

# The Effect of CSR, Company Size, and Sales Growth on Profitability of Financial Sector Companies in Indonesia

CSR, Size, Sales  
Growth on  
Profitability

Lucia Rita Indrawati

Universitas Tidar; Magelang, Indonesia

E-Mail: [luciarita@untidar.ac.id](mailto:luciarita@untidar.ac.id)

Retnosari

Universitas Tidar; Magelang, Indonesia

E-Mail: [retnosari1808@untidar.ac.id](mailto:retnosari1808@untidar.ac.id)

Adella Vania Frimasika

Universitas Tidar; Magelang, Indonesia

5297

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## ABSTRACT

The financial sector in Indonesia faces challenges in maintaining profitability while fulfilling social responsibilities. This study investigates the impact of corporate social responsibility, company size, and sales growth on the profitability of financial companies listed on the Indonesia Stock Exchange. The research aims to analyze how these factors influence profitability, measured by return on assets, using data from 110 financial companies over the period 2021 to 2024. A quantitative approach with multiple linear regression was employed to analyze secondary data from financial and sustainability reports. The findings reveal that company size and sales growth have a significant positive effect on profitability, while corporate social responsibility shows no significant impact. Larger companies benefit from cost efficiencies, and higher sales growth reflects successful market expansion. These results suggest that financial institutions should prioritize operational scale and innovative products to enhance profitability, while strategically integrating social initiatives to maximize their impact. This study provides insights for stakeholders to develop strategies that balance profitability and social responsibility in Indonesia's competitive financial landscape.

**Keywords:** Company Size, Corporate Social Responsibility, Financial Sector, Indonesia Stock Exchange, Profitability, Sales Growth.

## ABSTRAK

Sektor keuangan di Indonesia menghadapi tantangan dalam mempertahankan profitabilitas sekaligus memenuhi tanggung jawab sosial. Studi ini mengkaji dampak tanggung jawab sosial perusahaan, ukuran perusahaan, dan pertumbuhan penjualan terhadap profitabilitas perusahaan keuangan yang terdaftar di Bursa Efek Indonesia. Penelitian ini bertujuan menganalisis bagaimana faktor-faktor tersebut memengaruhi profitabilitas, yang diukur dengan return on assets, dengan menggunakan data dari 110 perusahaan keuangan selama periode 2021 hingga 2024. Pendekatan kuantitatif dengan regresi linier berganda digunakan untuk menganalisis data sekunder dari laporan keuangan dan keberlanjutan. Temuan penelitian menunjukkan bahwa ukuran perusahaan dan pertumbuhan penjualan memiliki pengaruh positif yang signifikan terhadap profitabilitas, sementara tanggung jawab sosial perusahaan tidak menunjukkan dampak yang signifikan. Perusahaan yang lebih besar mendapatkan manfaat dari efisiensi biaya, dan pertumbuhan penjualan yang lebih tinggi mencerminkan keberhasilan ekspansi pasar. Hasil ini menunjukkan bahwa lembaga keuangan harus memprioritaskan skala operasional dan produk inovatif untuk meningkatkan profitabilitas, sekaligus mengintegrasikan inisiatif sosial secara strategis untuk

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*memaksimalkan dampaknya. Studi ini memberikan wawasan bagi para pemangku kepentingan untuk mengembangkan strategi yang menyeimbangkan profitabilitas dan tanggung jawab sosial dalam lanskap keuangan Indonesia yang kompetitif.*

**Kata kunci:** Ukuran Perusahaan, Tanggung Jawab Sosial Perusahaan, Sektor Keuangan, Bursa Efek Indonesia, Profitabilitas, Pertumbuhan Penjualan.

## INTRODUCTION

Every company aims to achieve maximum profit from its operations. However, today's business world faces two significant challenges that often conflict. On one hand, companies must boost profits to stay competitive and ensure business continuity through cost reduction and operational efficiency (Kapoor & Sandhu, 2010). On the other hand, they are expected to fulfill social and environmental responsibilities, contributing to community welfare and environmental sustainability (Chih et al., 2010). This dual pressure is particularly evident in the financial sector, where banks and other institutions play a critical role in Indonesia's economic stability (Sadikin et al., 2022; Nasution, 2023; Judijanto et al., 2024). The increasing competition across industries pushes companies to balance profitability with social responsibility, making it a strategic issue, especially in the financial sector, which significantly impacts the economy (Al Mubarak et al., 2019).

