive association with business value. Based on the explanation, the hypothesis formed is:

H2 : CEO Tenure positively influence the performance of the firm.

The Effect of Corporate Social Responsibility (CSR) Disclosure that Moderate the CEO Ownership on Firm Performance

The main objective of the firm is to increase or raise its wealth through the prosperity of the owner or shareholders. The firm will be certain to grow in a sustainable manner if the firm pays attention on the economic sector, the social and environmental dimensions because sustainability that will be an equal mix of economic, environmental, and communal concerns.

While CSR may serve shareholder interests by enhancing the firm's connections with all of its stakeholders, it may also serve top management objectives in terms of reputation, image, or personal improvement, raising the possibility of conflicts of interest. Although CEOs may get private advantages that motivate them to undertake CSR investments that are in excess of shareholder interests, a rise in their ownership position, which would align their interests with those of shareholders, should lead to a reduction in their CSR investment.

Insofar as the CEO has a direct effect on the firm's CSR strategy, CEO ownership is another possible predictor of CSR investment. CSR may successfully help CEOs to alter their connections with their surroundings, particularly by making specialized investments that target distinct stakeholders. Based on the statement above, the hypothesis formed is:

H3 : Corporate Social Responsibility (CSR) Disclosure strengthening the influence of CEO Ownership on Firm Performance

The Effect of Corporate Social Responsibility (CSR) Disclosure that Moderate the CEO Tenure on Firm Performance

The implementation of CSR will develop the value of the firm in terms of stock prices and firm profits as a result of investors who invest in companies. The market will respond positively to CSR disclosure, as seen by the firm's stock price, is it increasing or not. And this increase will affect the firm's performance to be increase.

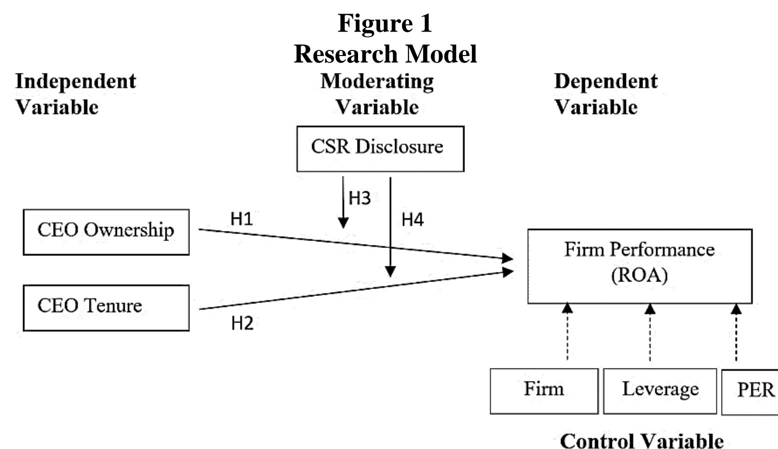
If a firm seems to care about the community, the public will also imagine that the firm also has a concern in managing its products. Resulting in a belief in product quality and loyalty to use the product. So, this will affect the financial performance of a firm as measured by increasing profits earned by the firm. CSR disclosure is a consideration for investors to invest in a firm which will appreciate the firm's stock price and a lot of research that shows there is a positive influence from the implementation of CSR.

CEOs have broader professional perspectives than those in their latter phases. Because investing early in a CEO's tenure can benefit them later in their tenure by increasing business performance, early-tenure CEOs have significant incentives to invest more than those later in their tenure. CEOs who have been in their jobs for a longer period of time have higher incentives to spend in areas such as CSR in the early stages of their tenure than those who have been in their posts for a shorter period of time. Based on the explanation above, the hypotheses formed are:

H4 : Corporate Social Responsibility (CSR) Disclosure strengthening the influence of CEO Tenure on Firm Performance

This framework will outline the logic of the research to be carried out. Based on the problem formulation and literature review described regarding CEO Power, Corporate Social Responsibility (CSR) Disclosure, and firm performance. The following is the research framework proposed in this study:

Figure 1
Research Model



RESEARCH METHODOLOGY

Research Variable

This study uses three different types of variables and will be used to test the proposed hypothesis. These variables include the dependent variable, the independent variable, and the moderating variable.

Dependent Variable

Firm Performance

The dependent variable in this research is firm performance. Financial performance measurement is the use of financial information in measuring a firm's performance. Ratio analysis is a type or approach of financial statement analysis.

