

Viewing The Company's Commitment To Social Responsibility Based On Assets And Income

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ABSTRACT

In Indonesia, companies do not only provide benefits to their owners or investors. But also, there is a moral responsibility towards society or the surrounding environment. This happens, because a few or many companies have had a negative impact on the environment, both production waste, pollution waste, environmental damage waste, distribution waste, and so on. Therefore, social responsibility in the form of giving grants to the community from a small portion of the profits is a necessity. Based on this background, this research was conducted to be able to see the consistency of the implementation of corporate social responsibility programs towards the community as seen from the size of profits and assets. To answer these objectives, then established a quantitative research principle with regression analysis. The object of research is a leading food and beverage company in Indonesia, with a total of 36 data used and a purposive sampling technique. The results of the study explain that the size of the social responsibility fund is very dependent on the size of the assets and profits earned. Then, the asset factor that has the greatest influence on the company's CSR commitment is the amount of internal capital that generates profits. In other words, if the company benefits more from its personal assets, the profits will not be shared with other parties, so that the company is more flexible in carrying out CSR programs.

Keywords: Social Commitment, Social Responsibility, Financial Condition, Profit, Assets

INTRODUCTION

Indonesia is a developing country which is expected to grow from year to year to the stage of being said to be a developed country. Therefore, it is hoped that in assisting economic development, stakeholders, namely the government, the business world and society can benefit each other, contribute to each other and be able to have harmonious relationships (Ni Wayan Novi Budiasni & Darma, 2020). In this case, the business world plays a very important role in the economic system by participating in social activities and any activities that aim to develop the environment, improve and build the economy and improve the welfare of people's lives to make it even better, or it can be called Corporate Social Responsibility (Thasya, et al., 2020).

Corporate social responsibility is a business ethic in which companies not only have economic obligations to shareholders but also have obligations to other parties who have an interest in the company (Arfiansyah, 2020). Implementation of Corporate Social Responsibility disclosure is part of the company's responsibility to bridge social gaps in society and protect the environment which may be damaged due to the impact of company operational activities (Sumilat & Destriana, 2017).

Implementation of social responsibility is a form of concern from the company towards the surrounding environment which aims to encourage the company's reputation and image in society (Parinduri, et al., 2019). Socially related data disclosed by companies include economic, environmental, employment and human rights responsibilities. Society and products, so that the main purpose of social responsibility is as a form of corporate contribution as an effect of their operational activities.

The financial ratios that are always used to assess a company's financial performance include profitability, liquidity and leverage. Profitability is a company's ability to generate profits, which can come from their assets and capital. Profitability can affect Corporate Social Responsibility, when a company has high profitability, the higher the company's social responsibility for the community (Shofia & Anisah, 2020). This indicates that companies that have profits can use this to repair environmental damage that can be caused by the company's operational activities. Liquidity is a company's ability to maintain its current assets. Companies that have high liquidity will be faster in carrying out their social responsibilities. Leverage is a ratio that measures the company's ability to pay off all of its obligations, both short-term and long-term obligations (Kasmir, 2019).

Companies with high levels of leverage will show bad indications, because their liabilities are greater than their assets and capital. High leverage will affect lower Corporate Social Responsibility disclosures because companies still depend on debt in carrying out company operations so they cannot fulfill their social responsibilities (Vivian et al, 2020). The size of the company shows the size of the scope of the company's operational activities.

THEORETICAL BASIS

Effect of Financial Ratios on CSR Disclosure

According to Sri Handini (2020), states that Profitability affects CSR disclosure. Therefore, the higher the company's profitability, the higher the completeness of annual report disclosure. Profitability does not have a significant influence on Corporate Social Responsibility, this means that companies will continue to disclose their social responsibility regardless of the size of the profits generated (Erwin Dyah Astawinetu & Sri Handini, 2020). A company's profit does not only reflect the company's ability to fulfill its obligations but also reveals aspects of the company's valuation that represent the company's future vision (Chen, et al., 2021). The Effect of Liquidity on CSR Disclosure 4 Liquidity has an effect on CSR disclosure stated by (Irfani, 2020). Companies that have high liquidity will carry out more social activities. Purba & Candradewi (2019) that liquidity has a significant effect on CSR disclosure. Effect of Leverage on CSR Disclosure Research conducted by Wahyuningsih & Mahdar (2018) argues that companies with high leverage will encourage companies to make more social responsibility disclosures. The results of this study are in line with research conducted by Ruroh & Latifah (2018) which states that leverage has a significant effect on CSR disclosure.

