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CORPORATE SOCIAL RESPONSIBILITY, LIQUIDITY AND LEVERAGE INFLUENCE ON FINANCIAL PERFORMANCE

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A B S T R A C T

This study aims to examine the effect of Corporate Social Responsibility, Liquidity, Leverage and on Financial Performance in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2019. This research uses secondary data from the financial statements Manufacturing company listed in Indonesia Stock Exchange. The sampling technique used is purposive sampling, with a sample of 45 companies for the 2017-2019 period. Based on the results of the study indicate that thevariable Corporate Social Responsibility, Leverage (Debt to Equity Ratio) has a significant effect on Financial Performance (Return On Assets), while Liquidity (Current Ratio) does not have a significant effect on Financial Performance (Return On Assets).

Keywords: Corporate Social Responsibility, financial ratio, financial performance

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INTRODUCTION

In the company's organization has a certain goal which can be achieved in an effort to meet financial performance, namely with the effectiveness of the interests of the company's members. To get a success in achieving the company's goals by improving management performance. One measure of company performance is the analysis of financial ratios. Financial performance is a picture of the achievement of the company's success which can be interpreted as a result in every decision taken by the manager. In some cases, this is because institutional investors are involved in strategic decisions so they do not easily believe in earnings manipulation. This result is not in line with Solikin (2013) which states that institutional ownership has been achieved for various activities.

Financial performance is an analysis carried out to see the achievements that have been achieved by the company and the extent to which a company has been stated in the financial statements carrying out using the company in a certain period. The rules for implementing corporate finance as a form of good and right Munawir, (2014). In the company's financial performance can be seen in the financial statements, from the report it can be assessed the extent to which the company's management is able to process company assets and can assess how the company's financial performance is. Social, economic and environmental problems force the company to integrate a system that demands a rule of law in compliance with all areas and also focuses on the good for the community.

Financial performance can affect several factors, including Corporate Social Responsibility (CSR) is the responsibility given by the company to meet the needs of stakeholders both internally and externally. The better the company discloses Corporate Social Responsibility (CSR), the better the assessment given by stakeholders to the company, so that its financial performance will be better. Research conducted by Mustafa, (2014) which shows that Corporate Social Responsibility (CSR) has no effect on performance finance.

Research conducted by Mustafa, (2014) which shows that Corporate Social Responsibility (CSR) has no effect on financial performance. This shows that the size of the disclosure of Corporate Social Responsibility (CSR) carried out by the company will not affect the good or bad financial performance. However, this research contradicts the research conducted by KBlack, (2014) which shows that Corporate Social Responsibility (CSR) has a positive effect on the company's financial performance. This can indicate that the greater the company's disclosure of Corporate Social Responsibility (CSR), it is expected to improve the company's financial performance of Corporate Social Responsibility (CSR) which can affect the increase of a value in a company.

Liquidity is the company's ability to pay off short-term financial obligations. There are 3 types of liquidity ratios that are often used, namely (1) thecurrent ratio, thequick ratioand thecash ratio. Widyastuti (2019), the higher the liquidity value of a company, the smaller the risk of the company's failure to meet long-term obligations. The high value of liquidity from the company will reduce uncertainty from investors but indicate the existence of idle funds. Liquidity that is too high can indicate excess cash or current assets than would be needed. Liquidity can refer to the company's ability in the availability of company resources to meet short-term cash needs.

Leverage is a company's ability to meet its financial obligations, both short-term and long-term. The leverage arises because the company in its operations uses assets and several sources of funds that cause a fixed burden for the company. Silalahi, (2017) the higher thevalue leverage shows that the amount of debt owned by the company is greater than the capital, so the costs that must be borne by the company to meet obligations will be greater, and have an impact on the decline in the value of the company. As shown in Syari's research, (2014) which shows that Leverage has no effect on financial performance. This shows that the size of the debt ratio level carried out by the company will not affect the good or bad financial performance.

Looking at some of the opinions and backgrounds above and several cases that have occurred in manufacturing companies that can affect financial performance, there are things that must be discussed in depth on financial performance by using several factors, namely corporate social responsibility, liquidity, and leverage , the researchers took the title “The Influence of Corporate Social Responsibility (CSR), Liquidity and Leverage on Financial Performance (Study on Manufacturing Companies in 2017-2019).”

