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THE INFLUENCE OF TAX AGGRESSIVENESS, PROFITABILITY, LEVERAGE, AND COMPANY AGE ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE (CSRD) IN THE CONSUMER CYCLICALS SECTOR

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ABSTRACT

This research was conducted using secondary data on financial reports that have been published on the official websites of each company that are included in the consumer cyclicals category by downloading the financial report data. The population in this research is consumer cyclical sector companies in Indonesia in 2017-2021. By using a non-probability sampling method, the total sample obtained in this research was 60 data from 6 consumer cyclical companies. The analytical method used in this research is multiple regression analysis using eviews software version 10 and Microsoft Excel 2016. Based on research, it shows that the influence of tax aggressiveness, profitability, leverage and company age together have an influence on corporate social responsibility disclosure (CSRD)

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INTRODUCTION

Companies are part of society and the environment, where their existence cannot be separated from society and the environment. Therefore, companies must not develop themselves without paying attention to society and the environment. The impact of company activities is not only felt by parties directly related to the company, because the existence and impact of company activities often conflict and even harm the interests of other parties. If these differences in interests are not followed up, they will affect the company's activities and existence, therefore companies should not only focus on the company's interests, but also pay attention to the interests of parties outside the company. Nor Hadi (2011: 21) states that the company's orientation should shift from being oriented towards shareholders (shareholder orientation) with a starting point of purely economic performance measures (economic orientation), towards environmental and community sustainability by taking into account social impacts (stakeholders). orientation). The shift in orientation in the business world from shareholders to stakeholders has been cited as the cause of the emergence of corporate social responsibility issues (Danu, 2011). The company's responsibility towards its stakeholders is what gives rise to the term corporate social responsibility or better known as Corporate Social Responsibility (CSR). Corporate Social Responsibility is the company's commitment in carrying out its operational activities to always make a positive contribution to social society and the environment.

Implementation of Corporate Social Responsibility by the company This can be realized by disclosing corporate social responsibility or what can be called Corporate Social Responsibility Disclosure (CSRD) which is socialized to the public in the annual report. CSRD according to Law No. 40 of 2007 is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment which is beneficial, both for the company itself, the local community and society in general. CSRD relates to ethics, moral issues that focus on decision making and behavior, to complex issues such as protection of the work environment, resource management, health and safety of employees and consumers. The company prepared this report as a form of business responsibility towards the expectations formed in society so that the company can gain legitimacy from the public for the social responsibility program it has launched. Disclosure of corporate social responsibility, which is often also referred to as social disclosure, corporate social reporting, social accounting, or corporate social responsibility (Hackston and Milne, 1996), is the process of communicating the social and environmental impacts of an organization's economic activities to special groups of interest and to society. as a whole (Sembiring, 2005). This expands the responsibilities of organizations (especially companies), beyond their traditional role of providing financial reports to capital owners, especially shareholders. This expansion is made with the assumption that companies have broader responsibilities than just profits seeking for shareholders. According to Slemrod (2004) in Balakrishnan, et. al. (2011) argue that tax aggressiveness is a more specific activity, which includes transactions whose main objective is to reduce the company's tax obligations. However, on the other hand, tax payments made by companies have important implications for society in terms of funding public goods such as education, national defense, public health and law. (Freedman, 2003; Landolf, 2006 ; Freise et al, 2008 ; Landolf and Symons, 2008 ; Sikka, 2010) in Lanis and Richardson (2013).

Tax aggressiveness describes the percentage of the total income tax burden paid by the company from all total income before tax, according to (Andhari & Sukartha, 2017). Tax aggressiveness is a company that carries out active tax resistance due to taxes avoidance. Tax aggressiveness is one of the indicators used to see how tax avoidance occurs by taxpayers. Tax aggressiveness can be done in 2 ways, namely by tax evasion or tax avoidance (Frank, Lynch, & Rego, 2009). Research (Plorensia, 2015) shows that tax aggressiveness influences CSR disclosure. However, according to (Octaviana, 2014), it shows that tax aggressiveness has no effect on CSR disclosure.

Profitability according to Kasmir (2017, p. 114) is a ratio used to assess a company's ability to seek profits and provides a measure of the level of management influence shown through profits generated from sales and investment income. By knowing the profitability ratio, investors can see the company's financial performance so that it can be used as a reference for decision making. In previous research conducted by Heni Susana (2013) stated that profitability is a factor that provides freedom and flexibility to management to express social responsibility to shareholders. This means that the higher the level of profitability, the greater the disclosure of social information.

