International Journal of
Economics Development Research, Volume 4(3), 2023
pp. 1308-1325

# The Influence of Profitability, Leverage, Green Accounting and Type of Industry on Corporate Social Responsibility Disclosure

Khairunnisa [1], Dewi Kusmayanti [2]

***Abstract:***

*Disclosure of CSR is very helpful to improve the company's image. This study aims at how profitability, leverage, environmental accounting, and industry type affect CSR disclosure. Non-financial companies on the LQ45 Index listed on the Indonesia Stock Exchange (BEI) in 2017-2021 constitute the total population of this study. over a period of five years, with a total sample of 60 samples representing 12 companies. Multiple linear regression analyses and many tests, including linear regression tests, conventional assumption tests, and coefficient of determination tests, are used in this study's quantitative data collection. These findings indicate that profitability, leverage, environmentally friendly accounting, and industry type simultaneously influence CSR disclosure. However, the test results show that profitability and industry type have a partial negative influence, while leverage and environmental accounting have no effect on CSR disclosure.*

***Keywords:*** *Corporate Social Responsibility Disclosure, Green Accounting, Leverage, Profitability, Type Industry*

## 1. Introduction

Every company must have social responsibility in achieving its business goals, so that a business can run well and bring to the change to the company in improving its corporate image. Companies cannot operate for their own benefit, but it is beneficial for stakeholders such as shareholders, government, local communities, investors, employees and the government to assess whether the company has complied with the regulations of the government of Indonesia. By disclosing Corporate Social Responsibility, good relations will be established with stakeholders.

CSR disclosure in this research is expressed through SR carried out on LQ45 index companies. The number of companies issuing SR has increased during the research period. In 2021, the largest number of SR issuing companies will only be 23 non-financial companies out of 25 companies, so regulations or research are needed to

[1]*Faculty of Economics and Business,Universitas Telkom.Indonesia.khairunnisa@telkomuniversity.ac.id*
[2] *Faculty of Economics and Business,Universitas Telkom.Indonesia.dewikusmayanti5@gmail.com*

identify the factors that drive the increase in the number of companies reporting CSR. The increasing number of companies issuing SR are companies that have demonstrated their commitment to disclosing CSR through Sustainability Reports, so it is a positive point that more and more companies are publishing SR on the LQ45 index and not ignoring social responsibility.

The lack of implementation of CSR in a company will have an impact on closing CSR which results in companies not being able to report CSR. If a company does not comply with CSR disclosures with applicable regulations, it implies that the company is not responsible for the environment.

CSR disclosure reporting on LQ45 Index companies is the topic of discussion. According to observations, there are 60 consistent observations that are included in the LQ45 index non-financial companies for 2017-2021. Disclosure of CSR is measured by the GRI Standard, with the GRI Standard criteria consisting of 149 points with several existing indicators and sub-indicators (Cahyaningsih & Mustapa, 2023). The purpose of this study is to identify the factors that affect CSR disclosure. Annual report and sustainability reports (SR) are two formats in which CSR disclosure efforts are described. It is a collection of a company communication in distributing information regarding economic, environmental and company performance policies (Majidah et al., 2023).

Considering previous research by (Al-Gamrh & Al-Dhamari, 2016), (Tan et al., 2016), (Utami & Muslih, 2023), (Cahyaningsih, 2016), hudazafi. The variables that influence the disclosure of CSR in previous studies include Profitability, Leverage, firm age, capital raise, firm size, Family Ownership, Green Accounting, and Type Industries. Inconsistent variables that affect the disclosure of CSR are used as independent variables for research are Profitability, Leverage, Green Accounting, and Type Industry.

Profitability is very important for a company because it has many benefits, one of which is being able to know the company's performance in creating profits within a certain period of time (Agustiani & Suryani, 2018). When a company makes large profits, the company will display financial information in the annual report and Sustainability Report. When a company's profitability increases, public attention will increase. To maintain its legitimacy, management must be able to increase the company's CSR disclosure. This is in line with research conducted by (Rouf & Hossan, 2021), and (Bidari, 2020) which states that it has a positive effect on CSR disclosure.