Return on Asset (ROA)

Return on Assets (ROA) is utilized as a measure of corporate success since it represents the interests of shareholders. (Dodd & Chen, 2018). The higher the value of ROA, the better the firm's performance. Profitable businesses appeal to investors due to their large returns. Firm performance indicators in this research are measured by using Return on Asset (ROA)

$$\mathbf{ROA} = \frac{\mathbf{Net\ Income}}{\mathbf{Total\ Assets}}$$

The reason researchers use ROA as a calculation indicator of firm performance is because ROA is used to assess a firm's management's capacity to achieve profitability and manage the overall efficiency of the firm's operations. The higher the ROA, the better the firm's success, because it represents a higher return. An increase in ROA indicates that the firm's profitability is increasing, which means that shareholders' profits are increasing.

Independent Variable

The independent variable is one that affects the dependent variable either positively or negatively. . In this study the independent variable is CEO Power, which use the CEO Ownership and CEO Tenure.

CEO Power

According to (Craig, 2011), power is the absolute capacity of an agent to influence the behavior or attitude of a person or more who is designated as a target at one particular time. Focusing on the power of individuals, (Horner, 2011) identifies four sources of power, which are: Ownership Power, Expert Power, Structural Power and Prestige Power.

Ownership and Structural Power are formal forms of Power that can directly influence the CEO’s decision-making process, while Expert Power and Prestige Power are informal forms of Power that do not directly affect the CEO’s role in the organizational hierarchy (Sudana & Aristina, 2017). The sources of power are measured using different proxies. Especially for Structural Power that uses dual leadership proxies, this study cannot be included because Indonesia adheres to a two-tier system, namely separate management and supervisory functions, so this research only uses Ownership Power and Expert Power as a measure of CEO strength.

This research measures CEO strength based on two variables:
Tenure and share ownership. Ownership to measure the power of ownership (Ownership Power), and tenure to measure expert power (Expert Power).

- The amount of shares that the CEO holds in the firm is referred to as CEO share ownership. The more the CEO share ownership, the less influence the board has and the more flexibility the CEO has in making choices, therefore boosting the CEO’s authority (Han et al., 2016). CEO ownership can be found on the annual reports of the companies.
- The CEO’s term of office is the number of months the CEO has been with the firm. The CEO’s tenure enhances his or her influence on the board and, as a result, the CEO’s power (Ryan & Wiggins, 2004). The tenure of the CEO (CEO tenure) is measured can be found on the annual reports of the companies

Moderating Variable

The moderating variable is a variable that can strengthen, diminish, negate, or otherwise alter the association between independent and dependent variables.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) in this study serves as a moderating variable to see whether the presence of CSR will be able to strengthen or weaken the relationship between CEO Power and firm performance. CSR Variables used as a moderator variable because based on stakeholder theory states that companies must disclose social responsibility to stakeholders.

This research uses the Global Reporting Initiative (GRI) as basic items of social responsibility disclosure. GRI disclosure items used because it has been accepted globally as a standard for disclose the implementation of CSR. There are three categories of indicators, namely economic, environmental and social performance indicators. Social performance indicators include four indicators which consist of: indications of labor practices and workplace comfort, human rights, community involvement, and product responsibility. CSR is measured using the CSRI (Corporate Social Responsibility Index) proxy based on the GRI G4 standard.

To classify CSR disclosures as follows:

- Create a list of all social disclosures. The list is organized in the form of a list of disclosure items, with each item accompanied by a response to the status of disclosure on the relevant report.
- Based on the list of social disclosures, calculates the firm's social disclosure index. This index is calculated by assigning a dichotomous disclosure score, with a score of 1 if the information is revealed and a score of 0 if it is not disclosed. The collected scores are put together to provide the overall score. The index is calculated by dividing the total score by the predicted total score.

CSR calculation formula (Pratama et al, 2016):

$$\mathbf{CSRIj} = \frac{\mathbf{Xij}}{\mathbf{nj}} \times \mathbf{100\%}$$

Notes:

CSRDIj : Corporate Social Responsibility Index firm j
$0 \leq \text{CSRDIj} \leq 1$
Xij : Number of items that disclosed by firm i
Nij : Number of CSR items.