Furthermore, according to Effendi and Khamdevi (2017) stated that the level of profitability as measured by ROE in each company in reality varies depending on the management actions taken regarding the problems related to social responsibility faced.

Leverage is a ratio to measure the amount of assets that will be financed by debt or the proportion of total debt to average shareholder equity. Companies with a high level of leverage have an obligation to make wider disclosures. Permatasari (2014) leverage is a tool to measure how much a company depends on creditors in financing company assets. In previous research conducted by (Oktaviana and Rustianingsih, 2013) leverage had a positive and insignificant effect on CSRD. However, this is different from the results of research by (Nur and Priantinah, 2012). Leverage which is proxied by DER (Debt Equity Ratio) shows a significant and negative influence on CSR disclosure, this is because the management of companies with a high level of leverage tends to reduce the CSRD they make so as not to be in the spotlight of debtholders and the results of research by (Pradnyani and Sisdyani, 2015) say that leverage does not affect CSRD, which means that the level of leverage ratio does not affect the extent of CSRD.

Company age shows the company's ability in terms of how long it can survive. The longer a company lives, the more information the public will get about the company, so the longer a company can survive, the more the company will disclose its social information to the public as a form of responsibility so that it can remain accepted in society. In previous research conducted by Issa (2017), Salehi et al. (2019), Sulistyawati et al. (2016), Waluyo (2017) stated that company age has a positive influence on corporate social responsibility disclosure.

Company size is a company classification scale based on the size of the company which can be reflected in the total assets owned by a company (Rudangga and Sudiarta, 2016). Company size is a variable that is widely used to explain corporate social responsibility disclosed in its annual report. In general, large companies will disclose more information than small companies. This is because large companies will face greater political risks than small companies. In theory, large companies will not be free from experiencing political pressure, namely pressure to fulfill social responsibilities (Guci, 2017).

THEORY AND HYPOTHESIS DEVELOPMENT

A. Stakeholder Theory

Company activities that are influenced by various interested parties are referred to as stakeholder theory. Stakeholders include employees, society, state, suppliers, capital markets, competitors and industry bodies (Amalia 2013). The existence of company stakeholders is required to carry out social responsibility (corporate social responsibility disclosure) as a tool for managing organizational relations with society which aims to balance conflicts between stakeholders (Putri and Christiawan 2014). Stakeholder Theory

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B. Legitimacy Theory

Legitimacy theory is an idea of a social contract between society and companies. The social contract between the company and the community means that the company must do things as desired by the community so as not to affect the company's survival. Based on this legitimacy theory, companies need to carry out social responsibility towards the environment to grow sustainably (Susanto and Joshua 2018)

1. Corporate Social Responsibility Disclosure

CSRD according to Law No. 40 of 2007 is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment which is beneficial, both for the company itself, the local community and society in general. CSRD is related to ethics, moral issues that focus on decision making and behavior, to complex issues such as protection of the work environment, resource management, health and safety of employees and consumers. CSRD can be measured using:

$$\mathrm{CSRIj} = \frac{\sum \mathrm{xij}}{\mathrm{Nj}}$$

2. Tax Aggressiveness

Tax aggressiveness describes the percentage of the total income tax burden paid by the company from all total income before tax, according to (Andhari & Sukartha, 2017) tax aggressiveness is a company that carries out active tax resistance due to avoiding taxes. Tax aggressiveness can be measured by

$$\mathrm{ETR} = \frac{\text{Income tax expense}}{\text{Income before tax}}$$

Then a hypothesis can be formulated

H_1: Tax Aggressiveness has an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure)

3. Profitability

Profitability is a comparison carried out with the aim of evaluating a company's competency in obtaining/earning profits. Profitability can also be used to measure management's effectiveness in generating margins obtained from sales and investment activities. Profitability can be measured by return on equity (ROE)

$$\mathrm{ROE} = \frac{\text{Net profit}}{\text{Total Equity}} \text{ x } 100\%$$

Then a hypothesis can be formulated

H_2: Tax Profitability has an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure

4. Leverage

Leverage is measured using DER (Debt Equity Ratio). DER is used to provide an overview of the company's capital structure, so that the level of risk of a debt being uncollectible can be seen.

$$\mathrm{DER} = \frac{\text{Total Amoun of debt}}{\text{Total Equity}}$$

Then a hypothesis can be formulated

H_3: Leverage has an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure

5. Company age

Company age shows the company's ability in terms of how long it can survive. The longer a company lives, the more information the public will get about the company, so the longer a company can survive, the more the company will disclose its social information to the public as a form of responsibility so that it can remain accepted in society.. Company age can be measured by:

$$\boxed{\text{Age} = \text{Annual report year} - \text{Since}}$$

Then a hypothesis can be formulated :

H_4: Company age has an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure

RESEARCH METHODS

I. Research Methods

In this research, researchers used a quantitative approach, according to Sugiyono (2012:11), the associative method is research whose aim is to determine the influence of the relationship between two or more variables. This research was conducted to determine the effect of tax aggressiveness, profitability, leverage, and company age on corporate social responsibility disclosure with company size as a moderator.