Leverage is define as the ratio of a company’s ability to pay its debts to its ability to meet its obligations to third parties according to (Toto Prihadi, 2019). Leverage measurements include DER (Debt Equity Ratio), Debt to Assets Ratio (DAR), and Times Interest Earned. Debt to Equity Ratio measured in this study. DER is able to measure the ability to invest in assets using debt. High corporate leverage will cause the company to reduce the amount of CSR disclosure so that it does not become the focus of creditors. Creditors suspect that CSR disclosure will reduce the company's ability to pay off its obligations. This thinking is in line with research conducted by (Octarina et al., 2018) which states that it has a negative effect on CSR disclosure, but contradicts the results of research conducted (Santosa & Budiasih, 2021) and (Hidayat, 2017) which has no effect on CSR disclosure.

According to (Lako, 2018) Green Accounting is an accounting process that integrates the recognition, recording, and reporting of financial information that is useful for users in assessing and making decisions. The reports presented are not only financial information but integrated social and environmental information. Environmental activities applied to companies will provide information about environmental responsibility, environmental costs and environmental risks and will help minimize environmental damage which is the responsibility of companies in a sustainable economy (Mustofa et al., 2020). Companies that adopt green accounting will present environmental costs regarding their responsibilities so as to encourage the implementation of environmental activities which can be disclosed in SR. This study is suitable with previous research (Mustofa et al., 2020) and (Fauzan & Salira, 2022) which have a positive effect on the company's CSR disclosure but contradicts research (Azzahra et al., 2021) and (Anam, 2021) which stated that it had no effect on the CSRD.

Two categories of industry types are used to carry out business operations: well-known companies, such as the energy, mining, chemical, automotive, aviation, cigarette and tobacco industries. Meanwhile, low profile industrial companies, for example banking, financial, building, equipment, real estate, property, retail and textile companies. Based on previous research, the type of industry variable is in line with research conducted (Santo, 2022) and (Dias et al., 2017) which states that it influences disclosure of corporate social responsibility, and is contrary to research conducted (Gunawan & Wardana, 2022).

## 2. Theoretical Background

To achieve corporate goals, every company has corporate social responsibility so that the business can operate successfully and transform to improve its reputation. Develop work plans for issues faced by the organization, such as environmental change, using stakeholder theory (Ningsih & Suzan, 2021). Positive relationship with stakeholders through CSR disclosure can be done. Stakeholders benefit from knowing the results of company profitability, leverage, green accounting, and industry type. Thus, Investors are interested in knowing whether a company can carry out its operations in a sustainable manner. CSR disclosure in the limited liability company law number 40 of 2007. It defines the company's role in sustainable economic development to enhance the standard of living and the environment that brings advantages for the company and society to run businesses in fields related to natural resources (Krisnawati et al., 2018).

Profitability is very important for a company because it has many benefits, one of which is being able to discover the ability of the company to result a profit in a specific time (Agustiani & Suryani, 2018). Profitability is a calculation that indicates the company is profitable (Utami & Muslih, 2023).

Leverage measures a company's capacity to pay debts and assesses its ability to fulfill contractual obligations with third parties (Toto Prihadi, 2019). green accounting is the recognition, recording, and reporting of financial data that helps users in evaluating and making decisions (Pramitari et al., 2019).

Industry type is an industry characteristic that can be seen from the existence of two type, high profile and low profile. (Al-Gamrh & Al-Dhamari, 2016) stated that the industry has a different nature, some of which are to create more environmental objects in order to reveal more information about the environment. high profile are companies that are involved in various activities to change the environment and havea high profile, increasing the likelihood that they will pollute the environment and have adverse social impacts. Meanwhile, a low profile company is a lack of activity in changing the environment so that the risk of pollution becomes minimal.

In order to run successfully and change the company to enhance the company's reputation, every company must have CSR in achieving its business goals. All companies are required to publish CSR, but only 23 out of 25 companies listed on the LQ45 index do so. Afterwards, this study intends to examine how profitability, leverage, green accounting, and industry type affect CSR disclosure in non-financial companies on the LQ45 Index that registered on the Indonesia Stock Exchange in the year from 2017 to 2021.