Control Variable

Firm Size

It is stated in the previous studies the size of the firm has significant impact and relationship with CSR and firm performance. It is argued that the larger size of firm tends to be more participate in the corporate responsibility and it became the main factor to the environmental information disclosure (Andries & Stephan, 2019). By putting firm size as the control variable and the measurement to estimate the firm size will be by calculating the natural logarithm of total assets. Its size will be measured with the formula:

SIZE = Ln (Total Assets)

Leverage

The leverage ratio is used to determine how much of a firm's assets are funded by a third party or how much of a firm's assets are financed by debt (Houston, 2019). Leverage is used to see how far firm assets financed by debt compared to their own capital (Copeland & Weston, 2018). Means that the amount of debt used by the firm in financing its business activities when compared to its own capital.

The higher the leverage ratio, the more valuable the firm's debt. Although the firm bears a high risk of loss, the greater the leverage ratio will be more profitable because the firm has the opportunity to earn increased profits as well. The leverage ratio is calculated by dividing the total debt of the firm by the total assets of the firm. (Lu and Taylor, 2018). The formula used is:

$$\text{LEV} = \frac{\text{Total Debts}}{\text{Total Assets}}$$

Price to Earnings Ratio (PER)

The Price to Earnings Ratio (PER) expresses the market's estimation of a firm's capacity to create profits and reflects accurate information on investment activities that will be carried out and measures the amount of money investors are willing to pay for every rupiah of firm income. This indicator can help investors in assessing a firm's performance achievement. The firm's financial performance must 31 be evaluated using public financial data prepared in line with widely accepted financial accounting rules.

The price earnings ratio (PER) demonstrates how much money investors are prepared to pay for each reported profit (Brigham and Houston, 2011). The formulation of Price to Earnings Ratio (PER):

$$\text{PER} = \frac{\text{Share price}}{\text{Earning per share}}$$

Population and Sampling Determination

Population is a broad category that includes items or individuals with certain features and characteristics that the researcher chooses to investigate and then make conclusions from (Sugiyono, 2015). The research sampling technique uses is nonprobability sampling by purposive sampling method.

1. Companies that are included in the category of manufacturing companies listed on the Indonesia Stock Exchange in 2018-2020 period.
2. Manufacturing companies that release their annual report for the fiscal year 2018-2020.
3. Manufacturing companies that issue financial reports consecutively during the fiscal year 2018-2020.
4. Manufacturing companies that have complete data in 2018-2020 needed for this research

Data Analysis

This research use multiple regression method. The regression model is:

$$Y = \alpha + \beta 1\text{CEO Ownership}_i + \beta 2\text{CEO Tenure}_i + (\beta 3\text{CEO Ownership} * \text{CSR}_i) + (\beta 4\text{CEO Tenure} * \text{CSR}_i) + \beta 5\text{SIZE} + \beta 6\text{LEV} + \beta 7\text{EPS} + e$$

Y : Firm i Performance
α : Coefficient Constanta
CEO Ownership_i : CEO ownership of Firm i
CEO Tenure_i : CEO tenure of Firm i
CSR_i : CSR for Firm i
CEO Ownership_i * CSR : Interaction between CEO Ownership and CSR on Firm i
CEO Tenure_i * CSR : Interaction between CEO Tenure and CSR on Firm i
SIZE : Firm Size
LEV : Leverage Ratio
EPS : Earning Per Share Ratio
e : Standard Error

RESULTS AND DISCUSSIONS

Research Objects and Data Description

The research objects used by the authors in this study are all companies in the manufacture sectors in Indonesia listed on the Indonesia Stock Exchange in 2018 - 2020. The detailed results of the research sample obtained can be seen in table 1.

Table 1
Research Sample Data

Criteria	Number of Sample
Manufacturing companies listed on Indonesia Stock Exchange (IDX) for the period 2018-2020.	193
Manufacturing companies that have incomplete data for this study during the period 2018-2020	(104)
Total samples that qualify the criteria	89 x 3 years = 267 sample
Outlier data	(11)
Total samples after outliers	**256**

Source: Secondary data, processed (2021)

Descriptive Statistical Analysis

This descriptive statistics test analysis provides research data that be used to determine the number of samples investigated (n), the minimum and maximum value, the mean, and also the standard deviation. The descriptive data for this study are shown in table 2 below:

Table 2
Descriptive Statistical

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	256	-12.00	46.70	6.632	7.789
CEO Own	256	.000	.815	.093	.183
CEO Ten	256	1.000	7.000	2.949	1.632
Size	256	25.452	33.495	28.879	1.683
LEV	256	20.030	32.769	27.840	1.981
PER	256	.387	15.116	4.132	1.919
CSR Disc	256	.220	.956	.738	.144
Valid N (listwise)	256				

***Source: SPSS Output, Secondary data* (2021)**

Based on table 4.2 above, it shows that the number of data (N) are 256 for each variable. The descriptive analysis output displays the minimum, maximum, mean, and standard deviation values for each variable.