Profitability is vital for a company's survival. Companies with consistent and sustainable profits attract new investors and maintain the trust of existing ones. Profitability reflects a company's ability to generate profits and indicates operational efficiency (Islam et al., 2012). Investors often view profitability as a key factor in assessing a company's future prospects (Aras et al., 2010). Indicators such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) are commonly used to evaluate profitability (Askiah et al., 2022). A high profitability level shows efficient asset and capital management, demonstrating the company's ability to earn profits from its operations (Gangi et al., 2019). In Indonesia, the financial sector, particularly banking, faces profitability challenges, as seen in the decline of ROA from 2.77% to 2.62% and Net Interest Margin (NIM) from 4.77% to 4.59% in the first quarter of 2024, driven by rising funding costs without matching lending rate increases (Hidayat & Simamora, 2024).

The banking industry plays a crucial role in Indonesia's economy, acting as a financial intermediary that channels funds from surplus to deficit parties (Attatur et al., 2024). Banks contribute to economic growth through various financial services, and their profitability ensures operational continuity (Khan et al., 2018). However, the profitability pressures in 2024 highlight the need for banks to strengthen strategies like enhancing Corporate Social Responsibility (CSR) transparency, optimizing company scale, and boosting sales through innovative financial products (Ajide & Aderemi, 2014; Pradana, 2024). For instance, banks like PT Bank CIMB Niaga Tbk have improved ROA by maintaining asset quality, while others, like PT BPD Jawa Barat dan Banten Tbk, face profitability declines (Hidayat & Simamora, 2024). To address these challenges, banks can leverage corporate social responsibility to enhance reputation and customer loyalty, drive sales growth through competitive products, and utilize economies of scale to improve efficiency (Aldama et al., 2021).

CSR is a strategy banks use to improve their image and build strong relationships with stakeholders (Pratiwi et al., 2020). CSR involves business practices that consider social, environmental, and ethical impacts (Turyakira et al., 2014; Nustini et al., 2024). In banking, CSR includes financial education programs, support for Micro, Small, and Medium Enterprises (MSMEs), and investments in sustainable projects (Pradana, 2024). Effective CSR can increase customer loyalty, improve operational efficiency, and provide better access to funding (Gista & Prastiwi, 2022; Saifurrahman & Kassim, 2023). However, the impact of CSR on profitability remains debated, as some studies find no significant effect due to high costs or limited stakeholder awareness (Erari & Nurjanah, 2021). Company size also influences profitability. Larger companies, with greater assets,

are generally more stable and have broader access to funding and investment opportunities (Imron & Suryatma, 2021). They attract more investors, boosting profits (Askiah et al., 2022). Similarly, sales growth is critical, as it expands market share and enhances cost efficiency, leading to higher profits (Maulana & Euis, 2023).

Despite numerous studies, a research gap exists regarding the combined effect of CSR, company size, and sales growth on profitability in the Indonesian financial sector. According to Wijaya et al. (2024), profitability studies often focus on liquidity and leverage, neglecting CSR's role. Similarly, Anisa and Febyansyah (2024) highlight that sales growth and company size are understudied in the context of Indonesia's financial sector. This study addresses this gap by analyzing how these three variables affect profitability in financial companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. The study aims to examine the effect of CSR on profitability, investigate the impact of company size on profitability, and analyze the influence of sales growth on profitability. By understanding these relationships, this study seeks to provide insights for stakeholders to make strategic decisions and enhance sustainable business practices in Indonesia's financial sector.