**The Effect of Profitability on Corporate Social Responsibility Disclosure**
According to (Utami & Muslih, 2023) profitability is a measure of a company's ability to generate profit, the profits earned depend on the need for measuring these profits. The level of profitability is a benchmark for companies to survive in their business. ROA is used in this study because it is able to evaluate a company's ability to generate profits. When a company earns high profits, the company will display its financial information in the Annual Report and Sustainability Report. When public attention increases, profitability also increases. To maintain its legitimacy, management must be able to increase corporate CSR disclosure.

Based on this explanation, the researcher suspects that profitability has a sufficient influence on CSR disclosure. This is supported by research (Rouf & Hossan, 2021), and (Bidari, 2020) showing that profitability has a positive effect on CSR disclosure.

**The Effect of Leverage on Corporate Social Responsibility Disclosure**
According to (Toto Prihadi, 2019) Leverage is measuring a company's ability to pay debts and to settle its obligations. DER is used to calculate a ratio that can measure the ability of own capital to show the company's ability to meet needs. When a company's leverage is high, the company's risk level will be even higher. The risk of default will require more corporate social responsibility disclosure information beforeproviding additional credit. According to the explanation above, the researcher suspects that leverage brings sufficient impact on CSR disclosure, that accordance with (Octarina et al., 2018) and (Santosa & Budiasih, 2021)'s research which states that it has a negative effect on CSR disclosure.

**The Effect of Green Accounting on Corporate Social Responsibility Disclosure**
According to (Ningsih & Rachmawari, 2017) green accounting is accounting that discloses costs associated with company and environmental activities with business operating funds. Law No. 32 of 2009 Environmental management to preserve the environment as an effort to prevent environmental pollution. Companies really need to report their environmental activities because disclosing company activities as a form of CSR is in financial reports such as sustainability reports. Environmental activities applied to companies will provide information about environmental responsibility, environmental costs and environmental risks and will help minimize environmental damage which is the responsibility of companies in a sustainable economy (Mustofa et al., 2020).

Based on the explanation, the researcher suspects that green accounting brings sufficient impact on the disclosure of CSR. This is supported by a research conducted (ningsih et al., 2020). Which has quite an impact on CSR disclosure, when the better the company, the wider its CSR disclosure.

**The Effect of Industry Type on Corporate Social Responsibility Disclosure**
The type of industry in the implementation of the company's operating activities is grouped into 2 types based on the risk of environmental pollution, namely high profile and low profile companies. (Santo, 2022) defines a high-profile company as a company that has activities that modify the environment a lot. while low profile as a company that lacks activity in modifying the environment

Based on the explanation, the researcher suspects that the type of industry has a sufficient effect on the CSR disclosure. This is supported by a research conducted (Okta Dewi & Sisdyani, 2022) which defines a positive on CSR disclosure because the high profile industry type has a high level of sensitivity so that it gets more attention which makes companies disclose more of their social responsibility activities.

Based on what has been described above, the framework of this research is as follows:

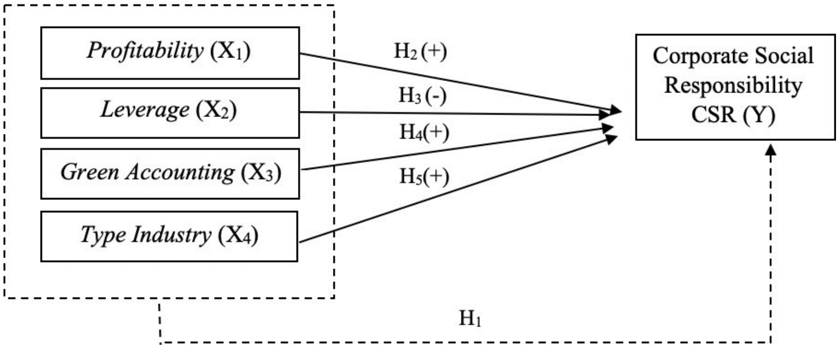


**Figure 2. Research Framework**

## 3. Methodology

This research method is quantitative. Profitability, leverage, green accounting, and type industry is the independent variables. CSR disclosure becomes the dependent variable. The GRI standards will be applied to this research. The sample consist of 12 non-financial companies that registered on the IDX 2017 to 2021 and are part of the LQ45 Stock Index. This study is used testing, classical assumptions, descriptive analysis, and hypotheses as the data analysis techniques.