For the dependent variable Return on Asset (ROA) it has the smallest (minimum) value of -12.00 shown on Prasidha Aneka Niaga Tbk. sample in 2020, the largest (maximum) value of 46.70 as noted on Unilever Indonesia Tbk. in 2018, the average (mean) value of 6.632, and the standard deviation of 7.789.

For the first independent variable, CEO Ownership, it has the smallest (minimum) value of 0,00 shown on many companies based in the sample, the largest (maximum) value of 0.815 as noted on Sat Nusapersada Tbk. sample in 2018, 2019, and 2020, the average (mean) value of 0.093, and the standard deviation of 0.183.

The second independent variable, CEO Tenure, it has the smallest (minimum) value of 1,00 shown on several companies based in the sample, the largest (maximum) value of 7,00 shown on Ultra Jaya Milk Industry Tbk. sample in 2020, the average (mean) value of 2.949, and the standard deviation of 1.632.

For control variable 1, Firm Size, it has the smallest (minimum) value of 25.452 shown on Indal Aluminium Industry Tbk. sample in 2018, the largest (maximum) value of 33.495 shown on Astra International Tbk. sample in 2019, the average (mean) value of 28.879, and the standard deviation of 1.683.

For the control variable 2, Leverage, it has the smallest (minimum) value of 20,03 shown on Alakasa Industrindo Tbk. sample in 2019, the largest (maximum) value of 32,769 shown on Astra International Tbk. sample in 2018, the average (mean) value of 27.840, and the standard deviation of 1.981.

For the control variable 3, Price-to-Earnings Ratio (PER) it has the smallest (minimum) value of 0.387 shown on Tirta Mahakam Resources Tbk. sample in 2020, the largest (maximum) value of 15.116 as noted on Indocement Tunggal Prakarsa Tbk. in 2019, the average (mean) value of 4.132, and the standard deviation of 1.919.

The moderating variable (CSR) has the smallest (minimum) value of 0.220 shown on Tempo Scan Pacific Tbk. sample in 2018 and 2019, the largest (maximum) value of 0.956 as noted on PT Indocement Tunggal Prakarsa Tbk sample in 2019 and 2020, the average (mean) value of 0.739, and the standard deviation of 0.139.

Results Interpretation, and Discussion

This research has two hypothesis which tested using multiple linear regression. Based on hypothesis test using multiple linear regression analysis obtained results as shown in table 3 and table 4 below.

Table 3
Hypothesis Test Results Without Moderating Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.465	2.241		-.654	.514
CEO Own	2.141	2.838	.050	.754	.045
CEO Ten	-.712	.314	-.149	2.266	.024
Size	2.053	.670	.444	3.065	.002
LEV	-1.352	.568	-.344	-2.383	.018
PER	.289	.250	.071	1.156	.249

Source: Secondary data, processed (2021)

Based on table 3, it shows that each dependent variable CEO Ownership and CEO Tenure has a significance value < significant level < (0,05) so it can be state that the H0 is rejected and H1 is accepted. This means that partially the independent variable CEO Ownership and CEO Tenure significant effect on the dependent variable, ROA.

Table 4
Hypothesis Test Results With Moderating Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.672	2.235		.748	.455
CEO Own	5.237	1.469	.886	3.565	.000
CEO Ten	.321	.177	.157	1.814	.007
Size	2.014	.667	.435	2.977	.003
LEV	-1.355	.570	-.345	-2.380	.018
PER	.266	.256	.065	1.040	.299
CEO Own x CSRD	1.053	.079	.034	.902	.036
CEO Ten x CSRD	-.409	.227	-.188	-1.798	.073

Source: Secondary data, processed (2021)

After using the moderating variable CSR Disclosure, based on table 4.16, it shows that the moderating variable CEO Ownership × CSR Disclosure has a significance value < significant level (0.05) so that H00is rejected and the H11is accepted. This means that partially CEO Ownership moderated by CSR Disclosure have a significant effect on ROA. In comparison, the moderating variable CEO Tenure × CSR Disclosure has significance value > significant level (0.05) so that H0 is accepted and H11is rejected. This means that CSR Disclosure does not moderate the relationship between CEO Tenure and ROA.

