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Corporate Social Responsibility Disclosure in Moderate the Relationships of Financial Distress and Leverage to Investment Decision

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Abstract

Purpose: This study seeks to investigate the effect of financial distress and leverage on investment decisions, with CSR Disclosure (CSRD) Disclosure serving as a moderating factor.
Methodology: This study focuses on manufacturing companies, which are selected because of the diversity and complexity of their sectors. The manufacturing sector encompasses the basic and chemical industries, various industries sectors, and consumer goods industries sectors. The population taken was 220 companies and the sample size consisted of 60 companies with a total of 167 data taken with 7 outlier data, so the total data taken was 159. The secondary data used in this study was gathered from the sustainability and financial reports of manufacturing companies that were listed between 2018 and 2022 on the Indonesian stock exchange (IDX). Multiple linear regression analysis, hypothesis testing, descriptive statistics, and traditional assumption tests are among the analysis methods employed.
Results: Even if the firm does not experiencing financial distress, the study's findings show that it has no bearing on investment choices, the decision to take debt can help reduce conflicts of interest, strengthen managerial discipline, and provide a positive signal to the market. Leverage affects investment decisions, high leverage can motivate managers to take high-risk projects in the hope that the potential for large profits will enhance the company's financial health. This study found that CSR Disclosure (CSRD) significantly weakens the connection between investment choices and financial difficulties, which may be explained by management's which is more directed at financial recovery than social responsibility when the company faces financial distress. and This study found that CSR Disclosure (CSRD) significantly strengthens the relationship between leverage and investment decisions, with good CSR disclosure, the company's transparency and accountability increase.
Applications/Originality/Value: This study recommends Researchers can use one or more analysis models to determine the level of comparison between relevant analysis models such as the Springate, Zmijewski, and Ohlson models. Future research should explore whether the impact of financial distress on investment decisions varies across different industries or market conditions. There may be certain sectors where financial distress affects investment decisions.

Keywords : Investment Decision, Financial Distress, Leverage, Corporate Social Responsibility Disclosure

Introduction Section

In the current era of globalization, investment has become one of the main strategies in achieving financial growth and building long-term wealth. However, investment decisions are often complex and fraught with risks. Therefore, investment decisions are of particular concern not only for policymakers and researchers but also for managers and company owners. Investment decisions require a deep understanding of the various factors that affect investment outcomes. By conducting thorough analysis, understanding investment objectives and risk profiles, and updating investment strategies according to market changes, investors can enhance the likelihood of achieving their financial goals more effectively. Businesses decide to invest with the hopes of making more money in the future through things like expending their market share, producing more goods and services, and increasing their earnings (Sandiar, 2017).

Investment decisions refer to the complex and diverse process of selecting assets or projects to invest capital with the aim of earning future profits. This involves a comprehensive analysis of various factors such as risk, return, investment objectives, risk tolerance, portfolio diversification, investment time horizon, and investment costs. Investment decisions play a key role in achieving long-term financial goals. By making smart and informed investment decisions, investors can increase the likelihood of achieving stable wealth growth and meeting their future financial needs. Investment decisions are equally crucial as the spending choices made by senior management (Siregar & Hutajulu, 2021). Investment decisions need to consider the benefits that will be gained in the future. The expected returns from investments must exceed the capital costs incurred. A correct investment decision will result in greater profits compared to just making good decisions.

The researcher chose manufacturing companies as the research object. One of the main attractions of manufacturing companies as a research object is the diversity and complexity of this sector. The manufacturing industry includes various sub-sectors, ranging from heavy manufacturing such as steel and cement production to light industries such as textiles and electronics (Runkat & Primasatya, 2024). This diversity presents a broad spectrum of phenomena and problems that can be raised as research topics. Moreover, the complexity of the production processes in manufacturing companies adds value. Research can examine various aspects, from product design, raw material procurement, production line management, to quality control. This complexity allows researchers to explore various interactions and interrelationships between variables that affect company performance. With this diversity and complexity, researchers can conduct comparative studies between sub-sectors or companies. These comparisons also enrich the analysis and strengthen the generalization of research findings. Additionally, research in the manufacturing sector not only benefits the companies themselves but also contributes to the broader advancement and stability of the national economy.

There are several cases where a company needs to be analyzed to determine whether an investor can make the right investment decision. For example, the case of PT Waskita Karya Tbk. (WSKT) failing to pay bond interest will still affect investor interest in finally choosing corporate bonds as their preferred investment instrument. It cannot be denied that this case affects investor perceptions of the risks associated with corporate bonds in the Indonesian bond market, particularly their trust in state-owned companies. Due to the WSKT default case, investors will certainly be more cautious and thoroughly examine the state of the bonds' issuing company's finances prior to choosing to invest. On the other hand, the corporate bond interest rates, which tend to be higher than government bonds, may also affect investor interest. This is because investors will understand that high interest rates often reflect higher investment risks (Bisnis.com, 2023).