According to (Sugiyono, 2017) the research sample is part of a predetermined population. Purposive sampling was used in this study since it was a sample strategy that took into account specific factors. The following are the characteristics studied by the author to determine the sample, namely.

**Table 1. Sampling Criteria**

| No | Description | Total |
|---|---|---|
| **1** | Non-financial companies that are consistently listed on the 2017-2021 LQ45 Index | 25 |
| **2** | LQ45 Index non-financial companies that do not use the GRI Standards as guidelines for preparing Corporate Social Responsibility | (3) |
| **3** | LQ45 Index non-financial companies that did not issue a Sustainability Report during 2017-2021 | (2) |
| **4** | LQ45 Index non-financial companies that did not Consistenly publish sustainability reports during 2017-2021 | (8) |
| **Total Research Sample** | | 12 |
| **Research Period (5 years)** | | 5 |
| **The total number of samples in the study** | | 60 |

Source: data processed by the author (2023)

The list of research samples obtained based on the above criteria is as follows:

**Table 2. List of Research Samples**

| No. | Code | Stock name |
|---|---|---|
| 1 | AKRA | AKR Corporindo Tbk. |
| 2 | ANTM | Aneka Tambang Tbk. |
| 3 | ASII | Astra International Tbk. |
| 4 | INCO | Vale Indonesia Tbk. |
| 5 | INTP | Indocement Tunggal Prakarsa Tbk. |
| 6 | JSMR | Jasa Marga (Persero) Tbk. |
| 7 | KLBF | Kalbe Farma Tbk. |
| 8 | PGAS | Perusahaan Gas Negara Tbk. |
| 9 | PTPP | PP (Persero) Tbk. |
| 10 | SMGR | Semen Indonesia (Persero) Tbk. |
| 11 | UNVR | Unilever Indonesia Tbk. |
| 12 | WIKA | Wijaya Karya (Persero) Tbk. |

Source: data processed by the author (2023)

The sum of the samples that is analyzed in conducting this research was 12 sample companies in 5 years. Therefore, the number of observation data obtained was 60.

**Variable Operationalization**

Variables are conclusions referred to by researchers regarding different or varied values set by researchers (Djaali, 2020).Variable types consist of 4 variables, namely the dependent, independent, moderating, and mediating variables. This study has 2 variables. The further, the dependent variable will be named as X and the dependent variable will be named as Y.

**Independent Variable**

This variable is connected to the dependent variable, where the dependent variable influences it positively or negatively (Djaali, 2020). This study uses 4 independent variables, namely profitability, leverage, green accounting, and type of industry.

**Dependent Variable**

This variable is the core of the research by (Djaali, 2020). CSR disclosure is utilized as the dependent variable to conduct the research. The GRI standard is utilized in this study. It included the general, economic, environmental, and social indicator. There are 149 items in the GRI Standards taken by the researcher.

**Corporate Social Responsibility Disclosure**

The index is obtained by comparing the total CSR disclosure items with the highest number of items. Items that reveal will be given a score of 1 and for items that do not disclose are given 0. The formula obtained:

$$CSRIj = \frac{\sum Xij}{nj}$$

Information:

| | |
|---|---|
| *CSRIj* | = Corporate Social Responsibility |
| *∑Xij* | = Number of Disclosures is given 1 if the CSR item is disclosed<br>Disclosure amount is given 0 if the CSR item is not disclosed |
| *nj* | = Number of items to disclose |

**Profitability**

Return on Assets is used to be the proxy to conduct this research. ROA is used to calculate the ability of the company to utilize assets to be profitable. The superiority of this ratio can show the effectiveness of the company's overall operations (Utami & Muslih, 2023). The formula used in ROA is as follows:

$$\text{Return on Assets (ROA)} = \frac{\textbf{Net Income}}{\textbf{Average Total Assets}}$$

