IKATAN AKUNTAN INDONESIA – KOMPARTEMEN AKUNTAN PENDIDIK WILAYAH SUMATERA UTARA
FORUM DOSEN AKUNTANSI PERGURUAN TINGGI (FDA-PT)
SIMPOSIUM ILMIAH AKUNTANSI 5

ANALYSIS OF THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY, LEVERAGE AND LIQUIDITY ON DIVIDEND POLICY

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ARTICLE INFO

Article history:
Received:
Revised:
Accepted:

Keywords:
Corporate Social Responsibility, Leverage, Liquidity, Dividend Policy, Stock Dividend.

ABSTRACT

T The purpose of this study was to determine the effect of corporate social responsibility (CSR), leverage, and liquidity on the company's dividend policy. This study applies quantitative method. The CSR variable is measured using the GRI Standard indicator, the leverage variable is measured using the debt equity ratio (DER), the liquidity ratio is measured using the current ratio (CR), and the dependent variable, namely dividend policy, is measured using the dividend payout ratio (DPR). This study uses secondary data sources, namely annual financial reports, and purposive sampling as a sampling technique. The data were analysed using multiple linear regression analysis. The results of the study revealed that there was a positive but not significant effect between the CSR variable and dividend policy, the leverage variable had a positive effect on dividend policy; and the liquidity variable had an effect on dividend policy.

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INTRODUCTION

Indonesia which has abundant natural resources does not always make the country free from various problems, especially in the mining resources sector. This is related to compliance with occupational health and safety regulations, reclamation, environment, social responsibility, post-mining, as well as economic sustainability which cannot be forgotten. Social responsibility owned by companies is usually often dubbed as Corporate Social Responsibility which has a definition in the form of one of the most important things to make companies no longer deal with responsibilities that refer to a single bottom line, which is a corporate value that is only described in financial conditions. Currently, the basic principle of CSR itself is good governance, where companies are encouraged to commit to social responsibility (Galvin, 2023).

Dividend policy is an indistinguishable component based on the interests that management has with shareholders. Management which is an agent has an obligation to maintain and manage the continuity of the company's business, for shareholders who are company voters will usually oversee the performance of the management (Purwaningsih, 2019). Therefore, dividend policy is used as a valuable tool in encouraging company management to make better decisions and be able to control the information asymmetry system in the company (Barros et al., 2023).

Leverage is the ratio of the overall liabilities to industrial capital, the findings can be used by managers to estimate how much risk is borne by the company (Halim & Hastuti, 2019). This leverage ratio is used as an instrument to calculate how the company's assets are funded with debt, which can be interpreted as how much debt must be charged to the company compared to its assets. Leverage itself is used as an important factor by companies in influencing dividend policy. So that increasing high leverage will reduce dividend payments (Yuan et al., 2022).

The liquidity ratio owned by a company is characterized by the amount of current assets, which are assets that can be replaced into cash which includes securities, cash, or inventory (Nainggolan & Wahyudi, 2023). If the liquidity ratio owned by the company is high, it will explain the company's ability to pay its obligations. The size of liquidity will affect the size of the dividend policy to be distributed (Manik & Ginting, 2022).

In previous research conducted by Ali (2022) got the result that Leverage which is proxied by DER has a significant influence on dividend policy. This phenomenon is caused by, if the level of leverage is higher, the company tends to stop its dividend. Research by Nguyen (2020) states that stock liquidity increases a company's dividends through reducing cash flow volatility. Research conducted by (Zadeh, 2021) focuses on the effect of the relationship between Corporate Social Responsibility and dividend policy, which only uses 1 (one) related independent variable. Research conducted by Firdaus & Purba (2019) states that liquidity has a positive and significant effect on dividend policy. However, the research carried out this time is research developed from research that has been carried out previously. The difference in this research is in the variables studied, namely the addition of liquidity and leverage variables.

The purpose of this research is to determine the influence of Corporate Social Responsibility on company dividend policy, then to see the influence of Leverage on company dividend policy, and to see the influence of Liquidity on company dividend policy. By carrying out this research, researchers hope that it can provide benefits to other parties and at the same time it is hoped that it can become a reference for information, especially to provide answers to problems experienced during learning. This research also hopes to increase readers' knowledge regarding the influence of corporate social responsibility, leverage and liquidity on dividend policy in manufacturing companies in the mining and energy industry sector listed on the IDX in 2020 - 2022.