Another case in 2023 involved since 2013, the textile manufacturing business sritex has been listed on Indonesia Stock Exchange (IDX), which was nearly delisted. The company's stock trading has been suspended since May 18, 2022, due to poor financial conditions resulting from high debt. In the first semester of 2023, Sritex experienced capital deficits, with liabilities far exceeding its assets. SRIL's liabilities were recorded at Rp 23.8 trillion, while its total assets were only Rp 10.75 trillion. SRIL's bank and bond debts reached Rp 19.82 trillion, consisting of Rp 14.22 trillion in bank debt and Rp 5.6 trillion in bonds. SRIL was burdened by significant long-term debt, primarily from bank loans and bond issuances. Even when Sritex sold its assets, they still could not pay off all its debts (Cnbcindonesia.com, 2023).

From these cases, investors can be more cautious in choosing companies for investment decisions by carefully analyzing before choosing to buy, consider the bond issuer's financial standing. Investors need to analyze the bond interest rates and the company's debt, which is critical to analyze because if the company experiences a capital deficit with liabilities far exceeding its assets, it will have poor financial conditions due to large debts. In some literature (Runkat & Primasatya, 2024), leverage, liquidity, business size, and financial distress are a few internal elements that are frequently shown to have a major impact on investment decision.

One internal factor considered in making investment decisions is financial distress. A company experiencing serious financial difficulties may reduce its ability to invest (Sutra & Mais, 2019). The financial distress experienced by a company will affect the interest of investors or creditors in investing in that company (Elviana & Hapzi Ali, 2022). Therefore, creditors need to analyze the company's financial condition before deciding to invest their capital. Consequently, companies must be able to prevent financial difficulties that could impact their image. This may cause companies to be more cautious in making investment decisions or even postpone high-risk investments.

Leverage, or the incorporation of debt into a company's capital structure, is also an important factor influencing investment decisions (Runkat & Primasatya, 2024). Leverage indicates the degree to which a company relies in debt for financing. When debt levels are high, debt costs also rise. Without corresponding performance gains that produce enough profits to meet these higher costs, the risk of financial challenges grows (Bukhori et al., 2022). Companies with high leverage may have less flexibility to make new investments as they must first meet their debt obligations. However, leverage can also increase the potential investment returns by providing the company with additional capital for profitable projects. Therefore, the influence of leverage on investment decisions may vary depending on the company's financial condition and strategy.

In this context, one non-financial factor such as CSRD, this according to this study's moderating variable, may cause businesses to experience financial trouble (Al-Hadi et al., 2019). CSRD is a company's commitment not only to pursue profit but also to act morally in business and support sustainable economic growth. John Elkington's "triple bottom line" theory served as the inspiration for this idea, which emphasizes the importance of balancing profitability (economic aspect), social responsibility (human aspect), and environmental responsibility (planet aspect) for long-term company success (Al-Hadi et al., 2019).

The absence of specific regulations regarding CSR disclosure, which is voluntary, opens opportunities for variations in the transparency of information. The Global Reporting Initiative (GRI) offers a solution, providing guidelines for public and private international entities in preparing sustainability reports (Rokhayati & Nahartyo, 2019). The GRI standards cover various topics, including economics, the environment, social aspects, and governance. By offering empirical proof of the significance of moderation factors in the analysis of corporate investment choices, this study can also add to the body of knowledge in the financial literature.

There is inconsistency in the results of the investment decision variables in previous studies, such as research conducted by (Kenc & Driver, 2020) titled "Leverage, uncertainty, and investment decision," which found that investment decisions should consider the relationship between investment costs and cash flow. Policymakers need to consider using investment tax credits to encourage investment. Meanwhile, the research (Kouaib & Amara, 2022) titled "CSRD and Investment Decision: Evidence from Saudi Indexed Companies" shows strong evidence that high CSR involvement enhances investment decisions. In the research (Ahmad et al., 2023) titled "Do asymmetric information and leverage affect investment decisions," the findings indicate that leverage has a negative impact on corporate investment decisions in line with agency theory, and this relationship is also driven by asymmetric information. Then, research conducted by (Runkat & Primasatya, 2024), titled "The Influence of Financial Distress and Leverage on Investment Decisions in Manufacturing Companies," shows that financial distress negatively influences investment decisions, leverage negatively affects investment decisions, and firm size as a control variable positively influences investment decisions.