**Leverage**

DER is used as the measurement in this study. DER is a comparison between total debt and equity or shareholders in funding and the ability of own capital to show the ability of the company to fulfill all of its obligations. DER is utilized to be a formula in this study as follows:

$$\text{Debt to Equity Ratio (D/E)} = \frac{\textbf{Total Debt}}{\textbf{Total Shareholders Equity}}$$

**Green Accounting**

Dummy variables were employed in this study to obtain good accounting by disclosing costs related to activities, namely environmental operational costs, costs related to product recycling, and costs related to environmental development and research (Pramitari et al., 2019). In this study there are three types of costs that are disclosed in green accounting. If a company discloses one of the three types of costs above, it is given a value of 1, while those that do not disclose environmental costs are given a value of 0.

**Type Industry**

Industry type is a character found in the industry by having 2 types of industry, namely high profile and low profile. Industry type is measured with a dummy variable, the high profile industry type is given a value of 1, while for a low profile industry type is given a value of 0.

## 4. Empirical Findings/Result

Descriptive statistics are used to analyse the collected data to make a conclusion. - In this study, the descriptive analysis is conducted by calculating the average, median, highest and lowest values, as well as the deviation measure. The independent variable used to conduct this research are green accounting, leverage, profitability, and type of industry. The dependent variable used to conduct the research is the CSR disclosure. The research sample used in this research is 12 non-financial companies. These companies are consistently listed in the LQ45 Index for the 2017-2021 period. Table 3 below display the results of descriptive statistical tests.

**Table 3. Descriptive statistics**

| | ***Profitability*** | ***Leverage*** | **CSR** |
|---|---|---|---|
| Mean | 0.0729 | 1.3438 | 0.4628 |
| Median | 0.0417 | 0.9377 | 0.4295 |
| Minimum | -0.0286 | 0.1447 | 0.3020 |
| Maximum | 0.4666 | 3.4127 | 0.8658 |
| Std. Deviation | 0.0981 | 1.0913 | 0.1314 |
| Observations | 60 | 60 | 60 |

Source: data processed by the author (2023)

Based on table 3 it proves that the independent variable profitability has a mean (average) value of 0.0729 and a standard deviation value of 0.0981. The distribution of profitability variable data in terms of the mean and standard deviation obtained from 60 samples, 54 samples were located between the intervals of -0.0251 (µ-1.std deviation) and 0.1710 (µ+1.std deviation), while there were 6 samples whose is outside the interval. The highest value for the profitability variable is 0.4666 in 2018, while the small value for the profitability variable is -0.0286 in 2020.

The next independent variable is leverage, table 4.1 displays that the leverage variable has a mean (average) value of 1.3438 and a standard deviation value of 1.0913. The distribution of data on the leverage variable in terms of the mean and standard deviation obtained from 60 samples, 32 samples are located between the intervals of –0.2525 (µ-1.std deviation) and 2.4351 (µ+1.std deviation), while there are 28 samples is outside the interval. The maximum value for the leverage variable is 3.4127in 2021, while the lowest value for the leverage variable is 0.1425 in 2019.

Furthermore, the CSR disclosure is the dependent variable. It has a mean (average) value of 0.4628 and a standard deviation value of 0.1314. The distribution of data on the CSR disclosure variable in terms of the mean and standard deviation obtained from 60 samples, 43 samples are located between the intervals 0.3314 (µ-1.std deviation) and 0.5941 (µ+1.std deviation), while there are 17 samples that are outside the interval. The highest CSR disclosure value is 0.8658 in 2020, and the lowest CSR disclosure value is 0.3020 in 2017.

**Descriptive Statistical Analysis of Green Accounting Variables and Industry Type**

In this study, the nominal scale descriptive analysis is the independent variable green accounting and type of industry. This is the result of a descriptive statistical test in table 4 as follows

**Table 4. Green Accounting Variable Descriptive Statistical Analysis**

| Information | Number of Observation | Percent |
|---|---|---|
| **Disclose green accounting** | 43 | 72% |
| **Does not disclose green accounting** | 17 | 28% |
| **Total** | 60 | 100% |

Source: data processed (2023)

Based on the findings above, it can be concluded that companies reporting environmental costs reached 43 cases, or 72% of the total 60 observations. Meanwhile, 17 out of 60 observations, or 28%, did not report environmental costs, which concluded that they disclosed more environmental costs than companies that did not.