## **LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT**

### **Corporate Social Responsibility Effect on Profitability**

Agency theory explains the relationship between company managers and owners, emphasizing the importance of aligning managerial actions with profit-oriented goals to enhance profitability (Jensen, 1986). Sales growth reflects managerial effectiveness in increasing revenue in line with shareholder interests. By showing strong performance through increasing sales, managers reduce potential conflicts of interest and strengthen trust between management and owners. Within the Indonesian financial sector, agency theory is particularly relevant as sales growth helps minimize agency problems by demonstrating effective managerial decision-making (Maulana & Euis, 2023). This theoretical perspective highlights the role of management performance, specifically sales growth, in influencing company profitability. Several studies show that the relationship between Corporate Social Responsibility (CSR) and profitability varies across industries and depends strongly on strategic alignment and implementation quality. Aras et al. (2010) emphasize that CSR contributes to performance when integrated into long-term strategy, while Gangi et al. (2019) highlight that firms with strong CSR management capabilities benefit financially through enhanced reputation and market trust.

However, research also indicates that CSR does not always translate into higher profits. Studies in Bangladesh and Pakistan by Islam et al. (2012) and Khan et al. (2018) find that CSR programs strengthen customer trust and institutional stability but do not consistently generate financial gains. Similar findings in Indonesia show that CSR's impact depends on cost efficiency and effectiveness of execution (Erari & Nurjanah, 2021). This aligns with evidence from the Indonesian banking sector, where declining Return on Assets (ROA) reflects reduced ability to convert CSR initiatives into financial returns under competitive pressure (Silalahi et al., 2022; Hidayat & Simamora, 2024). Other research adds nuance by suggesting that CSR can still provide indirect financial advantages. For example, sustainable financing initiatives may attract socially conscious investors, improving long-term financial prospects (Gista & Prastiwi, 2022). The mixed findings indicate that CSR influences profitability only when implemented strategically and efficiently (Aldama et al., 2021).

H1: Corporate social responsibility has a significant effect on profitability.

### **Company Size Effect on Profitability**

The influence of company size on profitability has been widely examined in prior literature, and most studies suggest that larger firms tend to exhibit stronger financial performance. Afiezan et al. (2020) and Askiah et al. (2022) argue that large firms benefit from economies of scale, enabling them to reduce cost per unit, optimize operational

efficiency, and negotiate more favorable terms with suppliers and creditors. These structural advantages allow bigger firms to allocate resources more effectively, resulting in higher profit margins.

Furthermore, Anisa and Febyansyah (2024) demonstrate that larger financial institutions in Indonesia generally have broader access to capital markets and external financing. This expanded funding capacity allows them to invest in diversified portfolios, adopt advanced technologies, and pursue long-term growth strategies that smaller firms may be unable to afford. Such capabilities enhance their competitiveness and ultimately contribute to improved profitability. However, the literature also highlights that the positive effect of firm size is not universal. Muzaki et al. (2024) note that small firms often face resource constraints, such as limited capital, lower bargaining power, and higher operational vulnerabilities. These conditions restrict their ability to expand, absorb market fluctuations, or take advantage of investment opportunities, which can hinder their profitability. Similar findings are echoed by Imron and Suryatma (2021), who emphasize that firm size plays a significant role in determining financial resilience, particularly during periods of economic uncertainty.

H2: Company size has a significant effect on profitability.

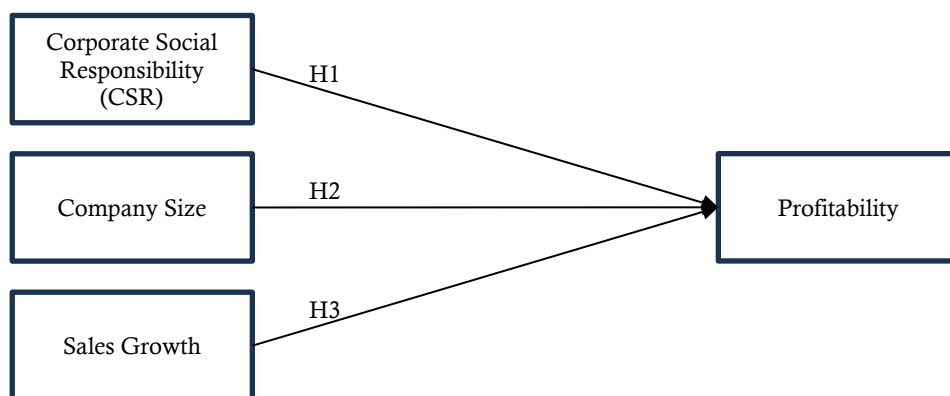
### **Sales Growth Effect on Profitability**