Given the importance of investment decisions, the author is interested in analyzing the influence of financial distress on investment decisions with CSRD as a moderating variable. This research uses financial report data, which are historical data (secondary data), so its limitations are related to the limitations in financial reports. The distinction between this study and prior research is the variation in independent variables, with CSRD as the moderating variable. Based on the background explained above, the research titled: "Corporate

Social Responsibility Disclosure in Moderating the Relationship Between Financial Distress and Leverage on Investment Decisions (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018 – 2022)."

2 Literature review and hypothesis Model

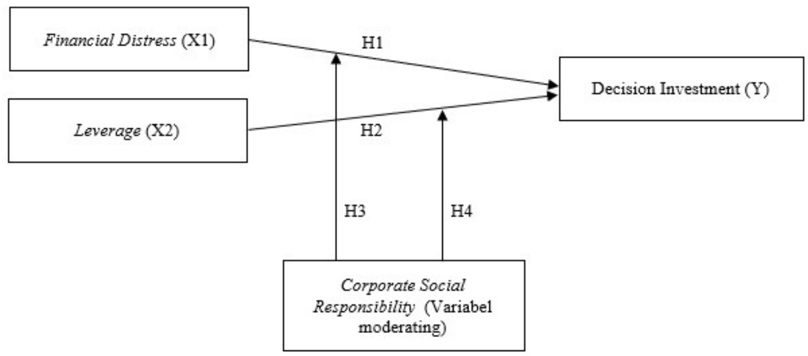

Figure.1. Conceptual Model

1. Financial Distress Impact on Investment Decision

When a business is in financial distress, it is on the verge of going bankrupt. This occurs when the company's financial situation is in a crisis, indicating a significant decline in the funds necessary to operate its business. This decline may be caused by a reduction in revenue from sales or operations, where the income or results obtained are not proportional to the large debts or liabilities that have become due (Sutra & Mais, 2019).

In agency theory, conflicts between owners and managers usually increase during periods of financial distress, especially in relation to investment decisions. However, if financial distress does not affect investment decisions, this could be because agency conflict control mechanisms work well, for example effective managerial incentives. In addition, underinvestment can be avoided where management continues to invest in potentially profitable projects even in situations of financial distress and overinvestment also does not occur (Runkat & Primasatya, 2024).

(Runkat & Primasatya, 2024) found that financial distress negatively impacts investment decisions. This finding indicates that companies experiencing financial distress tend to avoid high-risk investments, reduce capital expenditures, and sell assets at low prices until the company becomes financially healthy. (Epato, 2020) also found that financial distress negatively affects investment decisions, demonstrating that businesses in financial distress are more likely to choose not to make investments. H1: Financial distress affects investment decisions.

2. Leverage's Impact on Investment Decisions

A measure of a business's ability to meet its financial obligations is the leverage ratio. The leverage ratio is calculated using the debt ratio, which is calculated by dividing total debt by total assets. The policy of using debt as a source of company funding has the potential to create agency conflicts between shareholders and bondholders, which can also result in agency costs (Sandiar, 2017).

In agency theory, leverage is often related to agency theory, because shareholders and management have conflicting interests, as well as between shareholders and creditors. This is due to the direct effect on the cost of capital as well as through agency conflicts between management, shareholders, and creditors. Under conditions of high leverage, companies may be encouraged to make riskier investments, facing the problem of underinvestment.

The study by (Runkat & Primasatya, 2024) shows that leverage has a negative impact on investment decisions. Companies with higher book value leverage tend to avoid taking advantage of investment opportunities, leading to greater debt financing.

(Sandiar, 2017) also indicates that leverage negatively affects investment decisions. H2:

Leverage affects investment decisions.

3. Corporate Social Responsibility's Disclosure Impact on Investment Decisions in Moderate Financial Distress

The World Business Council on Sustainable Development (WBCSD) defines CSRD as an organization's dedication to upholding moral standards and promoting sustainable economic growth. According to legitimacy theory, companies will continuously strive to ensure that their behavior aligns with the prevailing norms in society (Purwaningsih & Aziza, 2019). By implementing CSR, companies can enhance their legitimacy in the eyes of the public, which can encourage people to purchase their products or services, thereby increasing profits.

The study by (Tampubolon et al., 2020) demonstrates how financial distress is negatively impacted by CSR performance. This implies that the company's financial distress won't worsen if CSR performance improves. (Purwaningsih & Aziza, 2019) also found a negative relationship between CSR and financial distress. The study by (Rokhayati & Nahartyo, 2019) indicates that corporate social responsibility disclosure influences investment decisions. Additionally, the study indicates that when CSRD emphasizes prevention over promotion, investment decisions are often higher. (Al-Hadi et al., 2019) found that the negative relationship between CSR activities and financial distress is stronger in companies that are in the mature stage of the business life cycle.