The Effect of CEO Ownership on Firm Performance (ROA)

Based on the regression analysis above, the results of this study are the same as the previous research conducted by Rashid, et. al (2020) which states that CEO Ownership has a significant effect on ROA, which means that the higher the power of CEO ownership, the higher the firm's financial ratios. Companies that have a CEO with a high ownership percentage will also disclose a greater responsibility report than companies that have a with a low ownership percentage. This is done by the firm in order to obtain the legitimacy or recognition from investors, creditors, consumers, the government and the surrounding community so that the firm's financial ratios managed by the firm are covered by good social responsibility disclosures.

The independent variable which is the CEO Ownership has a significance level of 0.000, and it can be concluded that the CEO ownership has an effect on ROA. This proves that when we look from the calculation data of this research variable, the average level of CEO ownership in companies listed on the Indonesia Stock Exchange (IDX) is not quite high, which is 0.170 or 17%. The high level of power of the CEO ownership has an influence on the firm's financial ratios (ROA). This is indicated because the level of CEO Ownership is considered to have been able to influence the high and low financial ratios of the firm.

The control variable firm size has a significance level of 0.048. These results indicate that firm size as the control variable shows to have a significant effect on the firm performance. This means that large companies measured by total assets will reveal more information than small companies. It can be said that large companies tend to be able to manage firm finances so that the ratio remains stable.

The Effect of CEO Tenure on Firm Performance (ROA)

Based on the regression analysis above, the results of this study shows that CEO Tenure has significant effect on Firm Performance (ROA). The result in this study is not the same with the previous research conducted by Li, Frank (2016) which states that CEO tenure does not have a significant effect on PER. The result in this study means that the higher the CEO tenure, the higher the firm's financial ratios. Companies that have a long tenure of CEO will also disclose greater responsibility reports than companies that have short tenure of CEO. This is done by the firm in order to obtain legitimacy or recognition from investors, creditors, consumers, the government and the surrounding community so that the firm's financial ratios managed by the firm are covered by good social responsibility disclosures.

The independent variable which is CEO tenure has a significance level of 0.000, so it can be concluded that CEO tenure has an effect on ROA. This proves that when viewed from the calculation data of this research variable, the average level of CEO tenure in companies listed on the Indonesia Stock Exchange (IDX) is quite high, which is 0.134 or 13.4%. The long tenure of CEO has an influence on the firm's financial ratios (ROA). This is indicated because the long tenure of CEO is considered to have been able to influence the level of the firm's financial ratios.

Corporate Social Responsibility Disclosure Moderates CEO Ownership and Firm Performance (ROA)

Based on the regression analysis above, states that the moderating variable of CSR Disclosure has a significant effect on ROA, which means that the higher the Corporate Social Responsibility Disclosure, the better the firm's financial ratios indicated by investors, consumers, society, etc. believe in corporate responsibility. Companies that have high social responsibility will also disclose the firm's performance related to financial ratios that remain stable. This is done by the firm in order to obtain legitimacy or recognition from investors, creditors, consumers, the government and the surrounding community so that the firm's financial ratios managed by the firm are covered by good social responsibility disclosures.

The moderating variable which is CEO Ownership × CSR Disclosure has a significance level of 0.000, it can be concluded that the CSR Disclosure variable moderates the CEO Ownership and ROA. This proves that when viewed from the calculation data of this research variable, the average level of CSR Disclosure in companies listed on the Indonesia Stock Exchange (IDX) is quite high, the high level of CSR Disclosure has an influence on the firm's financial ratios (ROA). This can be seen from the high level of CSR Disclosure which is considered to have been able to influence the high and low financial ratios of the firm. This result link with the previous study by (Muttakin et al., 2018).

Corporate Social Responsibility Disclosure Moderates CEO Tenure and Firm Performance (ROA)

Based on the regression analysis above, states that the moderating variable CSR Disclosure does not have significant effect on ROA. The moderating variable which is CEO Tenure × CSR Disclosure has a significance level of 0.073, means that the significance level does not qualify the significant value of proves that when viewed from the calculation data of this research variable.