Sales growth is widely regarded as one of the most important indicators of a firm's financial health and long-term sustainability. It demonstrates a company's ability to expand its market share, strengthen customer demand, and generate increasing revenue streams. Maulana and Euis (2023) highlight that firms experiencing strong sales growth in Indonesia tend to show higher profitability, largely because rising sales volumes enable more efficient utilization of operational resources. As production and distribution activities scale up, fixed costs are spread across a larger number of units, leading to improved cost efficiency and higher profit margins. Similarly, Sukadana and Triaryati (2018) confirm that sales growth has a direct and positive influence on profitability, particularly in industries with high fixed costs. When sales volumes increase, companies can allocate overhead expenses more effectively, thereby lowering average production costs and enhancing overall financial performance.

This efficiency gain becomes especially important in competitive markets where firms must maintain profitability despite price pressures and fluctuating demand. Sales growth also reflects managerial effectiveness in implementing marketing strategies, responding to consumer preferences, and innovating product offerings. Prihatini et al. (2024) argue that firms capable of aligning their strategies with changing consumer demands tend to achieve stronger sales performance, which in turn supports higher profitability. Conversely, companies with stagnant or declining sales may struggle to cover operating expenses, invest in new projects, or maintain financial stability.

H3: Sales growth has a significant effect on profitability.

The research framework integrates corporate social responsibility, company size, and sales growth as independent variables influencing profitability, the dependent variable. According to Nawaiseh (2015), corporate social responsibility disclosure enhances transparency, which can positively affect profitability by building stakeholder trust. In the financial sector, corporate social responsibility includes activities like community financial education and sustainable investments, which may improve long-term profits (Turyakira et al., 2014). Company size, measured by total assets, provides a competitive edge through resource availability and cost efficiency (Imron & Suryatma, 2021). Sales growth, driven by innovative financial products, increases revenue and reduces cost per unit, boosting profitability (Sembiring, 2020). This framework is grounded in the Indonesian financial sector, where banks face profitability challenges due to rising funding costs.



**Figure 1.** Research Framework

The framework posits that corporate social responsibility, company size, and sales growth collectively influence profitability, as illustrated in Figure 1. This figure shows corporate social responsibility, company size, and sales growth as independent variables directly affecting profitability, measured by Return on Assets (ROA). The framework assumes that effective corporate social responsibility enhances reputation, larger company size provides operational advantages, and sales growth drives revenue, all contributing to higher profitability. The relationships are tested using multiple linear regression, with data from financial companies listed on the IDX from 2021 to 2024. This framework addresses the research gap by examining these variables' combined effects in the Indonesian context, where prior studies often focused on single variables or different sectors.

## RESEARCH METHODS

This study employs a quantitative approach to investigate the impact of Corporate Social Responsibility (CSR), company size, and sales growth on profitability in financial companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. Following Sugiyono (2013), quantitative research is rooted in positivism and uses statistical analysis to test hypotheses within a specific population or sample. The research process began with preparation, including obtaining permits and selecting a sample of 110 financial sector companies. The sample was chosen using purposive sampling based on specific criteria: companies must be listed on the IDX, consistently publish financial and sustainability reports, and present financial data in IDR. This ensured the data's reliability and relevance to the study's objectives (Ghozali, 2018).

The variables in this study include corporate social responsibility, company size, and sales growth as independent variables, with profitability as the dependent variable. Corporate social responsibility is measured using the Global Reporting Initiative (GRI) standards, calculating the proportion of disclosed items from 84 indicators in sustainability reports. Company size is determined by the natural logarithm of total assets, reflecting the scale of operations. Sales growth is calculated as the percentage change in net sales between two consecutive years, using the formula:  $[(Sales_t - Sales_{(t-1)}) / Sales_{(t-1)}] \times 100$ . Profitability is measured by Return on Assets (ROA), calculated as net income divided by total assets, indicating how efficiently a company uses its assets to generate profits (Attatur et al., 2024). Data were collected from secondary sources, specifically financial and sustainability reports available on the IDX website.