H3 Corporate Social Responsibility Disclosure moderates the impact of financial distress on investment decisions.

4. Corporate Social Responsibility's Disclosure Impact on Investment Decision in Moderate Leverage

Leverage is the amount of money a company relies on to run its operations, and itindicates the degree of financial risk that the business faces (Andhini, 2017). A company's CSR disclosure decreases when its leverage (debt-toequity ratio) increases (Purnamasari & Masyithoh, 2016). On the other hand, companies with lower leverage levels rely less on external loans, as they use their own capital to finance their assets.

The study by (Susanti & Djaperi, 2020) shows that leverage has a negative impact on CSRD. Companies with high leverage levels tend to avoid reporting CSR to save costs, as CSR activities and disclosures require significant expenses.

Conversely, the research by (Oktaviani et al., 2022) suggests that leverage significantly improves CSRD.

H4: Corporate Social Responsibility Disclosure moderates the impact of leverage on investment decisions.

3 Methodology

This study employs a quantitative approach, which involves processing research data using statistical methods. Quantitative data is sourced from secondary materials, specifically documented financial and sustainability reports, obtained through the Indonesia Stock Exchange (IDX). This quantitative approach is applied to assess the impact of independent variables on investment decisions, with CSRD acting as a moderating variable. The researcher can test the developed hypotheses using quantifiable and standardized data by employing a quantitative technique.

3.1 Populasi and Sample

A population is a large collection of objects or individuals with certain numbers and characteristics that the researcher has selected to be studied and then used as the basis for findings (Sugiyono, 2022). Financial and sustainability reports from manufacturing businesses listed on the IDX between 2018 and 2022 make up the secondary data used in this study. The businesses that were chosen are from the consumer goods, diverse, and basic and chemical industries, this sector was chosen because it has important characteristics and roles in the economy, and offers a variety of business and financial dynamics that are relevant to analysis. This sector is very influential in economic growth, this sector plays a role in creating jobs, increasing investment, and supporting national and international trade.

A population's size and composition include the sample (Sugiyono, 2022). Purposive sampling was the method employed for sampling in this investigation. The limitations in this sampling are that the quality and completeness of the data may be inaccurate and incomplete, and not entirely relevant to the research objectivesThe appropriateness of specific traits and standards tedermines the sample. The following are the study's sample criteria:

1. From 2018 to 2022, manufacturing firms in the consumer products, basic and chemical, and diverse industries were listed on the Indonesia Stick Exchange (IDX).
2. Manufacturing companies in the basic and chemical industry sector, various industry sector, and consumer goods industry sector that have published annual reports (Annual Report), the IDX website (www.idx.co.id) provides access to sustainability reports and financial reports that were audited by independent auditors during the research year. 3. delisting form the IDX did not occur for the company during the study period.

3.2 Operational Definition of Variabel

1) Investment decision refers to the decision made by a company to allocate funds currently with the aim of generating future cash inflows that are expected to exceed the initial investment (Runkat & Primasatya, 2024). This decision directly impacts the profitability of the investment and the company's future cash flows (Siregar & Hutajulu, 2021).

$$Total\ Asset\ Growth = \frac{Total\ Asset_t - Total\ Asset_{t-1}}{Total\ Asset_{t-1}} \quad (1)$$

2) The Z-score model is used to measure financial strain, which is designed to integrate traditional index analysis with rigorous statistical techniques. This model employs multivariate discriminant analysis to diagnose early business default risk (Sutra & Mais, 2019). The Zscore formula used is:

$$Z' = 1{,}2\ Z_1 + 1{,}4\ Z_2 + 3{,}3\ Z_3 + 0{,}6\ Z_4 + 1{,}0\ Z_5 \quad (2)$$

3) Leverage indicates the extent to which a company's assets are financed by debt. This ratio is also used to assess the company's solvency in repaying its long-term debt.

$$Leverage = \frac{Total\ Hutang}{\text{Total Aset}} \tag{3}$$

4) CSR is a voluntary action that businesses do as part of their goal to meet their responsibilities to stakeholders, which include communities, workers, the environment, and society at large (Oktaviani et al., 2022).

$$CSRDIj = \frac{\sum X_{ij}}{n} \tag{4}$$

This research uses multiple linear regression analysis. The formula applied is:

DI = α + β1.FD + β2.Lev + β3.CSRD + e (1) -

DI = Investment Decision
- α = Constant
- β1,β2,β3 = Regression coefficients of independent variables
- FD = Independent variable for financial distress factor
- Lev = Independent variable for leverage factor
- CSRDi = Moderating variable for corporate social responsibility disclosure - e = Standard error

Y = α + β1.FD + β2.Lev + β3.FD.CSRD + β4.Lev.CSRD + β5.CSRD + e (2) -

DI = Investment Decision
- α = Constant
- β1,β2,β3 = Regression coefficients of independent variables
- FD = Independent variable for financial distress factor
- Lev = Independent variable for leverage factor
- CSRDi = Moderating variable for corporate social responsibility disclosure - e = Standard error

4 Result and Discussions

Descriptive Statistics

The purpose of descriptive statistical tests is to reveal details about the properties of the research variables, particularly with relation to the data's average, minimum, maximum, and standard deviation (Ghozali, 2018).

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Distress	159	-1.273	29.822	5.54865	6.006543
Leverage	159	.086	1.404	.44739	.233500
Decision Investment	159	-.468	.302	.04468	.102031
CSRD	159	.280	.990	.57569	.136158
Valid N (listwise)	159				

Source: The author's processed results are based on SPSS output

The dependent variable, investment decisions, has an average value of 0.04468 which is smaller than the standard deviation value of 0.102031. This indicates that there is quite a large variation in the investment decision data. A standard deviation value that is greater than the average indicates that the investment decision data is widely spread around its average value, so that there is significant inconsistency or fluctuation in the investment decisions taken by the companies in the sample. This can also indicate that some companies make investment decisions that are much higher or lower than the average, reflecting the level of risk or uncertainty in investment. The minimum value of -0.468 was obtained from PT Waskita Beton Precast Tbk in 2020 and the maximum value of 0.302 was obtained from PT Toba Pulp Lestari Tbk in 2018. The independent variable financial distress is measured using the ICR formula. The company found a minimum value of -1.27 at PT Waskita Beton Precast Tbk in 2021. Given that its operating earnings is insufficient to pay off the interest on its debt, this suggests that the business is having severe financial problems. In other words, PT Waskita Beton Precast Tbk is unable to pay interest on its debt with the income generated from its operations. The maximum value obtained is 29.82 obtained from PT Sido Muncul Tbk in 2021.

The independent leverage variable measured by the DAR formula, found a minimum value of 0.086 at PT Multi Prima Sejahtera Tbk in 2021. This indicates that the company has much smaller debt than its assets. The maximum value of 1.404 was obtained from PT Waskita Beton Precestt Tbk in 2021.

Moderation variable CSRD, the company found a minimum value of 0.280 obtained from PT Duta Pertiwi Nusantara in 2021. The maximum value of 0.990 was obtained from PT Solusi Bangun Indonesia Tbk in 2021.

Normality Test

To determine if the residuals or confounding variables in the regression model have a normal distribution, the normality test is used (Ghozali, 2018). If a diagonal straight line is formed by the normal distribution, then the data satisfies the normality assumption. The statistical test is deemed faulty if this presumption is broken (Ghozali, 2018). This study uses the Kolmogorov-Smirnov Test which is used to test normality. If the significance value is greater than 0.05, the leftover data is found to be regularly distributed (Ghozali, 2018). The normalcy test results prior to outliers are as follows:

Tabel 4.2 Kolmogrov-Smirnov test results before outliers

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		167
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.18201294
Most Extreme Differences	Absolute	.195
	Positive	.195
	Negative	-.132
Test Statistic		.195
Asymp. Sig. (2-tailed)		.000[c]

Source: The author's processed results are based on SPSS output

In the test results above, due to the fact that the 2-tailed Asymp. Sig. value is less than 5% which is 0.000 so that outlier data needs to be done. In this test, from 167 data, outlier data reduction was carried out as much as 8 data so that the data to be tested was 159 data. The author carried out outlier data reduction based on boxplot in SPSS. The normalcy test findings following outliers are as follows:

Table 4.3 Kolmogrov-Smirnov test results after outliers

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		159
Normal Parameters[a,b]	Mean	-.0288922
	Std. Deviation	.09877635
Most Extreme Differences	Absolute	.063
	Positive	.063

	Negative	-.058
Test Statistic		.063
Asymp. Sig. (2-tailed)		.200[c,d]

dSource: The author's processed results are based on SPSS output

In the test results above, the data distribution is normal because of the large Asymp. Sig (2-tailed) is greater than 5% (0.05), namely 0.200.

