
EFFECT OF CORPORATE SOCIAL RESPONSIBILITY AND PROFITABILITY ON STOCK PRICES

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Abstract: The purpose of this research is to analyze effect of corporate social responsibility and profitability on stock prices. This research is a type of explanatory research. The population in this study is the Food and Beverage Industry on the Indonesia Stock Exchange during the period 2019 to 2022, namely 51 companies. The sample of this study are companies that actively issued corporate social responsibility during the research period, namely the Food and Beverage Industry on the Indonesia Stock Exchange, totaling 11 companies. Hypothesis testing uses partial (t) test. The results of the study show that corporate social responsibility has a significant effect on stock prices. Profitability has a significant effect on stock prices.

INTRODUCTION

Stocks are investment instruments that are classified as having a very high risk, because stocks are very sensitive to changes that occur, both politically, economically, monetarily, domestically and internationally, as well as other changes. These changes can have a positive or negative impact on the company's stock prices.

The stock prices is an indicator of the company's success in managing the company's operations. If the stock prices always increases, investors and potential investors tend to give a positive assessment of the company's success. This assessment will of course be beneficial for the issuer, because through this assessment it will generate interest and desire of investors and potential investors to invest in the company concerned.

Basically, the price of ordinary shares that occur in the market will be very meaningful for the company because this price will determine the value of the company (Tandelilin, 2010). Stock prices will always fluctuate within a very short span of time. The market mechanism will appear in determining the share price.

If there is more and more demand for a company's shares, then the share price will increase. However, on the contrary, if there is an excess supply of a stock, then the stock prices will tend to fall. This is also done by manufacturing companies in the consumer goods industry sector. With the existence of a capital market, it will be easier for companies to get funds from the public, because the capital market provides opportunities for the public to participate in taking part in the company. The capital market is a place where various parties, especially companies, sell stocks and bonds, with the aim that the proceeds from the sale will be used as additional funds or to strengthen the company.

Financial statements are designed to help report users to identify the relationship between the variables of the financial statements. Any changes in the financial position will affect the company's stock prices. Financial statements are historical documents. The financial statements tell what has happened, but users of financial statements need data to know what will happen in the future. Financial reports will provide information about the company's financial position, financial performance and cash flows that are useful for report users in making economic decisions, for example management as an internal party uses financial reports as indicators to see how well the company and its business units are performing. For external parties, such as investors, financial reports are used to assist in investing activities in the capital market.

Profitability ratios are used to determine the company's ability to generate profits or how effective the management of the company is. The profitability measurement used in this study is return on assets. This ratio is important for management to evaluate the effectiveness and efficiency of the company's management in managing all of the company's assets and generating profits by utilizing its assets. The greater the return on assets generated by the company, the more efficient use of company assets or profits generated is large, and can also increase the company's stock prices (Sudana, 2011).

Corporate social responsibility is a company mechanism that consciously integrates a concern for the social environment with its operations and interactions with stakeholders. According to Sudana (2011) which states that corporate social responsibility has a relationship with the company's financial performance, the higher the implementation of corporate social responsibility within the company, the company's financial performance will also be higher.

The purpose of this research is to analyze effect of price and promotion on car purchase decisions.

RESEARCH METHODS

This research is a type of explanatory research, which is research used to test the hypothesized relationship between variables (Octiva et al., 2018; Pandiangan, 2018; Pandiangan, 2022).

Places of research can be carried out at certain institutions or areas within the community. Time of research is the length of the research process (Asyraini et al., 2022; Octiva, 2018; Pandiangan, 2015; Sudirman et al., 2023). Place and time of research on the Food and Beverage Industry on the Indonesia Stock Exchange through internet media with the website www.idx.co.id.

In the form of people, objects, transactions, or events where we are interested in studying it or become objects of research (Jibril et al., 2022; Pandiangan et al., 2018; Pandiangan, 2022). The population in this study is the Food and Beverage Industry on the Indonesia Stock Exchange during the period 2019 to 2022, namely 51 companies. The sample of this study are companies that actively issued corporate social responsibility during the research period, namely the Food and Beverage Industry on the Indonesia Stock Exchange, totaling 11 companies.

Hypothesis testing uses partial (t) test. Partial (t) test is to test how each independent variable affects the dependent variable which is considered constant (Octiva et al., 2021; Pandiangan et al., 2021; Pandia et al., 2018).

RESULT

Partial (t) Test

Partial (t) test is a test used to test the significance of the partial coefficients. Partial (t) test is used to determine the partial effect of the independent and dependent variables by looking at the t value at the 5% significance level (Pandiangan et al., 2022; Tobing et al., 2018, Sutaguna et al., 2022).

Table 1. Partial (t) Test

Variable	Sig.
Corporate Social Responsibility	0.023
Profitability	0.047

Dependent Variable: Stock Prices

The results of the study show that corporate social responsibility has a significant effect on stock prices. According to Sudana (2011) which states that corporate social responsibility has a relationship with the company's financial performance, the higher the implementation of corporate social responsibility within the company, the company's financial performance will also be higher and will automatically increase stock prices.

Profitability has a significant effect on stock prices. Profitability ratios are used to determine a company's ability to generate profits or how effective management of the company is by management (Syahyunan, 2013). The profitability measurement used in this study is return on assets. This ratio is important for management to evaluate the effectiveness and efficiency of the company's management in managing all of the company's assets and generating profits by utilizing its assets. The greater the return on assets generated by the company, the more efficient use of company assets or profits generated is large, and can also increase the company's stock prices (Sudana, 2011).

CONCLUSION AND SUGGESTION

The results of the study show that corporate social responsibility has a significant effect on stock prices. Profitability has a significant effect on stock prices.

From the conclusions above, the suggestions for this research are:

1. In this study the variables used are corporate social responsibility and profitability as independent variables in viewing stock prices in the Food and Beverage Industry on the

Indonesia Stock Exchange. It is hoped that future researchers can add other variables in research such as macroeconomic, inflation, interest rates, and politics factors.

2.The sample used is the Food and Beverage Industry listed on the Indonesia Stock Exchange for the period 2015 to 2017. Future researchers should be able to add years and other sector companies so that research is even better.

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HALAMAN INI SENGAJA DIKOSONGKAN