LITERATURE REVIEW

Signaling theory.

Disclosure of business information within the company's management obtained from the capital market to reduce the cost of information asymmetry, optimize costs and increase company value. The quality of information disclosed has the support and trust of various stakeholders who will be considered a benefit for the company (Zahid et al., 2023). The signal given by the company to shareholders is a notification of the performance of the company's management in order to meet its corporate objectives (Tsaqif & Agustiningsih, 2021).

Corporate Social Responsibility.

The signal given by the company to shareholders is a notification of the performance of the company's management in order to meet its corporate objectives (Banerjee et al., 2022). CSR involvement will increase future cash flow and expected profits. These findings are consistent with the market valuation approach, which suggests that CSR participation is likely to improve predicted cash flow and profitability (Sasongko et al., 2020).

Leverage

That is a risk that shows the amount of debt owned by the company to finance its operations (Wahyuni et al., 2021). Helmy & Ariyani (2020) states the lower the leverage the higher the company's profit to pay dividends. The company's responsibility to make regular dividend payments causes the ability to pay dividends is not affected by the nominal debt of the company, even increasing debt can increase the company's ability to pay dividends. Leverage itself refers to the comparison used in calculating the company's repayment ability, related to the implementation of each obligation in the future or in the future (Margono & Gantino, 2020).

Liquidity

Used as an important factor owned by a company in determining the company's dividend payments (Benyadi & Andrianantenaina, 2020). Management has a great responsibility to the parties who have an interest by disclosing how the company's financial performance through annual records / reports or financial statements. These records/reports will be issued by the company and become one of the tools in making certain decisions. When the liquidity ratio value shows a high number, it will indicate if the company has the ability to pay off its obligations smoothly or the company is declared to have a sufficient level of liquidity (Saputri & Asrori, 2019). The company is declared not to have enough funds if it cannot meet debt maturity obligations, which will certainly have a negative influence on the relationship established with the parties holding shares. Thus, the company will actually get a crisis of trust from the perspective of those who provide assistance to the company (Naziah & Nyale, 2022).

Dividen Policy.

It is defined as an effort to share profits given by the company to the parties who hold shares. Dividend policy is defined as a decision regarding how the profits earned by a company will then be distributed to those who hold shares as dividends or retained to support the company's funds in the next period (Dang *et. al.,* 2021). Dividend policy is a policy for determining the profits that will be used. The company obtains these profits by distributing them to investors as dividends or retaining them in the form of retained earnings aimed at reinvesting in the future (Bataineh, 2021). The following hypothesis was generated based on a review of literature related to the problem:
H1: Corporate Social Responsibility has a positive effect on Dividend Policy.
H2: Leverage has a positive effect on Dividend Policy.
H3: Liquidity has a positive effect on Dividend Policy.

RESEARCH METHODS

Research methods

This research implements quantitative research methods, which therefore require measurement of each variable. As well as research techniques applying multiple linear regression analysis. This analysis was carried out as an effort to review the influence of the independent variables, namely corporate social responsibility, leverage and liquidity on the dependent variable, namely dividend policy.
The multiple linear regression model in this research is outlined as follows:

$$\boxed{DPR = \alpha + \beta 1\ CSR + \beta 2\ DER + \beta 3\ CR + \varepsilon}$$

Information
DPR = Dividend policy
CSR = Corporate Social Responsibility
DER = Debt to Equity Ratio (Leverage)
CR = Leverage
Size = Current Ration (Liquidity)
α = Constant
β_1, β_2, β3 = Regression coefficients
ε = Error

Population and Sample. This research applies secondary data sources, namely annual financial statements. The sampling technique is carried out by purposive sampling which aims to be representative sampling according to the criteria determined by the researcher, namely coal subsector companies that are consistent and have been listed on the IDX consecutively in 2020 - 2022, and companies that have complete financial statement data related to the variables used.