Multicolinearity Test

The purpose of the multicollinearity test is to ascertain whether the independent variables in the regression nodel are correlated (Ghozali, 2018). Independent variables shouldn't be correlated in a suitable regression model (Ghozali, 2018). This study uses the Tolerance and VIF Tests which are used to test Multicollinearity, if the analysis results show a VIF value ≤ 10 and a tolerance value ≥ 0.10 then it can be concluded that the model is free from multicollinearity. The following are the results of the multicollinearity test:

Table 4.4 Multicolinearity test results

Model		Collinearity Statistics		Description
		Tolerance	VIF	
1	(Constant)			
	Financial Distress	.745	1.342	Multicolinearity does not occur
	Leverage	.739	1.353	Multicolinearity does not occur
	CSRD	.987	1.013	Multicolinearity does not occur

Source: The author's processed results are based on SPSS output

According to the SPSS output data, all independent variables had tolerance values and VIF values of ≥ 0.10 and < 10, respectively. Thus, it maybe said that the regression model's independent variables do not exhibit multicollinearity.

Heteroscedasticity Test

To ascertain if there is an uneven variance of residuals across data in the regression model, the heterocedasticity test is used (Ghozali, 2018). A good model is one in which there is no heteroscedasticity (Ghozali, 2018). This study uses the Glejser test in testing heteroscedasticity, if the significant value (p-value) of the independent variable is > 0.05, then there is no heteroscedasticity. The following is the heteroscedasticity test:

Table 4.5 Hasil Uji Heteroskedastisitas

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	.080	.027		2.920	.004
	Financial Distress	-.001	.001	-.101	-1.110	.269
	Leverage	.040	.027	.138	1.511	.133
	CSRD	-.026	.040	-.052	-.657	.512

a. Dependent Variable: ABRES

Source: The author's processed results are based on SPSS output

The financial distress variable's significance value is 0.269 > 0.05, indicating no heteroscedasticity, followed by the leverage variable's 0.133 > 0.05, indicating no heteroscedasticity, and the CSRD variable's 0.512 > 0.05, indicating no heteroscedasticity, according to the SPSS output display results..

Multiple Linear Regression Analysis

The process of examining research hypotheses to see whether there is a relationship between two variables, represented as a mathematical equation, is known as regression analysis (Ghozali, 2018). The purpose of multiple linear regression analysis is to determine how three or more independent variables, or X, affect the dependent variable, Y.

Regression Equation 1

Table 4.6 Multiple Linear Regression test results Pers-1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.090	.040		2.233	.027
	Financial Distress	.000	.002	-.013	-.147	.883
	Leverage	-.115	.039	-.264	-2.920	.004
	CSRD	.013	.059	.017	.216	.829

Source: The author's processed results are based on SPSS output

DI = 0,090 + 0,000.FD – 0,115.Lev + 0,013.CSRDi + e

Since the financial distress variable's significance value is known to be 0.883 > 0.05, it can be said that it has no bearing on the variable that determines investment decisions. The p-value of the leverage variable is 0.004 < 0.05, so it can be concluded that the leverage variable influences investment decisions. The significance value of the CSRD variable is 0.829 > 0.05, so it can be concluded that the Corporate Social Responsibility Disclosure variable has no effect on investment decisions.

Regression equation 2

Table 4.7 Multiple Linear Regression Test Results Pers-2

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.300	.125		2.390	.018
	Financial Distress	-.004	.011	-.234	-.358	.721
	Leverage	-.524	.196	-1.200	-2.673	.008
	CSRD	-.371	.218	-.495	-1.705	.090
	FDCSR	.007	.019	.224	.348	.729
	LevCSR	.745	.344	1.113	2.166	.032

Source: The author's processed results are based on SPSS output

DI = 0,300 - 0,004.FD - 0,524.Lev + 0,007.FDCSRD + 0,745.LevCSRD – 0,371.CSRD + e

The p-value of the financial distress variable is 0.721 > 0.05, so it can be concluded that the financial distress variable has no effect on investment decisions. The p-value of the leverage variable is 0.008 <0.05, so it can be concluded that the leverage variable influences investment decisions. The p-value of the interaction variable between financial distress and Corporate Social Responsibility Disclosure is 0.729 > 0.05, so it can be concluded that the Corporate Social Responsibility Disclosure variable is unable to moderate the influence of the financial distress variable on investment decisions. The p-value of the interaction variable between leverage and Corporate Social Responsibility Disclosure is 0.032 < 0.05, Thus, it can be concluded that the Corporate Social Responsibility Disclosure variable effectively moderates the impacts of the leverage variable on investment decisions.it may be inferred from the table of hypothesis test results that:

H1 : Financial Distress has no effect on investment decisions
H2 : Leverage affects investment decisions
H3 : Corporate Social Responsibility Disclosure cannot moderate the effect of financial distress on investment decisions
H4 : Corporate Social Responsibility Disclosure moderates the impact of leverage on investment decisions

Simultaneous Test (Test F)

The simultaneous test results are as follows:

Tabel 4.11 Simultaneous Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.161	5	.032	3.325	.007[b]
	Residual	1.484	153	.010		
	Total	1.645	158			

a. Dependent Variable: Decision Investment

b. Predictors: (Constant), LevCSR, FDCSR, CSRD, Leverage, Financial Distress

Based on the findings of the multiple linear regression test from the ANNOVA output table, the p-value is 0.007 < 0.05, so it can be concluded that the regression model is considered feasible.

Coefficient of Determination Test

The following presents the results of the coefficient of determination:

Table 4.12 the results of the coefficient of determination test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.313[a]	.098	.069	.098472

a. Predictors: (Constant), LevCSR, FDCSR, CSRD, Leverage, Financial Distress

It is known that the R Square value is 0.098, which means that the contribution of the influence of financial distress and leverage on investment decisions after the moderating variable Corporate Social Responsibility Disclosure is 9.8%.

Discussion

1. The Impact of Financial Distress on Investment Decisions

   Based on table 4.7, it shows that financial distress has no effect on investment decisions, so H1 is rejected. The financial distress variable has little influence on investment choices, as indicated by the significance level of 0.721. In relation to agency theory, investment decisions taken by management may not always be influenced by financial distress if there is a conflict of interest or information asymmetry. Managers may behave inconsistently with the interests of shareholders in this situation, so that investment decisions are continued even though the company is facing financial difficulties. Even though the company is not in financial distress, the decision to borrow can help minimize conflicts of interest between shareholders and management, strengthen managerial discipline, and provide a positive signal to the market. Managers use debt to raise the business's worth in a way that is in line with their own goals and the goals of shareholders, while maintaining control and flexibility in managing the company.

   Additionally, the study's findings align with those of earlier investigations (Sudirgo & Bangun, 2019) which explains that the results of this study do not support financial distress theory because it cannot predict when a company is experiencing financial difficulties so it cannot interpret when the company goes bankrupt or not, so the results obtained financial distress does not affect investment decisions.

   Additionally, the study's findings align with those of earlier investigations (Runkat & Primasatya, 2024) which found that financial distress has a negative effect on investment decisions. Companies experiencing financial distress tend to have low fixed asset investment expenditures. Companies will avoid projects with positive NPV because they focus on improving financial conditions.
2. The Impact of Leverage on Investment Decisions

   H2 is acceptable as table 4.7 demonstrates that leverage influences investing choices. The leverage variable has an impact, according to the significance level of 0.008. due to the conflict of interest between management (agents) and shareholders (principals), according to agency theory. Leverage or the use of debt increases the company's financial risk and strengthens managerial discipline in accordance with agency theory. High leverage can also motivate managers to take on high-risk projects because the potential for large profits can improve the financial position, although this risk is greater for creditors.

   The results of this study are also consistent with the finding of previous research (Runkat & Primasatya, 2024) who found that leverage has an effect on investment decisions. When this ratio is too large because the amount of debt is close to assets, this can be dangerous because it puts the company at high risk of bankruptcy. This ratio provides an overview of the extent to which the company can use debt to fund its operations and investments.

   In the study (Shukla & Shaw, 2021) which found that leverage has an effect on investment decisions, this paper examines the impact of corporate leverage on corporate investment in India. The findings of this study indicate that high corporate leverage has a negative impact on their capital expenditure. In addition, the relationship between leverage and corporate investment is found to be nonlinear. Higher levels of leverage affect investment decisions more negatively, especially for firms with lower investment opportunities. Leverage can affect corporate investment behavior in various ways.
3. Corporate Social Responsibility Disclosure Moderates the Impact of Financial Distress on Investment Decisions

   Based on the table 4.7, it shows that the CSRD variable is unable to moderate the influence of the financial distress variable on investment decisions caused by the significance level of 0.729 > 0.05 indicating that CSR disclosure is not strong enough to influence the relationship between financial distress and investment decisions so that H3 is rejected. This can happen because the main focus of management remains on financial problems, not social responsibility, so that CSR does not play a role in reducing agency risk in this context.

   Additionally, the study's findings align with those of earlier investigations (Saragih & Mutmainah, 2024) who found that CSR results do not have a significant effect on the level of bankruptcy of BUMN companies can occur due to poor business strategies in BUMN. Disproportionate CSR will further burden the company's finances and unhealthy finances can be a bad signal for stakeholders so that the economic benefits of the CSR carried out cannot be felt.
4. Corporate Social Responsibility Disclosure moderates the impact of leverage on investment decisions.

