

Analysis of the Influence of Good Corporate Governance, Profitability, Price Earning Ratio, Operating Expenses and Operating Income on Corporate Social Responsibility in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2017-2021

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ABSTRACT

The purpose of this research is to prove the influence of Good Corporate Governance, Profitability, Price Earnings Ratio, Operating Expenses and Operating Income on Corporate Social Responsibility partially and simultaneously. The type of research data used is descriptive quantitative data. While the data source used is secondary data obtained through the website www.idx.co.id. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange in 2017-2021. The sample was selected using a purposive sampling technique and obtained 40 companies with 200 research samples. The data analysis method used is descriptive statistics, classical assumption test, multiple linear regression analysis with four predictors and hypothesis testing using IBM SPSS Statistics version 24. The conclusion of this study shows that the good corporate governance variable partially has a positive and significant effect on corporate social responsibility. Profitability partially has a negative and significant effect on corporate social responsibility, price earnings ratio, partially has a significant negative effect on corporate social responsibility, operating expenses and operating income partially does not affect corporate social responsibility. While good corporate governance, profitability, price earning ratio, operating expenses and operating income simultaneously affect corporate social responsibility.

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1. INTRODUCTION

Companies in Indonesia, especially in the economic field, have opened up many opportunities to increase welfare and prosperity. This can be achieved through various knowledge through information, as well as fluency in accessing sophisticated technology. Basically, increasingly modern business development requires companies to compete in maintaining their business (1)(2).

Corporate social responsibility is one of the important aspects of a company to carry out its responsibilities to the environment and society which makes the company no longer faced with and focuses on a single bottom line or corporate value but the company is also responsible for focusing on the triple bottom line, namely the

three elements which include the economy (profit), social (people) and environmental (planet) (3).

Conducting business in a noble, honest, fair and responsible manner is an obligation to maintain the company's existence so that it is well received in its business chain. However, currently this is not enough for companies, companies are increasingly realizing that corporate social responsibility is also needed as a form of concern for the interests of stakeholders (4)(5)(6). Corporate social responsibility is not just a volunteer, but has become a requirement for companies to survive and develop (7). The influence of corporate social responsibility in constructive development with stakeholders also determines the success of the company in the long term (7)(8)(9).

2. RESEARCH METHODS

This study uses secondary data sources, namely data collected from the financial reports of companies listed on the Indonesia Stock Exchange (IDX) during the 2017-2021 period which were obtained from the website www.idx.co.id.

3. RESULTS

3.1. Multiple Linear Regression Analysis

Table 1. Results of Multiple Linear Regression Processing

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized	Sig.
		B	Std. Error	Coefficients	
1	(Constant)	77,478	3,964		,000
	Good Corporate Governance	,158	,079	,139	,046
	Profitabilitas	-,444	,135	-,231	,001
	Price Earning Ratio	-,002	,000	-,278	,000
	Beban Operasi dan Pendapatan Operasional	,003	,005	,034	,618

a. Dependent Variable: Corporate Social Responsibility

Source: Processed Results of SPSS Version 24, 2022

Based on table 1, the multiple linear regression equation is obtained as follows $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ $Y = 77.478 + 0.158X_1 - 0.444 X_2 - 0.002X_3 + 0.003X_4 + \varepsilon$

From the multiple linear regression equation it can be explained, as follows:

Constant value 77.478. This shows that if the independent variable is constant, the Corporate Social Responsibility is 77.478.

The regression coefficient X1 (Good Corporate Governance) has a positive value of 0.158 which means that if X1 increases, Good Corporate Governance will increase by 0.158.

The regression coefficient X2 (Profitability) has a negative value of -0.444, meaning that if X2

Table 2. Simultaneously Verify Hypotheses (Test F)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9314,353	4	2328,588	6,894	,000 ^b
	Residual	65868,898	195	337,789		
	Total	75183,251	199			

a. Dependent Variable: Corporate Social Responsibility

b. Predictors: (Constant), Operating Expenses and Operating Income, Good Corporate Governance, Price Earning Ratio, Profitability

Source: Processed Results of SPSS Version 24.2022

Increase, Profitability will decrease by -0.444 assuming other factors are constant. The regression coefficient X3 (Price Earnings Ratio) has a negative value of -0.002, meaning that if X3 increases, the Price Earning Ratio will decrease by -0.002 assuming other factors are constant.

The regression coefficient X4 (Operating Expenses and Operating Income) has a positive value of 0.003, meaning that if X4 increases, operating expenses and operating income will increase by 0.003 assuming other

factors are constant.

Simultaneous test results (F) can be described as follows:

H0: $\beta_1, \beta_2, \beta_3, \beta_4 = 0$: t count < t table; then H0 is accepted and Ha is rejected. This means that Good corporate governance, portability, price earnings ratio, operating expenses and operating income simultaneously have no positive and significant effect on corporate social responsibility.

Ha: $\beta_1, \beta_2, \beta_3, \beta_4 \neq 0$: t count > t table; then Ha is accepted and H0 is rejected.

4. DISCUSSION

Based on simultaneous hypothesis testing (F test) shows that the results of statistical analysis of good corporate governance, profitability, price earnings ratio, operating expenses and operating income have a calculated F value of 6.894 > F table of 2.42 with a significance level of 0.000 < 0.05 meaning good corporate governance, profitability, price earnings ratio, operating expenses and operating income simultaneously have a positive and significant impact on corporate social responsibility thus Ha is accepted and H0 is rejected.

The results of this study have a significant effect simultaneously because the higher the disclosure index is carried out by the company so that the results obtained are better and more significant. Disclosure of corporate social responsibility is not only concerned with only one aspect but from an economic, environmental and social development perspective, it is a social responsibility carried out by the company for the welfare of society.

5. CONCLUSION

This study concludes that good corporate governance partially has a positive and significant effect on corporate social responsibility. Profitability partially has a negative and significant effect on corporate social responsibility. Price earning ratio partially has a negative and significant effect on corporate social responsibility. Operating Expenses and Operating Income partially have no effect on corporate social responsibility. And good corporate governance, profitability, price earning ratio, operating expenses and operating income simultaneously affect corporate social responsibility.

6. SUGGESTION

Future research is expected to be able to expand the corporate sector while using a longer period of time and be able to use variables such as company size and environmental performance in corporate social responsibility disclosure.

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