Data analysis followed a structured process to ensure model accuracy. Descriptive statistics were used to summarize data characteristics, such as mean, standard deviation, minimum, and maximum values. Classical assumption tests, including normality (Kolmogorov-Smirnov test), heteroscedasticity (Spearman Rho test), multicollinearity (Variance Inflation Factor and tolerance), and autocorrelation (Durbin-Watson test), were conducted to validate the regression model. Multiple linear regression analysis was then applied to test the relationships between corporate social responsibility, company

size, sales growth, and profitability. Hypothesis testing included the F-test to assess the model's overall fit, the coefficient of determination ( $R^2$ ) to measure the explanatory power of independent variables, and the t-test to evaluate the partial effects of each variable. This rigorous approach ensures robust findings for stakeholders in Indonesia's financial sector.

## RESULTS

This study examines the impact of Corporate Social Responsibility (CSR), company size, and sales growth on the profitability of financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. The analysis uses a sample of 110 financial companies, with data drawn from financial and sustainability reports. The findings provide insights into how these variables influence profitability, measured by Return on Assets (ROA), and contribute to strategic decision-making in Indonesia's financial industry. The results are presented through descriptive statistics, classical assumption tests, and hypothesis testing, ensuring a robust analysis of the relationships between the variables (Ghozali, 2018).

The financial sector plays a vital role in supporting Indonesia's economic stability and growth. As intermediaries between parties with excess funds and those in need, this sector includes banks, insurance companies, financing firms, and other non-bank financial institutions. The performance of these companies depends heavily on public trust, macroeconomic stability, risk management, and compliance with regulations set by the Financial Services Authority. Amid growing awareness of sustainability, corporate social responsibility has become an essential factor influencing stakeholder perceptions and loyalty. Corporate social responsibility in the financial sector extends beyond social activities to include ethical practices and governance, which can impact financial performance. Internal factors, such as sales growth and company size, also determine profitability levels. Sales growth reflects a company's ability to expand its market share and revenue, while company size indicates resource capacity and competitiveness in the financial market. These factors are crucial for understanding the dynamics of profitability in Indonesia's financial sector (Attatur et al., 2024).

**Table 1.** Descriptive Statistics Test

Variable	N	Minimum	Maximum	Mean	Std. Dev
Corporate Social Responsibility	110	0.048	0.917	0.346	0.198
Company Size	110	25.76	35.43	31.76	2.284
Sales Growth	110	-0.328	0.525	0.086	0.144
Profitability	110	0.017	0.855	0.295	0.192

Descriptive statistics summarize the data characteristics for the variables studied, as shown in Table 1. The dataset comprises 110 observations from financial sector companies over four years (2021–2024). The corporate social responsibility variable, measured by the proportion of disclosed items from 84 Global Reporting Initiative (GRI) Standards indicators, has a minimum value of 0.048 and a maximum of 0.917, with a mean of 0.346 and a standard deviation of 0.198. This indicates significant variation in corporate social responsibility disclosure levels among companies. The company size variable, calculated as the natural logarithm of total assets, ranges from 25.76 to 35.43, with a mean of 31.76 and a standard deviation of 2.284, showing diverse company scales within the sample. Sales growth, measured as the percentage change in net sales, varies from -0.328 to 0.525, with a mean of 0.086 and a standard deviation of 0.144, reflecting fluctuations in revenue growth. Profitability ranges from 0.017 to 0.855, with a mean of 0.295 and a standard deviation of 0.192, indicating varied profit efficiency across companies.

**Table 2.** Results of Classical Assumption Tests

Variable & Statistics	Collinearity Statistics		Spearman's Rho Test	Kormogorov-Smirnov	Durbin-Watson
	Tolerance	VIF			
CSR	0.693	1.442	0.659		
Company Size	0.695	1,440	0.220		
Sales Growth	0.977	1.024	0.491		
Asymp. Sig. (2-tailed)				0.200	
dW					1.927
dW test				dU < dW < 4-dU = 1.7455 < 1.927 < 2.254	

The classical assumption tests ensure the reliability of the regression model, as presented in Table 2. The normality test, using the Kolmogorov-Smirnov method, yields an Asymp. Sig. (2-tailed) value of 0.200, which is greater than 0.05, indicating that the residuals are normally distributed. The heteroscedasticity test, conducted via the Spearman Rho test, shows significance values of 0.659 for CSR, 0.220 for company size, and 0.491 for sales growth, all exceeding 0.05, confirming no heteroscedasticity in the data. The multicollinearity test reveals Variance Inflation Factor (VIF) values of 1.442 for CSR, 1.440 for company size, and 1.024 for sales growth, with tolerance values of 0.693, 0.695, and 0.977, respectively. Since VIF values are below 10 and tolerance values exceed 0.1, there is no multicollinearity among the independent variables. The autocorrelation test, using the Durbin-Watson method, produces a value of 1.927, which falls between the dU value of 1.7455 and the 4-dU value of 2.254 for a sample of 110 and three independent variables, indicating no autocorrelation problem.