On the other hand, based on the previous study by (Sheikh, 2019). It is stated that CEO power is negatively related to CSR. Powerful CEOs, in particular, tend to diminish CSR strengths while increasing CSR worries. According to the findings, the structural and ownership dimensions of CEO power are adversely related with CSR, while the expert power dimension has no meaningful relationship with CSR. Furthermore, there is a negative relationship between CEO power and CSR in four social dimensions (diversity, community, employee relations, and environment).

CONCLUSIONS AND LIMITATION

This research aims to analyze whether CEO Ownership and CEO Tenure have an effect on firm performance by using ROA as a measurement. By using the moderating variable CSR Disclosure and also with control variables including firm size, leverage, and PER in companies listed on the Indonesia Stock Exchange (IDX) for 2018-2020 period. The results show that the CEO ownership and CEO tenure variables have an effect on firm performance. This shows that the CEO's responsibility of companies listed on the Indonesia Stock Exchange (IDX) is classified as good, because it is able to manage the firm's financial ratios stable and well, so this study states that CEO ownership and CEO tenure that occur in the firm can be used as a basis. To determine the quality of the firm's financial ratio management, especially companies listed on the Indonesia Stock Exchange (IDX).

The results of the moderating variable indicate that the CSR Disclosure variable moderate the influence between CEO ownership on firm performance. This result indicates the alignment between CEO ownership and the higher contribution of CEO on firm performance. If the CEO ownership and the firm is aligned, it is easier for CEO to increase the firm performance and it will strengthen the firm while performing the CSR. The high CSR disclosure contribute the positive value to the firm. In other hand, the CSR Disclosure variable does not moderate the influence between CEO tenure on firm performance.

According to this research, there are numerous limitations in this study. This research only use the CEO power proxies of expert power (CEO tenure) and ownership power (CEO ownership). Because the other proxies such as structural power, the dual leadership of CEO in other company. That proxy cannot be use in this research because Indonesia using the two-tier system, which separate the management and supervisory function. Based on the limitation of this research that have been discussed before, the suggestion for future research is that it is expected to add proxies utilized for CEO power factors such as prestige power and duality power for future research.

Based on the analysis of the research results and discussion, these findings lead us to recommend several suggestions for further research. We suggest further research to use proxies other than those used in this study that reflect the CEO characteristics, such as CEO duality, CEO gender and the founding family. Further researchers can also use control variables that can affect ROA besides the control variables used in this study. This is done so that further research can obtain more varied information on CEO power so that it can be used to streamline firm's finances in Indonesia. Also, by expanding the sample for further research, such as using other industrial company so that the data used in the study can be more valid. We encourage future research to investigate this issue in other company sector in order to overcome these limitations.

REFERENCES

Andrew L. Friedman, & Samantha Miles. (2002). Developing stakeholder theory. *Journal of Management Studies*, *39*(1), 0022–2380.

Andries, P., & Stephan, U. (2019). Environmental innovation and firm performance: How firm size and motives matter. *Sustainability (Switzerland)*, *11*(13). https://doi.org/10.3390/su11133585

Brahmana, R. K., You, H. W., & Yong, X. R. (2021). Divestiture strategy, CEO power and firm performance. *Management Research Review*, *44*(3), 418–436. https://doi.org/10.1108/MRR-04-2020-0196

Brown, J. A., & Forster, W. R. (2013). CSR and Stakeholder Theory: A Tale of Adam Smith. *Journal of Business Ethics*, *112*(2). https://doi.org/10.1007/s10551-012-1251-4

Daily, C. M., & Johnson, J. L. (1997). Sources of CEO power and firm financial performance: A longitudinal assessment. *Journal of Management*, *23*(2), 97–117. https://doi.org/10.1177/014920639702300201

Dodd, J. L., & Chen, S. (2018). Economic Value Added (EVA ™): An Empirical Examination Of A New Corporate Performance Measure. *Journal of Managerial Issues*, *9*(3).

Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control Separation of Ownership and Control. *Journal of Law and Economics*, *26*(2).

Ghozali, I. (2013). Aplikasi Analisis Multivariente Dengan Program SPSS 21. *Semarang: Badan Penerbit Universitas Diponegoro*, *100*.