A. Research Variables

1. Dependent Variable

Sugiyono (2018:39) states that the dependent variable or dependent variable is a variable that is influenced or becomes a consequence, because of the existence of
independent variable. The dependent variable used in this research is corporate social responsibility disclosure which is symbolized by the letter Y.

2. Independent Variable

Sugiyono (2018:39) states that an independent variable is a variable that influences or is the cause of the change or emergence of the dependent variable. In this research, the independent variables are tax aggressiveness (X_1), profitability (X_2), leverage (X_3), company age (X_4)

RESEARCH RESULTS AND DISCUSSION OF RESULTS

1. Descriptive Analysis

The amount of data used in this research was 30 data. The largest mean value was experienced by the DER variable of 30.92324 and the smallest was experienced by the ROE variable of 0.053910. The largest median was experienced by the DER variable of 31.37043, while the ROE variable was 0.045900. The largest maximum was experienced by the AGE variable of 51.00000, while the smallest maximum was experienced by the ROE variable of 0.137900. The largest minimum value was experienced by the DER variable of 24.73076, while the smallest minimum value was experienced by the ETR variable of 0.374000. The largest standard deviation value was experienced by the AGE variable, 15.55446, while the ROE variable was 0.040038.

2. Selection of Model Estimates

A. Test Chow

Based on the results of the calculations in the table above, the probability values for cross section F (0.0505) and cross-section chi-square (0.0062) < α (0.05) can be concluded that the fixed effect model is more appropriate to use than the common effect model.

B. Hausman test

Based on the calculation results in the table above, the random cross-section probability (Prob.) value is 0.0179 < α (0.05), it can be concluded that the fixed effect model (FEM) is more appropriate to use than the random effect model (REM).

C. Lagrange Multipler Test

Based on the calculation results in the table above, the cross-section Breausch pagan probability value is 0.9000 > α (0.05), it can be concluded that the common effect model (CEM) is more appropriate to use than the random effect model (REM)..

D. Conclusion of the Panel Data Regression Model

Based on the results of the three tests that have been carried out, it can be concluded that the panel data regression model that will be used in hypothesis testing and panel data equations is the fixed effect model (FEM).

E. Model Feasibility Test

In the table it can be seen that the F statistic value is 3.069432 while the F Table with a level of α = 5%, df1(k-1) = 5 and df2 (nk) = 31 obtains an F table value of 2.74404. Thus, F-statistic (3.069432) > F Table (2.74404) and the Prob(F-statistic) value is 0.017047 < 0.05, so it can be concluded that the independent variables in this study consist of tax aggressiveness, profitability, leverage, company age together has an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure

DISCUSSION

1. The t-statistic value of tax aggressiveness (ETR) is 0.461743, while the t table with a level of α = 5%, df (nk) = 31 obtains at table value of 2.74404. Thus t–statistic CR (0.461743) < t Table (2.74404) and the prob value. 0.6495 > 0.05. So it can be concluded that the tax aggressiveness variable in this study has no influence on Corporate Social Responsibility Disclosure (CSRD) disclosure.
2. The profitability t-statistic (ROE) value is 3.394161, while t table with a level of α = 5%, df (nk) = 31, the t table value is 2.74404. Thus t–statistic profitability (3.394161) > t table (2.74404) and the prob value. 0.0030 < 0.05. So it can be concluded that the profitability variable in this research has an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure.
3. The t-statistic leverage (DER) value is -1.055167, while t table with a level of α = 5%, df (nk) = 31, the t table value is 2.74404. Thus t–statistic profitability (-1.055167) < t Table (2.74404) and the prob value. 0.3046 > 0.05. So it can be concluded that the company size variable in this study has no influence on Corporate Social Responsibility Disclosure (CSRD) disclosure.

CONCLUSION

The influence of leverage, profitability, company size, company age, and liquidity on Corporate Social Responsibility Disclosure (CSRD) disclosure. Based on the F test, it can be concluded that this research consists of tax aggressiveness (ETR), profitability (ROE), leverage (DER), and company age (AGE) which together have an influence on Corporate Social Responsibility Disclosure (CSRD) disclosure.

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