**Table 3.** Hypothesis Test

Hypothesis	Variable	$\beta$	T-Statistic	Sig	Result
	Constant	-0.168	-0.662	0.509	
H1	Corporate Social Responsibility	0.035	0.353	0.725	Rejected
H2	Company Size	0.020	2.374	0.019	Supported
H3	Sales Growth	0.345	3.054	0.003	Supported

Based on Table 3, the partial test (t-test) evaluates the individual impact of each variable. The corporate social responsibility variable has a t-value of 0.353 and a significance of 0.725, which is greater than 0.05, indicating that corporate social responsibility does not significantly affect profitability, and thus hypothesis H1 is not supported. The company size variable has a t-value of 2.374 and a significance of 0.019, less than 0.05, showing a significant positive effect on profitability, supporting hypothesis H2. The sales growth variable has a t-value of 3.054 and a significance of 0.003, also less than 0.05, indicating a significant positive effect on profitability, supporting hypothesis H3.

**Table 4.** F Test and R Square Test

Test	Value
N	110
Adjusted R Square	0.110 (11%)
F-Statistic	5.501 (Sig. 0.001)
Research Model	PROFIT = $\alpha$ + $\beta_1$ CSR + $\beta_2$ UP + $\beta_3$ SG + $\epsilon$

Hypothesis testing was conducted using multiple linear regression analysis to examine the relationships between corporate social responsibility, company size, sales growth, and profitability, as shown in Table 4. The regression equation is: PROFIT = -0.168 + 0.035CSR + 0.020UP + 0.345SG. The constant of -0.168 suggests that if all independent variables are zero, profitability would be -0.168, though this is a theoretical value with limited practical meaning. The corporate social responsibility coefficient of 0.035

indicates that a one-unit increase in corporate social responsibility disclosure increases profitability by 0.035, assuming other variables remain constant. The company size (UP) coefficient of 0.020 shows that a one-unit increase in company size raises profitability by 0.020. The sales growth coefficient of 0.345, the largest among the variables, suggests that a one-unit increase in sales growth significantly boosts profitability by 0.345. The adjusted  $R^2$  value of 0.110 indicates that corporate social responsibility, company size, and sales growth explain 11% of the variation in profitability, with the remaining 89% influenced by other factors not included in this study. The simultaneous test (F-test) assesses whether all independent variables collectively affect profitability. Table 4 shows an F-value of 5.501 with a significance of 0.001, which is less than 0.05, confirming that corporate social responsibility, company size, and sales growth together have a significant effect on profitability.

These findings provide valuable insights for financial sector stakeholders in Indonesia. The lack of a significant corporate social responsibility effect suggests that social initiatives may not directly translate to profit gains, possibly due to high costs or limited stakeholder focus on corporate social responsibility. In contrast, the significant effects of company size and sales growth highlight the importance of scale and revenue expansion in driving profitability. Larger companies benefit from economies of scale, while sales growth reflects effective market strategies. These results align with the challenges faced by the financial sector in 2024, such as rising funding costs, and underscore the need for strategic focus on operational efficiency and market expansion.

## DISCUSSION

The findings of this study reveal that Corporate Social Responsibility (CSR) does not significantly affect profitability in financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. According to Aldama et al. (2021), this result aligns with studies suggesting that CSR's impact on profitability in the financial sector is often limited due to high implementation costs and stakeholders' focus on financial stability over social initiatives. Customers and investors in Indonesia's financial sector tend to prioritize factors like interest rates, risk profiles, and operational efficiency over CSR disclosures (Pratiwi et al., 2020). CSR activities, such as financial education programs or support for Micro, Small, and Medium Enterprises (MSMEs), are socially valuable but may not yield immediate profit gains if not strategically integrated with business operations (Gista & Pratiwi, 2022). This finding is consistent with Rehan et al. (2018), who noted that CSR in banking often serves as a long-term reputation-building tool rather than a direct profit driver. Financial companies should thus focus on aligning CSR with core business strategies to enhance their economic value (Kapoor & Sandhu, 2010).

