THE EFFECT OF DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY ON THE PROFITABILITY OF MANUFACTURING COMPANIES IN THE FIELD OF ENERGY AND MINERALS LISTED IN INDONESIA STOCK EXCHANGE

Hasrullah

Sekolah Tinggi Manajemen Informatika dan Komputer Borneo Internasional Balikpapan
Email : styleturatea@yahoo.co.id

ABSTRACT

This study aims to examine the effect of disclosure of corporate responsibility on profitability as proxied by Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM) in energy and mineral manufacturing companies listed on the Indonesian stock exchange at 2010-2013. The sample in this study was obtained using a purposive sampling method. Based on the existing criteria, 26 companies in the energy and mineral sector were obtained as research samples. Then the hypothesis testing is done using linear regression analysis, first doing the classical assumption test using SPSS 20 for windows. The results showed that: (1) corporate social responsibility has a positive and significant effect on Return on Assets (ROA), (2) corporate social responsibility has a positive and significant effect on Return on Equity (ROE), (3) corporate social responsibility positive and significant effect on Net Profit Margin (NPM).

Keywords : Corporate Social Responsibility (CSR), Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM).

1. INTRODUCTION

At this time the development of companies in Indonesia is increasing, especially in the mining sector, investors are competing to invest in this sector, both local investors and foreign investors, but currently foreign investors are more dominant in the mining sector, this is proven by companies - large foreign companies in Indonesia. However, the emergence of companies in the mining sector will raise new problems, namely environmental damage and social inequality. Therefore, company awareness is needed to reduce negative impacts.

One way to overcome these negative impacts is the application of corporate social responsibility. Corporate social responsibility is corporate social responsibility that rests on triple bottom lines. Here, the triple bottom line is that in addition to financial, there are also social and environmental aspects, because financial conditions alone are not sufficient to guarantee the value of the company to grow in a sustainable manner. The company's sustainability will only be guaranteed if the company pays attention to the social and environmental dimensions. It is a fact that the resistance of the surrounding community, in various places and times, has surfaced against companies that are considered to have paid no attention to social, economic and environmental aspects.

The application of corporate social responsibility can also be used as a new marketing tool for companies if it is carried out in a sustainable manner. To carry out corporate social responsibility means that the company will incur a number of costs. Costs will eventually become expenses that reduce revenue so that the level of company profit will decrease. However, implementing corporate social responsibility, the company's image will get better so that consumer loyalty is high, along with increasing consumer loyalty for a long time, company sales will get better, and in the end with the implementation of corporate social responsibility, it is
expected that the level of company profitability will also increase (Kadek Rosiliana et al, 2012). Therefore, corporate social responsibility plays an important role in increasing corporate value as a result of increasing company sales by carrying out various social activities in the surrounding environment.

2. LITERATURE REVIEW

2.1 Stakeholder Theory

Gusti Ayu Made Ervina Rosiana et al (2013), stakeholder theory says that a company is not an entity that only operates for its own interests but must provide benefits for stakeholders. Ibnu Dipraja (2014), stakeholder theory is a theory that states that a company is not an entity that only operates for its own sake, but must also provide benefits to all stakeholders who have an interest in it. Thus, the existence of a company is strongly influenced by the support provided by stakeholders to the company.

I Nyoman Swastika Yoga Sindhudiptha and Gerianti Wirawan Yasa (2013) argue that stakeholders are individuals or groups of people who can influence or be influenced by various decisions, policies or company operations. Gusti Ayu Erviana Rosiana et al (2013), Corporate social responsibility should go beyond the act of maximizing profit for the benefit of shareholders (stakeholders), but more broadly, that the welfare that can be created by a company is not limited to the interests of shareholders, but also for the interests of stakeholders, namely to parties that have a relationship or claim against the company. They are suppliers, customers, governments, local communities, investors, employees, political groups and trade associations. Just as shareholders have rights to actions taken by company management, stakeholders also have rights to the company.

Basically, stakeholders can control or have the ability to influence the use of economic resources used by the company. Therefore, stakeholder power is determined by the size of the power that stakeholders have over these resources. This power is in the form of the ability to limit the use of limited economic resources (capital and labor), access to influential media, the ability to influence consumption of goods and services produced by the company. Therefore, when stakeholders control important economic resources for the company, the company will react in ways to satisfy stakeholder desires.

2.2 Legitimacy Theory

Gusti Ayu Made Ervina Rosiana et al (2013), argues that the theory of legitimacy is an idea of a social contract between companies and communities. Meanwhile, Riska Anggita Sari (2012) argues that legitimacy theory is the psychological state of taking sides of people and groups of people who are sensitive to the symptoms of the surrounding environment, both physical and non-physical. Anggita Sari (2012), argues that an organization implements four legitimacy strategies when facing various threats.