Han, S., Nanda, V. K., & Silveri, S. D. (2016). CEO Power and Firm Performance under Pressure. *Financial Management*, *45*(2). https://doi.org/10.1111/fima.12127

Harper, J., & Sun, L. (2019). CEO power and corporate social responsibility. *American Journal of Business*, *34*(2), 93–115. https://doi.org/10.1108/ajb-10-2018-0058

Horner, S. (2011). Board Power and Corporate Strategic Focus: A Model of Board Impact on Firm Strategy. *Journal of Leadership, Accountability, and Ethics*, *8*(4).

Houston, E. F. B. and J. F. (2019). Fundamentals of Financial Management, Fifteenth edition. In *Cengage Learning, Inc.*

Javeed, S. A., & Lefen, L. (2019). An analysis of corporate social responsibility and firm performance with moderating effects of CEO power and ownership structure: A case study of the manufacturing sector of Pakistan. *Sustainability (Switzerland)*, *11*(1). https://doi.org/10.3390/su11010248

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4). https://doi.org/10.1016/0304-405X(76)90026-X

Koo, K. (2015). The Effects of CEO Power on Firm Value: Evidence from the Financial Crisis of 2008. *Accounting and Finance Research*, *4*(4). https://doi.org/10.5430/afr.v4n4p13

Lewellyn, K. B., & Muller-Kahle, M. I. (2012). CEO Power and Risk Taking: Evidence from the Subprime Lending Industry. *Corporate Governance: An International Review*, *20*(3). https://doi.org/10.1111/j.1467-8683.2011.00903.x

Li, F., Li, T., & Minor, D. (2016). CEO power, corporate social responsibility, and firm value: a test of agency theory. *International Journal of Managerial Finance*, *12*(5), 611–628. https://doi.org/10.1108/IJMF-05-2015-0116

Mcgrath, S. K., & Whitty, S. J. (2016). *Stakeholder defined Abstract*.

McWilliams, A., & Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *The Academy of Management Review*, *26*(1), 117. https://doi.org/10.2307/259398

Muttakin, M. B., Khan, A., & Mihret, D. G. (2018). The Effect of Board Capital and CEO Power on Corporate Social Responsibility Disclosures. *Journal of Business Ethics*, *150*(1), 41–56. https://doi.org/10.1007/s10551-016-3105-y

Rashid, A., Shams, S., Bose, S., & Khan, H. (2020). CEO power and corporate social responsibility (CSR) disclosure: does stakeholder influence matter? In *Managerial Auditing Journal* (Vol. 35, Issue 9). https://doi.org/10.1108/MAJ-11-2019-2463

Rhoades, Journal, S., & Spring, D. L. (2000). *Board Composition And Financial Performance : A Meta-Analysis Of The Influence Of Outside Directors Author (s): Dawna L . Rhoades , Paula L . Rechner and Chamu Sundaramurthy Published by : Pittsburg State University Stable URL : http://www.jstor.org/sta*. *12*(1), 76–91.

Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: An application of stakeholder theory. *Accounting, Organizations and Society*, *17*(6). https://doi.org/10.1016/0361-3682(92)90015-K

Sheikh, S. (2019). An examination of the dimensions of CEO power and corporate social responsibility. *Review of Accounting and Finance*, *18*(2), 221–244. https://doi.org/10.1108/RAF-01-2018-0034

Sudana, I. M., & Aristina, N. P. N. (2017). Chief Executive Officer (Ceo) Power, Ceo Keluarga, Dan Nilai Ipo Premium Perusahaan Keluarga Di Indonesia. *Jurnal Akuntansi*, *21*(2), 219. https://doi.org/10.24912/ja.v21i2.196

Tien, C., Chen, C. N., & Chuang, C. M. (2013). A study of CEO power, pay structure, and firm performance. *Journal of Management and Organization*, *19*(4). https://doi.org/10.1017/jmo.2013.30

Wahyudi, U., & Pawestri, H. P. (2006). Implikasi Struktur Kepemilikan Terhadap Nilai Perusahaan: Dengan Keputusan Keuangan Sebagai Variabel Intervening. *Simposium Nasional Akuntansi 9 Padang*, *53*. https://doi.org/10.1017/CBO9781107415324.004

Wu, S., Quan, X., & Xu, L. (2011). CEO power, disclosure quality and the variability of firm performance: Evidence from China. *Nankai Business Review International*, *2*(1). https://doi.org/10.1108/20408741111113510