In contrast, company size has a significant positive effect on profitability, supporting the second hypothesis. Larger financial companies, with greater total assets, benefit from economies of scale, which reduce operating costs and improve profit margins (Askiah et al., 2022). According to Nawaiseh et al. (2015), large banks in Jordan demonstrated higher profitability due to better access to funding and diversified revenue streams. In Indonesia, large banks like state-owned institutions have broader networks and stronger reputations, attracting more customers and investors (Imron & Suryatma, 2021). This enables them to manage resources efficiently and compete effectively in the financial market. These results align with Anggarsari (2018), who found that larger firms in Indonesia's consumer goods sector also enjoy competitive advantages that boost profitability. The financial sector's strict regulations further favor large companies, as they have the resources to comply and innovate (Attatur et al., 2024).

Sales growth also shows a significant positive effect on profitability, confirming the third hypothesis. Higher sales growth reflects a company's ability to expand its market share and revenue through innovative financial products and services (Maulana & Euis, 2023). According to Sembiring (2020), sales growth in Indonesian trading companies enhances profitability by reducing fixed costs per unit, a trend applicable to the financial sector. In the context of agency theory, sales growth reduces conflicts between managers

and shareholders by aligning managerial performance with profit goals (Jensen, 1986). This is supported by Nyame and Ghulam (2020), who found that sales growth in the UK retail sector strengthens financial performance through market expansion. In Indonesia's financial sector, banks that leverage digital banking and customer-centric products achieve higher sales, improving operational efficiency and profitability (Prihatini et al., 2024).

The study has limitations that should be considered when interpreting the results. The adjusted  $R^2$  value of 11% indicates that only a small portion of profitability variation is explained by CSR, company size, and sales growth, suggesting other factors like capital structure or macroeconomic conditions may play a larger role. The focus on the financial sector limits the generalizability to other industries, such as manufacturing or mining. Additionally, reliance on secondary data from IDX reports may introduce inconsistencies due to varying reporting standards. These limitations highlight the need for future research to include additional variables and broader sectors. The findings have implications for financial sector stakeholders in Indonesia. Banks should prioritize scaling operations and innovating products to boost sales growth, as these significantly drive profitability. While CSR may not directly increase profits, strategic integration with business goals can enhance reputation and long-term financial performance.

## CONCLUSION

This study examines the impact of Corporate Social Responsibility (CSR), company size, and sales growth on the profitability of financial sector companies listed on the Indonesia Stock Exchange from 2021 to 2024. The findings show that CSR does not have a significant effect on profitability, indicating that social initiatives may not directly translate into financial gains for financial companies. In contrast, company size and sales growth significantly influence profitability. Larger financial institutions, such as banks with substantial assets, benefit from economies of scale, enabling them to manage costs effectively and increase profit margins. Similarly, companies that achieve higher sales growth through innovative financial products, like digital banking services, demonstrate improved profitability by expanding their market share and revenue. These results highlight the importance of operational scale and revenue expansion in driving financial performance in Indonesia's competitive financial sector.

The findings offer practical implications for financial institutions in Indonesia, suggesting that banks and other firms should prioritize expanding their operational scale through mergers or partnerships to leverage cost efficiencies. Additionally, investing in digital platforms and customer-centric products can drive sales growth, enhancing profitability in a challenging economic environment. This study has limitations, as it focuses solely on the financial sector, which may not apply to other industries like manufacturing or retail. The low explanatory power of the model also suggests that other factors, such as interest rate fluctuations or regulatory changes, may influence profitability. For future research, exploring additional variables like capital structure or macroeconomic conditions could provide deeper insights. Expanding the study to include other sectors or a longer time frame may also improve the understanding of profitability drivers in Indonesia.

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*CSR, Size, Sales  
Growth on  
Profitability*

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