2.3 Social Contract Theory

This theory arises because of the internalization in the social life of society, so that there is harmony, harmony, and balance, including in the environment. So that there are agreements that protect each other's interests. Social contracts are built and developed, one of which is to explain the relationship between the company and society (society). Here, companies or organizations have an obligation to society to benefit society. Internalizing the company and the community will always try to comply with and comply with the rules and norms prevailing in society, so that the company's activities can be seen as legitimate.
2.4 Corporate Social Responsibility

Fahmi (2013: 81) Corporate social responsibility is the commitment of companies or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and emphasizing the balance between attention to economic, social and environmental aspects. Ambadar (2008: 33) argues that corporate social responsibility is a management concept that uses a triple bottom line approach, namely a balance between making profits, must go hand in hand and in harmony with social functions and environmental preservation for the realization of sustainable development.

2.5 Profitability

Profitability is the company's ability to generate profits at a certain level of sales, assets, and share capital. Meanwhile, Irham Fahmi (2011: 235). Kamil and Herusetya in Gusti Ayu Made Ervina Rosiana et al (2013) argue that the higher level of profitability shows that the company is able to get bigger profits, so that the company is able to increase social responsibility activities, and is able to express social responsibility in an annual report with wider. The profitability calculation model used in this study is as follows:

1. Return on Assets (ROA) is also called earning power because this ratio describes the company's ability to generate profits from every dollar used. By knowing this ratio, it can be assessed whether the company has been efficient in utilizing assets in the company's operational activities.
2. Return on Equity (ROE) adalah rasio yang mengukur kemampuan perusahaan dalam menghasilkan laba berdasarkan modal saham tertentu. Return on Equity (ROE) merupakan alat yang paling sering digunakan investor dalam pengambilan investasi.
3. Net Profit Margin) is a profitability ratio that describes the company's ability to generate profits from the company's operational activities

2.6 Conceptual Framework

Based on the descriptions that have been stated previously, the framework that will be used by researchers in this study are as follows:

![Figure: 1 Research Framework]

3. RESEARCH METHOD

3.1 Independent Variable
The independent variable is a variable that affects or causes changes or the emergence of the dependent variable. Sugiono (2013: 39), independent variables are often called independent variables, namely variables that affect or cause changes or the emergence of the dependent variable.

In this study, the independent variable is corporate social responsibility (X). To measure the disclosure of corporate social responsibility, researchers used a measuring tool for the application of corporate social responsibility scores. The components for corporate social responsibility include the following:
1. Environment.
2. Workforce health and safety.
3. Other labor.
4. Products.
5. Community involvement.

The measurement is then made based on the disclosure index of each company which is calculated by dividing the number of items expected to be disclosed by the company. The calculation of the disclosure index is formulated as follows:

\[
\text{CSRD} = \frac{V}{M}
\]

Information:

CSRD : Corporate Social Responsibility Disclosure Responsibly (company disclosure index)
V : The number of items actually disclosed
M : The number of items the company expects to disclose

3.2 Dependent variable

The dependent variable is a variable that is influenced or becomes a result because of the independent or dependent variable (Sugiono, 2013: 39). In accordance with the problem to be studied, the related variable will be profitability. In this study, profitability is the dependent variable, symbolized by (Y). Profitability is measured by Return On Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) which is obtained from the annual financial statements of manufacturing companies in the energy and minerals sector, during the study period.

3.3 Population and Sample

The population in this study amounted to 38 manufacturing companies in the energy and mineral sector listed on the Indonesia Stock Exchange (BEI). Manufacturing companies in the energy and mineral sector listed on the Indonesia Stock Exchange (IDX) are used as the population because apart from these companies they have the obligation to submit financial reports and company annual reports to outside parties, especially stakeholders, but also manufacturing companies in the energy and energy sector. Minerals have more influence or impact on the environment around the company’s operations.
The sample selection was carried out using purposive sampling method with the aim of getting a representative sample according to the specified criteria. The sample of companies that will be used in this research is 26 companies. The list of company names sampled is as follows:

### Table 1

**List of company names that conducted the research**

<table>
<thead>
<tr>
<th>No</th>
<th>Code</th>
<th>Company</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADRO</td>
<td>PT Adaro Energi Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>2</td>
<td>ANTAM</td>
<td>PT Aneka Tambang (Persero) Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>3</td>
<td>BYAN</td>
<td>PT Bayan Resources Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>4</td>
<td>PTBA</td>
<td>PT Tambang Batu Baru Bukit Asam Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>5</td>
<td>BUMI</td>
<td>PT Bumi Resources Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>6</td>
<td>ITMG</td>
<td>PT Indo Tambangraya Mega Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>7</td>
<td>PTRO</td>
<td>PT Petrolea Tbk</td>
<td>Coalmine</td>
</tr>
<tr>
<td>8</td>
<td>ELSA</td>
<td>PT Elnusa Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>9</td>
<td>ENRG</td>
<td>PT Energi Mega Persada Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>10</td>
<td>MEDCO</td>
<td>PT Medco Energi Internasional Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>11</td>
<td>PGN</td>
<td>PT Perusahaan Gas Negara (Persero) Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>12</td>
<td>ARTI</td>
<td>PT Ratu Prabu Energi Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>13</td>
<td>RUIS</td>
<td>PT Radian Urama Investindo Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>14</td>
<td>BIPI</td>
<td>PT Benakat Petroleum Energi Tbk</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>15</td>
<td>TINS</td>
<td>PT Timah Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>16</td>
<td>CTTH</td>
<td>PT Citatah Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>17</td>
<td>INCO</td>
<td>PT Internasional Nickel Indonesia Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>18</td>
<td>BRAU</td>
<td>PT Berau Coal Energi Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>19</td>
<td>DEWA</td>
<td>PT Darma Henwa Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>20</td>
<td>HRUM</td>
<td>PT Harum Energi Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>21</td>
<td>CITA</td>
<td>PT Cita Mineral Investindo Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>22</td>
<td>MITI</td>
<td>PT Mitra Investindo Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>23</td>
<td>DKFT</td>
<td>PT Central Omega Resources Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>24</td>
<td>PSAB</td>
<td>PT J Resources Asia Pasific Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>25</td>
<td>BORN</td>
<td>PT Borneo Lumbung Energi &amp; metal Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
<tr>
<td>26</td>
<td>CKRA</td>
<td>PT Cakra Mineral Tbk</td>
<td>Metals and Other Minerals</td>
</tr>
</tbody>
</table>

#### 3.4 Multiple Linear Regression Analysis

Multiple linear regression analysis is a linear relationship between the independent variable and the dependent variable (Duwi Priyatno, 2013: 71). The analysis technique used is using SPSS (Statistical Product and Service Solution) version 20, which is the analysis used to determine the relationship between the independent variable and the dependent variable. In this study, the independent variable is corporate social responsibility (X), while the dependent variable is Return on Assets (Y1), Return on Equity (Y2), and Net Profit Margin (Y3).

The formula used in this multiple linear analysis is as follows:

\[ Y1 + Y2 + Y3 = a + bX \]

Where:

- **X** = Corporate Social Responsibility (CSR)
- **Y1** = Return on Assets (ROA)
Y2 = Return on Equity (ROE)
Y3 = Net Profit Margin (NPM)
A = Constant
b = Regression Coefficient

4. RESULTS AND DISCUSSION
4.1 Results

Table 2 Dependent Variable ROA

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-35.494</td>
<td>25.362</td>
<td>-1.399</td>
</tr>
<tr>
<td></td>
<td>CSRD</td>
<td>80.056</td>
<td>37.613</td>
<td>.398</td>
</tr>
</tbody>
</table>

From the regression calculations processed using SPSS version 20, the form of the regression equation is obtained as follows:

\[ Y = a + bX \]

Y is the predicted dependent variable, a is a constant, b is the regression coefficient, and X is the independent variable (Duwi Priyatno 2013: 71). Based on the research results, the regression equation between disclosure of corporate social responsibility and Return on Assets (ROA) is obtained as follows:

\[ Y = -35,494 + 80,056 \]

From this equation it can be concluded as follows:

1. The coefficient value recorded from the above regression results for the constant is -35,494, indicating that if the company does not disclose corporate social responsibility at all (disclosure of corporate social responsibility = 0), then the company's Return on Assets (ROA) is -35,494.

2. The coefficient value of the corporate social responsibility variable recorded from the regression results is 80.056, indicating that each disclosure of corporate social responsibility increases by 1%, then Return on Assets (ROA) increases by 80.056. The coefficient is positive, meaning that there is a positive relationship between disclosure of corporate social responsibility and Return on Assets (ROA), the more the disclosure of corporate social responsibility, the higher the Return on Assets (ROA) as well.