METHODS

Type of research uses quantitative research. Quantitative research means a research method based on researching a particular population or sample, collecting data using research instruments, analyzing statistical data with the aim of describing and testing established hypotheses (Sugiono, 2017:23). This study aims to analyze the quality relationship used to explain the influence of the independent variable on the dependent variable. The independent variable that will be used as a measure of financial performance is the influence of Corporate Social Responsibility, Liquidity, and Leverage. The data used in this research is secondary data. Where secondary data is data provided by a data collection agency that can be used by the public. The data used in this study is quantitative data or in the form of numbers, because the data obtained comes from company data. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) that implement corporate social responsibility, liquidity and leverage that have published internal company data in the form of Financial Performance. in 2017 – 2019 Manufacturing companies amounted to 182 companies. The sampling technique used in this research is purposive sampling, which means the sampling technique is based on criteria that have been adapted to the research objectives.

RESULTS AND DISCUSSION

statistics is a transformation process in which research data is converted into tabulated form in the form of numeric tables and graphs to make it easier to understand. Descriptive statistics in the form of a description and descriptive of a data seen from the minimum, maximum, and average values (mean). The following are the results of the data that have been processed in the form of descriptive statistics:

Table 1. Descriptive Statistics Test Results

Variable	N	Minimum	Maximum	Mean	*Std.Deviation*
Corporate Social Responsibility	135	0,42	1,00	71,55	0,09
Liquidity	135	0,00	691,70	254,8777	149,25303
Leverage	135	0,00	252,23	79,1254	58,03819
Financial Results	135	0,07	15,62	5,6700	3,57407

Source: SPSS, researchers processed data in 2021

According to Ghozali (2016) the purpose of the normality test is to test the independent and bound variables with normal distribution or not. There are two ways that can be used to find out whether the data is normally distributed or not, which can be analyzed using graphs and statistical tests. Testing with a normal probability plot (PP Plot) graph in this study if the points in the graph follow or are close to a diagonal line, then the residual value is normally distributed. Based on the SPSS output results of SPSS output results can be seen that the points approach and follow the diagonal line. However, to conclude that the regression model is normally distributed using the PP Plot graph alone is not enough, so thetest is also carried out *Kolmogorov-Smirnov* for more accurate results. The following are the results of the *Kolmogorov-Smirnov test* that have been carried out:

Table 2. The results of the *Kolmogorov-Smirnov Test*

Variables	Asymp. Sig. (2-tailed)	Conclusion
Independent*: Corporate Social Responsibility*, Liquidity and *Leverage* Dependent: Financial Performance	0,073	Data is normally distributed

Source: SPSS results, 2021

Based on table 2. test results *Kolmogorov-Smirnov* can be seen that the residuals of the research model are normally distributed. Evidenced by the value of *asymp. Sig. (2-tailed)* of 0.073 which means it is greater than 0.05. Thus it can be concluded that the data in the study are normally distributed and the regression model is feasible to use.

Test This test is used to detect the presence of multicollinearity or it cannot be done by looking at thevalue *cutoff* commonly used, namely the *tolerance value* of 0.10 or the same as the value of VIF (*Variant Influence Factor*) 10. In these2studies, multicollinearity testing by looking at the output SPSS in the *coefficient table.* Multicollinearity testing can be seen in the following table:

Table 3. Multicollinearity Test

Variable	Tolerance	VIF	Conclusions
Corporate Social Responsibility	0.935	1.069	No Multicollinearity
Liquidity	0.648	1.543	NoMulticollinearity
Leverage	0.625	1.599	No Multicollinearity

Source: SPSS, data processed by researchers 2021

The test results are in table 3. shows that the*tolerance value* on thevariable is *Corporate Social Responsibility* 0.935, Liquidity is 0.648 and *Leverage is* 0.625 which means the value of each variable is 0.10 and the VIF value on thevariable is *Corporate Social Responsibility* 1.069, Liquidity is 1.543 and *Leverage is* 1.599 which means the value for each - each variable 10. Thus, it can be concluded that the regression model does not have multicollinearity between independent variables.

Test aims to test the linear regression model whether there is a correlation between the nuisance error in period t and the previous period. If there is a correlation, it is called an autocorrelation problem. The autocorrelation test can be seen in the following table:

Table 4. DW Test Bounce

Number of Observations	Variable	Information
135	k = 3	dU = 1.7645 dL = 1.6738 4 – dU = 4 – 1.7645= 2.2355 4 – dL = 4 – 1.6738= 2.3262

Source: Data processed by researchers 2021

Table 5. Autocorrelation Test Results

Variable	DW	Conclusion
Independent: *Corporate Social Responsibility*, Liquidity, and *Leverage* Dependent: Financial Performance	2.006	There is no autocorrelation

Source: SPSS, Data processed by researchers 2021

From Table 5. It can be seen that the Durbin-Watson (DW) value is 2.006, thus dU < DW < 4-dU or 1.7645 < 2.006 < 2.2355. So as the basis for decision making in the Durbin-Watson (DW) test, it can be concluded that there is no autocorrelation.