Effect of Company Size on CSR Disclosure

Research conducted by Yanti, et al. (2021) shows that company size has an effect on CSR disclosure. Because the bigger the size of the company, the bigger or wider it discloses its CSR. According to Afifah & Immanuela (2021) which states company size has no effect on disclosure of Corporate Social Responsibility. This shows that the larger the company, the CSR disclosures made by the company will not always be wider.

METHOD

This research uses a quantitative descriptive approach. The data used in this study is secondary data taken through the official website of the Indonesia Stock Exchange, namely www.idx.co.id. The population in this study were food and beverage subsector companies listed on the Indonesia Stock Exchange for the period 2016 to 2020. The

study population consisted of 14 companies. The sampling technique uses a purposive sampling technique with 3 criteria, namely:

1. Food and beverage subsector companies listed on the Indonesia Stock Exchange for the period 2017 to 2020.
2. Companies in the food and beverage subsector that have complete financial reports during the study period.
3. Companies in the food and beverage subsector experienced successive profits (profits) during the period 2016 to 2020.

Based on the previous criteria, it was obtained that the number of research samples was 9 companies, so that the sample data that could be processed were 36 data (table 1). To analyze the research data using SmartPLS software to get the results of hypothesis testing.

RESULT

Results of data analysis using SmartPLS ver 4 software, the result is that the statistical value of each variable is as follows:

1. Profitability as measured by Return on Assets has a coefficient value of -0.058 which means that if there is a decrease of 1 value of profitability it will reduce the disclosure of Corporate Social Responsibility by 1 value. This means that companies need to maintain profits, because without business profits it is difficult for companies to be able to carry out their various activities/programs/obligations, one of which is social responsibility programs. Therefore, efforts to optimize business must be carried out by all elements.
2. Liquidity as measured by the Current Ratio has a coefficient value of 0.124 where if there is an increase of 1 value of Liquidity it will increase the disclosure of Corporate Social Responsibility by 1 value. Financial smoothness factors or cash rotation, receivables, inventories, and so on need to be considered. Because business operations are very dependent on current assets/money. Without available capital/money, it is difficult for companies to increase business effectiveness.

3. Leverage as measured by Debt to Asset has a coefficient value of 0.428 where if there is an increase of 1 value of Leverage it will increase the disclosure of Corporate Social Responsibility by 1 value.
4. Company size as measured by the Logarithm of Natural Total Assets (Ln TA) has a coefficient value of -0.08 where if there is an increase of 1 value of Firm Size (Ln TA) it will reduce the disclosure of Corporate Social Responsibility by 1 value.

To find out the value of the coefficient of determination can be seen from the R Square value (table 3), the results of data analysis found that the R Square value is 0.155 or in a percentage of 15.5% the research model of Corporate Social Responsibility disclosure can be explained by the variable profitability, liquidity, leverage and company size in food and beverage sub-sector companies listed on the Indonesia Stock Exchange.

To test the hypothesis, we must look at the comparison between the $t_{\text{statistics}}$ with t_{table} . If the value of $t_{\text{statistics}} > t_{\text{table}}$ then H_a will be accepted and if the value of $t_{\text{statistics}} < t_{\text{table}}$ then H_a will be rejected. t_{table} for data totaling 36 is 2.028, and the value of $t_{\text{statistics}}$ of each variable according to table 2. Based on the results of the study it was found that partially the effect of each variable (hypothesis test) is as follows:

1. Profitability has no effect on Corporate Social Responsibility in food and beverage sub-sector companies listed on the Indonesia Stock Exchange.
2. Liquidity has no effect on Corporate Social Responsibility in food and beverage sub-sector companies listed on the Indonesia Stock Exchange.
3. Leverage has no effect on Corporate Social Responsibility in food and beverage sub-sector companies listed on the Indonesia Stock Exchange. This means that the results of research using data from the last five years have not been able to answer the formulation of the problem precisely, as in theory.
4. Company size has no effect on Corporate Social Responsibility in food and beverage sub-sector companies listed on the Indonesia Stock Exchange. That is, in this case the research data has not been able to explain how assets influence the running of the corporate social responsibility program. In other words, the research data used for the last five years has not been able to explain the data comprehensively.

CONCLUSION

The research results suggest that profitability does not have a significant effect on the company's Corporate Social Responsibility. In a statistical sense, this finding explains a condition in which company profits are used more for the company's internal interests, rather than CSR. While the liquidity ratio has a good level of influence on the company's Corporate Social Responsibility activities, as some previous research results state, that liquidity has a significant effect on CSR disclosure.

The results of this study are in line with the theory that leverage is the amount of money used to finance or buy company assets. Furthermore, several studies also support the results of this study, where corporate leverage has a positive effect on the amount of corporate social responsibility disclosure. Yanti, et al. (2021) revealed that company size is a variable to measure how big or small a company is in various ways, including total assets, stock market value and others.

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