Table 3 Dependent Variable ROE

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-36.382</td>
<td>32.000</td>
<td>-1.137</td>
</tr>
<tr>
<td></td>
<td>CSRD</td>
<td>109.108</td>
<td>47.457</td>
<td>.425</td>
</tr>
</tbody>
</table>
From the regression calculations processed using SPSS version 20, the form of the regression equation is obtained as follows:

\[ Y = a + bX \]

\( Y \) is the predicted dependent variable, \( a \) is a constant, \( b \) is the regression coefficient, and \( X \) is the independent variable (Duwi Priyatno 2013: 71). Based on the research results, the regression equation between disclosure of corporate social responsibility and Return on Equity (ROE) is obtained as follows:

\[ Y = -36,382 + 109,108 \]

From this equation it can be concluded as follows:

1. The coefficient value recorded from the above regression results for the constant is -36,382, indicating that if the company does not disclose corporate social responsibility at all (disclosure of corporate social responsibility = 0), then the company's Return on Equity (ROE) is -36,382.

2. The coefficient value of the corporate social responsibility variable recorded from the regression results is 109.108, indicating that each disclosure of corporate social responsibility increases by 1%, so the Return on Equity (ROE) increases by 109.108. The coefficient is positive, meaning that there is a positive relationship between disclosure of corporate social responsibility and Return on Equity (ROE), the more the disclosure of corporate social responsibility, the higher the Return on Equity (ROE) as well.

### Table 4 Dependent Variable NPM

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.123</td>
<td>.204</td>
<td>-.602</td>
</tr>
<tr>
<td></td>
<td>CSRD</td>
<td>.654</td>
<td>.303</td>
<td>.404</td>
</tr>
</tbody>
</table>

From the regression calculations processed using SPSS version 20, the form of the regression equation is obtained as follows:

\[ Y = a + bX \]

\( Y \) is the predicted dependent variable, \( a \) is a constant, \( b \) is the regression coefficient, and \( X \) is the independent variable (Duwi Priyatno 2013: 71). Based on the results of research processed using SPSS version 20, the regression equation between disclosure of corporate social responsibility and Net Profit Margin (NPM) is as follows:

\[ Y = -0.123 + 0.654 \]

From this equation it can be concluded as follows:

1. The coefficient value recorded from the regression results above for the constant is -0.123, indicating that if the company does not disclose corporate social responsibility at all (disclosure of corporate social responsibility = 0), the company’s Net Profit Margin (NPM) is -0.123.

2. The coefficient value of the corporate social responsibility variable recorded from the regression results is 0.654, indicating that every disclosure of corporate social responsibility made by the company increases by 1%, the Net Profit Margin (NPM) increases by 0.654. The
coefficient is positive, meaning that there is a positive relationship between disclosure of corporate social responsibility and Net Profit Margin (NPM), the increasing disclosure of corporate social responsibility carried out by the company, the higher the Net Profit Margin (NPM).

4.2 Discussion

1. The results of the disclosure test of Corporate Social Responsibility (CSR) have an effect on Return on Assets (ROA)

The implementation of corporate social responsibility is believed to increase profitability, where investors tend to invest in companies that carry out corporate social responsibility activities. Because for investors, companies that carry out corporate social responsibility activities have the potential to generate greater profits than not implementing corporate social responsibility so that in the future the company will be able to increase the company's profitability.

Return on Assets (ROA) is the company's ability to generate profits with the assets used. Return on Assets (ROA) in financial analysis has an important meaning as an analytical tool to measure how efficient management is in using assets to generate profits. Return on Assets is an information for investors about how much profit is generated from the invested capital. Companies that face sharp competition in the business world will implement a Return on Assets (ROA) strategy. The results of this study indicate that the disclosure of Corporate Social Responsibility Disclosure (CSRD) on Return on Assets (ROA). This shows that the Return on Assets (ROA) has a significant level of 0.044. Because the level of significance is less than 0.05, the hypothesis that disclosure of corporate social responsibility has a positive and significant effect on Return on Assets (ROA) is accepted. It can be concluded that the more corporate social responsibility activities the company publishes, the Return on Assets (ROA) will also increase. The results of this analysis support the research of Kadek Rosiliana et al (2014), Melisa Syanaz (2013), and Multafia Almar et al (2012) but contradict I Nyoman Swastika Yoga Sindhudiptha and Gerianta Wirawan Yasa (2013).

2. The results of the disclosure of corporate social responsibility have an effect on Return on Equity (ROE)

Corporate social responsibility includes three main dimensions, namely seeking profit (profit) for the company, empowering the community (people), and preserving the nature / earth (planet). Some examples of social responsibility activities that are usually carried out by companies are scholarship programs, the establishment of target schools, partnerships through UMKN, occupational health and safety, environmental conservation in the form of greening and others. Has a positive impact or has a significant relationship to Return on Equity (ROE).