Test The heteroscedasticity test aims to test whether in the regression model there is an inequality of *variance* (difference) from the residuals of one observation with another observation. The regression model is said to be good if the *variance* (difference) of the residuals remains or is called homoscedasticity. To determine the presence or absence of heteroscedasticity by looking at thegraph *scatter plot* between the predicted value of the independent variable (ZPRED) and the dependent variable (ZRESID). By making decisions on graphic images,if there is no clear pattern such as wavy, widening and then narrowing, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity. The points spread above and below the number 0 on the Y axis and do not form a pattern certain, so it can be said that there is no heteroscedasticity in the regression model so that the model can be used.

linear regression analysis is used to determine and analyze the measurement of the relationship between two variables, namely the independent variable consisting of *Corporate Social Responsibility*, Liquidity, and *Leverage*, while the dependent variable is Financial Performance using multiple regression models with SPSS. From the data that has been processed using the SPSS program and then performs multiple linear regression analysis, it can be seen from the SPSS output below:

Table 6. Multiple Linear Regression

Variable	Unstandardized Coefficients B
(Constant)	1,700
Corporate Social Responsibility	6,292
Liquidity	0.003
Leverage	-0.017

Source: SPSS, Data processed by researchers 2021.

Based on the results of the multiple linear regression analysis in table 6. the following conclusions are drawn: $Y = 1{,}700 + 6{,}292\ X_1 + 0.003X_2 - 0.017X_3 + e$

Based on the above equation it can be seen that *Corporate Social Responsibility* has the value of the coefficient in the positive direction is 6.292, meaning that thevariable *Corporate Social Responsibility* effect and cause an increase in the value of Y by 1,700 then the financial performance will also increase.Variable Liquidity has a coefficient value in the positive direction, meaning that the higher the level of liquidity, the higher the financial performance obtained by the company so that in paying its short-term debts that are due are met.variable *Leverage* has a coefficient value in the negative direction of -0.017, meaning that the company in maximizing debt is ineffective because the debt that should be used as an addition to finance the company's operations decreases so that the financial performance obtained also decreases.

Test Statistict aims to5determine the direct influence of each independent variable (free) consisting of *Corporate Social*Responsibility,Liquidity and *Leverage* to dependent (tied), ie Financial. This test is based on a significance level of 0.05 (α = 5%). If the significance value 0.05 means that there is a partial effect of the independent variable on the dependent variable. Meanwhile, if the significance value 0.05 means that there is no partial effect of the independent variable on the dependent variable.

Table 7. Statistical Test Results t

No	Variable	T	Sig.	Conclusion
1	Corporate Social Responsibility	2.045	0.043	Influential
2	Liquidity	1.319	0.190	No Effect
3	Leverage	-2.691	0.008	Influential

Source: SPSS though, 2021

Testing H1 influence *of Corporate Social Responsibility* on the Performance Finance it can be seen in table 7. that the t count shown in the column Sig for thevariable *Corporate Social Responsibility* is 0.043 which is smaller than the error rate or alpha that has been set, which is 0.05. So it can be concluded that *Corporate Social Responsibilityan* haseffect on Financial Performance.

H2 Testing the influence of Liquidity on Financial Performance It can be seen in table 7. that the t count shown in the Sig column for the Liquidity variable is 0.190, which is greater than the error rate or alpha that has been set, which is 0.05. So it can be concluded that Liquidity has no effect on Financial Performance

Testing H3 the influence of *leverage* on Financial Performance It can be seen in table 7. that the t count shown in the Sig column for thevariable *leverage* is 0.008 smaller than the error level or alpha that has been set, which is 0.05. So it can be concluded that *leverage* has an effect on Financial Performance.

Coefisisen determination (R2) aims to determine the level of capabilities regression model that best5explained the variation of the dependent variableFinancial performance, this is indicated3by the coefficientdeteriminasi9($R^{2)}$between 0 (zero) to 1 (one). Coefficient of deteriminasi9($R^{2)}$is small means that the ability ofvariables9independent *Corporate Social*Responsibility,liquidity, and *leverage* in explaining7a variation ofvariable0the dependentFinancial performance is very limited. And the coefficient of deteriminasi9($R^{2)}$are approaching the8means that independent variables *of Corporate Social*Responsibility,Liquidity and *Leverage* provides almost all the information needed4to predictvariable variation7the dependentFinancial Performance. The following table of coefficients of determination (R2)

Table 8. Results The coefficient of determination

R Square	Adjusted R Square
0.180	0.174

Source: SPSS, Data processed in 2021 researchers

According to the table can be seen that the coefficient of determination of 0.180 or by 18%, which means that the influence independent variables which include Corporate Social Responsibility, Liquidity, and leverage on the dependent variable, namely Financial Performance by 18% and the remaining 82% is influenced by variables outside the variables used in this study. Corporate Social Responsibility effect on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017 – 2019. Sundari (2011) explains that the sustainability of a company's business is not guaranteed if it only relies on high profits, but companies must also have a high commitment in carrying out CSR (Corporate Social Responsibility).