With a significance level of 0.032 < 0.05, table 4.7 demonstrates that the CSRD variable can moderate the impact of leverage on investment decisions. This suggests that CSRD has a significant impact on the link between leverage and investment decisions, supporting the acceptance of H4. Conflicts of interest frequently impact the relationship between principals (shareholders) and agents (management), particularly when leverage is involved, according to agency theory. When leverage is high, management is under pressure to meet debt obligations that can affect investment decisions. However, when CSR disclosure is implemented properly, transparency and corporate accountability increase. This reduces principal concerns about the potential risk of investment decisions, because CSR shows management's commitment to ethics and sustainability. In line with research (Management, 2019) the results obtained are that leverage has a negative and significant effect on CSR disclosure. In research (Septina & Suyatmin, 2020) the results obtained are that leverage has a negative and significant effect on Corporate Social Responsibility Disclosure.

5 Conclusion and Suggestions

Several inferences about the impact of financial distress and leverage on investment choices. As well as the moderating role of CSRD in both connections, can be made in light of the research findings.

Financial Distress has no significant influence on investment decisions (significance level 0.721), so hypothesis H1 is rejected. In the context of agency theory, this lack of influence can occur due to conflicts of interest and information asymmetry between management and shareholders. Managers may continue to invest even though the company is in difficult financial conditions, because the decision is not always in line with the interests of shareholders. In addition, even though the company is not experiencing Financial Distress, the decision to take on debt can help reduce conflicts of interest, strengthen managerial discipline, and provide a positive signal to the market. Managers use leverage as a tool to increase company value while maintaining flexibility and control in managing the company.

Leverage has a significant effect on investment decisions with a significance level of 0.008, so hypothesis H2 is accepted. In the perspective of agency theory, leverage strengthens managerial discipline because of the pressure to fulfill debt obligations, which can reduce conflicts of interest between shareholders (principals) and management (agents). High leverage can motivate managers to take on high-risk projects in the hope that the potential for large profits will improve the company's financial condition. However, this increased risk has a greater impact on creditors, who bear a greater risk of bankruptcy if the project fails. Leverage, in this case, becomes a tool to maximize potential profits, although with higher risks for the company and its creditors.

CSRD is unable to moderate the effect of financial distress on investment decisions, with a significance level of 0.729 (> 0.05), so that hypothesis H3 is rejected. This shows that CSR disclosure does not have a strong enough influence on the relationship between financial distress and investment decisions. This can be explained by the main focus of management which is more directed at financial recovery than social responsibility when the company faces financial distress. As a result, CSR does not play an important role in reducing agency risk or improving the quality of investment decisions in difficult financial situations.

CSRD is able to moderate the effect of leverage on investment decisions with a significance level of 0.032 (< 0.05), so that hypothesis H4 is accepted. CSR disclosure is quite strong in influencing the relationship between leverage and investment decisions. In agency theory, leverage creates pressure for management to fulfil debt obligations, which can affect investment decisions. However, with good CSR disclosure, corporate transparency and accountability increase. This helps reduce shareholder concerns regarding the risks of investment decisions, because CSR reflects management's commitment to ethics and sustainability, thus reducing agency risk.

Suggestions

Based on the research results findings, the following suggestions can be given:

1. For further research, it is expected that this research can deepen the results of further research on investment decisions of manufacturing companies in terms of variables and number of samples or add manufacturing sectors.
2. Researchers can use one or more analysis models to determine the level of comparison between relevant analysis models such as the Springate, Zmijewski, and Ohlson models.
3. It is anticipated that future studies will investigate whether financial difficulty influences investing choices differs between industries or market conditions. There may be certain sectors where financial distress affects investment decisions.
4. Consider adding other variables that can affect investment decisions, such as technological innovation, foreign ownership, or dividend policy, to provide a more comprehensive picture of the factors that influence investment decisions.

Limitation of the study

This study has quite significant limitations, particularly since there hasn't been any prior study on the issues brought up, including the impact of leverage and financial distress on investment choices with CSRD acting as a moderating factor. This limitation can affect the generalization of research results and a deeper understanding of the relationship between these variables. Therefore, further research that includes diverse contexts and more comprehensive methods is expected to provide broader and deeper insights. Another limitation is in the use of the CSRD variable, where this variable has limited data that can affect the number of samples. During the 2018-2022 research period, it was very difficult to obtain sustainability reports where in 2018 the government had not made a policy to require reporting sustainability reports.

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