Research Variables and Variable Measurement. The dependent variable used is Dividend Policy which is proxied by the Dividend Payout Ratio (DPR), namely the result of comparing cash dividends per share with profit per share (Azmal et al., 2019).

$$\textbf{DPR} = \frac{\text{Dividen pershare}}{\text{Net Profit per share}}$$

Corporate Social Responsibility *is proxied using CSRDI* (Setiani & Sinaga, 2021) which is in the form of responsibility carried out by the company to improve the quality of social life and the surrounding environment. CSR disclosure in research conducted uses GRI STANDARD indicators.

$$\boxed{CSRI_j = \frac{\sum x_{yi}}{n_i}}$$

Where = csrdi : Corporate Social Responsibility Disclosure Index
Xyi : Variable (1=if 1 item is disclosed, 0= if 0 items are disclosed)

NJ: Number of items for the company

Leverage. It can be measured through the use of the Debt Equity Ratio (DER) which is used to find out how much debt is used when the company makes purchases, in other words this ratio can be used in an effort to see how the company funds the business it carries out. (Adityo & Heykal, 2020).

$$\textbf{DER} = \frac{\text{Total Debt}}{\text{Ekuitas}}$$

Liquidity. Proxied by the Current Ratio (CR), it is needed to determine the company's ability to meet short-term debt or debt that is due soon. The Current Ratio (CR) value is obtained by comparing the company's current assets with the company's current liabilities (Novatiani et. al, 2021).

$$\textbf{CR} = \frac{\text{Current Asset}}{\text{Current Liability}}$$

RESULTS AND DISCUSSION

Table 1. Deskriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
DPR	33	-,2857	1,7899	1,6511	,4172
CSR	33	,3839	,7589	,5351	,1437
DER	33	,0965	1,6208	,6441	,4437
CR	33	1,0210	10,1610	3,1180	2,1661
Valid N	33				

Soucer: Processed Data (2023)

Uji statistik deskriptif. The average of the company's operating results shows that it has distributed dividends of 1.65 times during the research period. With an average value of 53% of companies that publish GRI reports in accordance with the provisions of GRI STANDARDS. Of the 33 companies in the research, they got a liquidity value of 3.11, which indicates that the liquidity value of these companies is good. The average leverage value of the 33 sample companies used obtained a value of 0.64. This average value is based on financial data registered on the IDX for the mining and energy industry sector from 2020 to 2022.

Table 2. Multikoleniaritas Test

Model	**Tolerance**	**VIF**
CSR	,966	1,036
DER	,940	1,064
CR	,925	1,082

Sumber : Data olah (2023)

The CSR tolerance figure is 0.966, the DER tolerance figure is 0.940 and the CR tolerance figure is 0.925, these tolerance figures exceed 0.1. The VIF CSR figure is 1.036, the VIF DER figure is 1.064 and the VIF CR figure is 1.082, the VIF figures are less than 10, in conclusion the data is free from multicollinearity.

Table 3. Normality Test

		Unstandardized Residual
N		33
Normal Parameters^{a,b}	Mean	,0000000
	Std. Deviation	,31172122
Most Extreme Differences	Absolute	,096
	Positive	,058
	Negative	-,096
Test Statistic		,09
Asymp. Sig. (2-tailed)		,200

Source: Processed data (2023)

Normality test. Implementing Kolmogorov Smirnov non-parametric statistical tests. If the sig in the study is greater than 0.05 then the data is normally distributed, whereas if the sig value is <0.05 it means the data is not normally distributed. Based on the research sample data, it shows that the Sig value is 0.200 > 0.05 so it can be concluded that the data is normally distributed.

Table 4. Heteroskedastisitas Test

		CSR	DER	CR	Unstandardized Residual
CSR	Correlation Coefficient	1.000	-.353	-.377*	-.024
	Sig. (2-tailed)	.	.044	.031	.894
	N	33	33	33	33
DER	Correlation Coefficient	.353*	1.000	-.430**	.082
	Sig. (2-tailed)	.044	.	.012	.652
	N	33	33	33	33
CR	Correlation Coefficient	-.377*	-.430*	1.000	.081
	Sig. (2-tailed)	.031	.012	.	.656
	N	33	33	33	33
Unstandardized Residual	Correlation Coefficient	-.024	.082	.081	1.000
	Sig. (2-tailed)	.894	.652	.656	.
	N	33	33	33	33

Source: Processed data (2023)

Berdasarkan data sampel penelitian bisa diketahui nilai variabel lebih besar dari 0,05 yaitu *Corporate Social Responsibility* 0,894 > 0,05 dan *Leverage* 0.652 > 0.05 dan Likuiditas 0.656 > 0.05. Jadi dapat disimpulkan jika tak terdapat gejala heteroskedastisitas pada model regresi yang diimplementasikan.