The implementation of this corporate social responsibility will cause the company to incur significant additional costs. Expenditures due to these costs will certainly affect the company's profit. However, this will also increase the company's positive image in the eyes of the community so that the social costs incurred for corporate social responsibility will affect the company's profitability.

The results of this study indicate that the disclosure of Corporate Social Responsibility Disclosure (CSRD) on Return on Equity (ROE). This shows that the Return on Equity (ROE) has a significant level of 0.031. Because the level of significance is less than 0.05, thus the hypothesis states that disclosure of corporate social responsibility has a positive and significant effect on Return on Equity (ROE) is accepted. It can be concluded that the more corporate social
responsibility activities that the company publishes, the more Return on Equity (ROE) will increase. The results of this analysis support the research of Melisa Syanaz (2013) but do not support the research of Kadek Rosiliana et al (2014).

3. The results of the disclosure test on corporate social responsibility have an effect on the Net Profit Margin (NPM)

Corporate social responsibility can have a positive impact on the company where by carrying out corporate social responsibility activities the company can increase public confidence in the company's products so that the company's reputation also increases in the eyes of the community. The more salable the company's products are in the market, the more profit the company can generate. Increasing profits will be able to attract investors, because profitability is an important consideration for investors in investment decisions.

In other words, the better the company performs disclosure of social responsibility, the better the company image will be built in the eyes of consumers. Consumers will have a good view because the company has paid attention to the public interest, thus consumers do not mind using the product. The more consumers use the product, it will increase the company's sales.

Net Profit Margin (NPM) is a profitability ratio that describes the company's ability to generate profits from the company's operational activities. When associated with the disclosure of corporate social responsibility, it can be seen how the effect of disclosure of corporate social responsibility by the company on the profits or profits obtained by the company itself. This ratio is a comparison between net profit after tax and sales. Net Profit Margin (NPM) shows the percentage of each rupiah sales remaining after deducting all costs, expenses and including interest and taxes.

The results of this study indicate that the disclosure of Corporate Social Responsibility Disclosure (CSRD) on the Net Profit Margin (NPM) has a significant level of 0.041. Because the level of significance is less than 0.05, the hypothesis that disclosure of corporate social responsibility has a positive and significant effect on Net Profit Margin (NPM) is accepted. The more companies that disclose corporate social responsibility, the higher the level of company sales, which in turn will increase profits. These results support the research of Multafia Almar et al (2012).

5. RESUME

Based on the results of research and discussion, the following conclusions were drawn:

1. The disclosure of corporate social responsibility has a positive and significant effect on Return on Assets (ROA). Publication of corporate social responsibility causes companies to incur significant additional costs. Expenditures will certainly affect the company's profit. But on the other hand, it will also create a positive image of the company in the eyes of the community so that people respond well to the company's products, which in turn has an impact on increasing company profits. Profit increases, the Return on Assets (ROA) also increases.

2. Disclosure of corporate social responsibility has a positive and significant effect on Return on Equity (ROE). Corporate social responsibility includes three main dimensions, namely seeking profit (profit) for the company, empowering the community (people), and preserving the nature / earth (planet). Some examples of social responsibility activities that are usually carried out by companies are scholarship programs, the establishment of target schools, partnerships through UMKN, occupational health and safety, environmental conservation in the form of greening and others. Has a positive impact or has a significant relationship to Return on Equity
(ROE). The implementation of this corporate social responsibility will cause the company to incur significant additional costs. Expenditures due to these costs will certainly affect the company's profit. However, this will also increase the company's positive image in the eyes of the community so that the social costs incurred for corporate social responsibility will affect the company's profitability. Profit increases Return on Equity (ROE) also increases.

3. Disclosure of corporate social responsibility has a positive and significant effect on Net Profit Margin (NPM). Corporate social responsibility can have a positive impact on the company, where by carrying out corporate social responsibility activities the company can increase public confidence in the company's products so that the company's reputation also increases in the eyes of the community. So people want to buy the company's products. Net Profit Margin (NPM) is a profitability ratio that describes the company's ability to generate profits from the company's operational activities. If it is related to the disclosure of corporate social responsibility, it can be seen how the effect of disclosure of corporate social responsibility by the company on the profits or profits that the company gets itself is the more salable the company's products in the market, the profit that the company can generate will increase. The company's profit increases, so the Net Profit Margin (NPM) also increases.

REFERENCES