Zuredah (2010), financial performance measurement is one of the most important factors in the company, because the measurement is used as a basis for compiling a reward system within the company, which can influence decision-making behavior within the company and provide useful information in making important decisions regarding assets used to make decisions that channel the interests of the company. Kadek, Rosiliana, et. al (2014: 2), Corporate Social Responsibility can have a positive impact on the company, where by carrying out CSR 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. If disclosure of Corporate Social Responsibility increases, asset returns will increase and vice versa, when the disclosure Corporate Social Responsibility decreases, the rate of return on assets will also decrease.

The results of this study are in line with research conducted by Nistantya (2010) which states that the disclosure of Corporate Social Responsibility has a positive and significant effect on ROA. The relationship between the company's financial performance and the disclosure of Corporate Social Responsibility (CSR) has become the basis for reflecting in the view that social reactions require a significant managerial style. If the higher the level of corporate financial performance generated by the company, the disclosure of social responsibility information will tend to be even greater (Shahnaz 2013). According to Ludfi (2017) that thevariable Corporate Social Responsibility (CSR) has a simultaneous effect on Return on Assets. Research with the same results conducted by

Azizah (2017) found that Corporate Social Responsibility (CSR) had a significant effect on ROA. Different results are shown in research conducted by Deeva (2017) finding the results that ROA does not have a relationship between corporate social responsibility (CSR) and company financial performance.

Liquidity has no effect on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017 – 2019. Liquidity is the company's ability to pay short-term financial capabilities on time, company liquidity is addressed by the size of current assets, namely assets that are easy to convert into cash which includes cash , securities, receivables and inventories (Sartono, 2010:116). According to Fahmi (2014) stated that liquidity is a problem related to the problem of a company's ability to meet its financial obligations that must be met immediately. Sofie (2015) argues that liquidity is the ability of a company to meet its finances that must be fulfilled immediately or the company's ability to fulfill its obligations when billed.

In this study, the Current Ratio (CR) is used to measure the level of company liquidity. Hantono (2016) states that the Current Ratio (CR) shows the extent to which current assets cover current liabilities. The greater the ratio of current assets and current liabilities, the higher the company's ability to cover its short-term liabilities. RatioCurren Lowusually considered to indicate the occurrence of liquidity msalah in reverse current ratio is too high is also not good, because it shows the number of unemployed funds, which in turn can reduce the ability of corporate profits (Hantono, 2016). The results of Enny Istanti's research (2017) show that liquidity has no effect on financial performance.

Leverage has an effect on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017 – 2019. Leverage is a ratio used to measure how much assets the company has from debt or capital (Wahyuni 2019). According to Artini (2012) Leverage is a ratio used to measure how far the company uses its debt. The higher the leverage ratio indicates the lower the company's funding provided by the shareholders. So the size of the level of leverage will affect the company's financial performance.

Leverage can also be called solvency namely the ratio used to measure the extent to which the company is funded by debt, which means how much debt is borne by the company when compared to its assets (Halmawati, 2014). The higher the level of use of debt will be dangerous for the company and show the company is in a bad condition, therefore the company must balance how much debt is worth taking and where are the sources that will be used to pay the debt.

Leverage has a significant effect on Financial Performance in Manufacturing companies listed on the Indonesia Stock Exchange in 2017 – 2019. This result is because the significance value of leverage is smaller than . This study shows that the higher leverage will cause financial performance to decline. According to Fitriyah (2018), explaining that companies that have high debt ratios can jeopardize the company's growth rate in the future, therefore companies that have high profit levels actually have low debt levels.

CONCLUSION

Corporate Social Responsibility significant effect on the financial performance in manufacturing companies whereperiod 2017-2019 for disclosure *Corporate Social Responsibility* increases, asset returns will increase and vice versa, when the disclosure *Corporate Social Responsibility* decreases, the rate of return on assets will also decrease. Liquidity has no significant effect on financial performance in manufacturing companies for the 2017-2019 period because the greater the ratio of current assets and current liabilities, the higher the company's ability to cover its short-term liabilities. *RatioCurren* Lowusually considered to indicate the occurrence of liquidity problems in the reverse *current ratio* is too high is also not good, because it shows the number of unemployed funds, which in turn can reduce the ability of corporate profits. *Leverage* has a significant effect on the financial performance of manufacturing companies for the 2017-2019 period because the higher the level of *leverage* , the higher the financial performance obtained so that all of the company's short-term debts that are due are met.

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