Table 5. Autocorrelation test

Model	Durbin-Watson
1	1,936

Source: Processed data (2023)

Based on research sample data, the Durbin Watson value is 1.936. This indicates that if the DW value is 1.936 > 1.6511 DU and the DW value is 1.936 < 2.3489 4-DU, it can be concluded that there is no autocorrelation.

Testing Hypotheses. Hypothesis testing includes multiple linear regression tests, partial tests (t-test), simultaneous tests (F test) and coefficient of determination tests (R2).

Multiple Linear Regression Test. The test results in this study obtained regression coefficients as follows:

Table 6. Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	,233	,269		-,865	,394
	CSR	,475	,410	,164	1,160	,256
	DER	,527	,135	,560	3,916	,001
	CR	,093	,028	,483	3,349	,002

Source: Processed data (2023)

From the research sample data, the results of the Corporate Social Responsibility variable which is proxied by CSRDI have an influence on dividend policy which is proxied through the DPR with a regression coefficient value of 0.475. The Leverage variable which is proxied by DER has a positive influence on dividend policy which is proxied through the DPR, with a regression coefficient value of 0.527. The liquidity variable which is proxied by the Curren Ratio has an influence on dividend policy which is proxied through the DPR, with a regression coefficient value of 0.093.

Partial Test (T-test). There is a measurement rule, namely if the calculated t result is greater than the t table and the significant value is smaller than 0.05, which can be interpreted as if the independent variable has a significant influence on the dependent variable, and vice versa.

Table 7. Uji Parsial (t-test)

Model	Sig
CSR	,256
DER	,001
CR	,002

Source: Processed data (2023)

Corporate Social Responsibility has a sig value of 0.256 > 0.05 which states that the variable is rejected and partially has no effect on dividend policy. The Leverage variable with a sig value of 0.001 < 0.05 has a positive and significant influence on dividend policy. The Liquidity variable has a sig value of 0.002 < 0.05 where this Liquidity variable is accepted and stated to have an influence on dividend policy.

Simultaneous Test (F-Test). It is a hypothesis test that is able to prove whether all independent variables contained in this study have a simultaneous influence (together) on the dependent variable.

Tabel 8. Uji Simultan (uji f)

Model	Sig
Regresion	,001

Sumber : Data olah (2023)

With the result of a sig value of 0.001 < 0.05. This means that the variables Corporate Social Responsibility, Leverage and Liquidity have a significant influence simultaneously on Dividend Policy.

Coefficient of determination (R2). Used to measure the proportion or percentage of contribution based on the entire independent variable (X) in the regression model to the dependent variable (Y).

Tabel 9. Uji Simultan (uji f)

Model	R	R Square
1	,665	,384

Sumber : Data olah (2023)

The results of the study obtained a coefficient of determination (R2) value of 0.384. Thus, it means that 38.4% Dividend Policy can be described by Corporate Social Responsibility, Leverage and Liquidity variables. Then for the remaining 61.6% is described by other variables outside the model.

CONCLUSION

Based on the results of research that has been carried out, it was found that there was an insignificant positive influence of the Corporate Social Responsibility variable on Dividend Policy. These results indicate that the lower the Corporate Social Responsibility disclosure score issued by the company, the higher the dividend value it produces. Apart from that, results were also obtained that there was a positive influence that the Leverage variable had on Dividend Policy. This positive influence indicates that the company is using debt to grow the company so that it will get high profits and can distribute dividends to shareholders. The third result is that it is known that the Liquidity variable has an effect on Dividend Policy. This influence shows that a company that has high liquidity will show that the company is liquid so that it will be easy to pay its long-term debt using assets so that it can smoothly pay high dividends.

In further research, it is recommended to add other subsectors, not just coal. It would be better for future research activities to use more diverse variables, for example capital structure or profitability. The use of a variety of other variables is recommended so that in future research we can further explore the variables that can influence dividend policy. It is recommended that future research use financial ratio and GCG variables compared to dividend policy.

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