

The Effect Of Profitability And Leverage On Disclosure Of Corporate Social Responsibility In Companies Listed In LQ-45 On The Indonesia Stock Exchange For The 2014-2018 Period

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Abstract

The main purpose of the establishment of a business entity is to achieve business survival in the future, in this case, company management must be able to manage the company well including financial and non-financial aspects. Business activities that are only profit oriented without regard to society, society and the environment can have a negative impact on society and the environment itself. Such as the emergence of global warming, forest destruction, damage to the location of work areas, water pollution caused by production waste, air pollution or factory pollution, and so forth. Given this, it is important for companies to participate in maintaining and caring for the aspects of society and the environment in which the company operates. This concept developed into the term Corporate Social Responsibility (CSR), which encouraged the business world to be more ethical in carrying out its activities so as not to adversely affect society and the environment. This study aims to analyze the effect of profitability and leverage on disclosure of Corporate Social Responsibility (CSR) in companies listed in LQ-45 on the Indonesia Stock Exchange (IDX) for the 2014-2018 period. Profitability as an independent variable is predicted by Return on Assets (ROA), leverage as an independent variable is proxied by Debt to Assets Ratio (DAR), while disclosure of Corporate Social Responsibility as the dependent variable is proxied by the Global Reporting Initiatives (GRI). The population in this study are companies listed in the LQ-45 2014-2018 period. The sample selection method is the purposive sampling method. A total of 10 companies were used as research samples for 5 years. The data in this study were obtained through the website www.idx.co.id to gain annual financial reports and through the company's website to obtain sustainable reports of the company. Hypothesis testing in this study uses multiple linear regression methods. The results of the analysis show that partially profitability and leverage variables have a significant positive effect on CSR disclosure in companies listed in LQ-45 on the IDX. The Adjusted R Square value is 0.540 or 54% which indicates that the amount of CSR disclosures listed in the LQ-45 on the IDX in the 2014-2018 period is influenced by variables of profitability and leverage. While 46% of the amount of CSR disclosure is caused by other variables not examined in this study.

Keyword : Profitability, Leverage, Corporate Social Responsibility

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