**Table 5. Descriptive Statistical Analysis of Variable Type Industry**

| Information | Number of Observation | Percent |
|---|---|---|
| ***High Profile*** | 40 | 67% |
| ***Low Profile*** | 20 | 33% |
| **Total** | 60 | 100% |

Source: data processed (2023)

As the findings indicate 40 observations or 67% of the total 60 observations in high profile companies. Only 20 observations, or 33% of a total of 60 observations, were made by low-profile companies. Based on this information, there are more high profile non-financial companies on the LQ45 index than low profile companies between 2017 and 2021.

**Classical Assumption Test Result**

**Table 6. Multiple Linear Regression Analysis**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .625 | .053 | | 11.723 | .000 |
| | Profitability | -.551 | .182 | -.413 | -3.019 | .004 |
| | Leverage | -.004 | .015 | -.036 | -.292 | .771 |
| | Green Accounting | -.030 | .038 | -.103 | -.787 | .435 |
| | Type Industry | -.142 | .035 | -.515 | -4.025 | .000 |

Source: data processed by SPSS (2023)

Based on table 6. The multiple linear regression analysis's calculation acquired the following results:

$$Y = 0.625 + (-0.551)\,X_1 + (-0{,}004)\,X_2 + (-0.030)\,X_3 + (-0.142)\,X_4 + e$$

Y = Disclosure of Corporate Social Responsibility (*CSR)*
$X_1$ = Profitability
$X_2$ = Leverage
$X_3$ = Green Accounting
$X_4$ = Type Industry
$\alpha$ = Constant
$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficient of each variable
e = error term

**Table 7. Coefficient Determination Test ($R^2$)**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .527[a] | .278 | .225 | .11558 |

Source: data processed by SPSS(2023)

Based on the research findings, the indication is 0.278. So linking profitability, leverage, green accounting, and industry type can describe CSR disclosure, namely 27.8%, while other influences on independent variables are not examined.

**Table 8. Simultaneous Test (F-Test)**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .283 | 4 | .071 | 5.294 | .001[b] |
| | Residual | .735 | 55 | .013 | | |
| | Total | 1.018 | 59 | | | |

Source: data processed by SPSS (2023)

Based on the test results, a value of 0.001< 0.05 was obtained and the calculated F value was determined to be 5.294 > F table 2.54 which means the F test is accepted and profitability, leverage, green accounting, and type of industry simultaneously affect the company's CSR.

**Table 9. Partial Test (t-Test)**

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | .625 | .053 | | 11.723 | .000 |
| | Profitability | -.551 | .182 | -.413 | -3.019 | .004 |
| | Leverage | -.004 | .015 | -.036 | -.292 | .771 |
| | Green Accounting | -.030 | .038 | -.103 | -.787 | .435 |
| | Type Industry | -.142 | .035 | -.515 | -4.025 | .000 |

Source: data processed by SPSS (2023)

As the findings show, if the value of profitability and type of industry is less than 0.5, then leverage and green accounting is greater than 0.5, it will partially have a significant impact on CSR disclosure.

## 5. Discussion

**Effect of Profitability on Corporate Social Responsibility**

**Table 10. Linkages**

| *Profitability* | CSR Disclosure: Disclosure of CSR Above Average (>0,46) | CSR Disclosure: Disclosure of CSR Below Average (<0,46) | **Amount** |
|---|---|---|---|
| ***Profitability Above Average* (>0,07)** | 2 | 13 | 15 |
| ***Profitability* Below Average (<0,07)** | 22 | 23 | 45 |
| **Amount** | 24 | 36 | 60 |

Source: data processed by SPSS (2023)

The discussion reveals a significant insight into the intricate relationship between profitability and Corporate Social Responsibility (CSR) disclosure. Analyzing the statistical evidence from Table 9, where the probability of 0.004 is found to be less than the predetermined significance level of 0.05, provides a robust foundation for the assertion that profitability has no positive impact on CSR disclosure. Delving into Table 10 enhances our understanding of this relationship. A striking 75% of LQ45 index observations exhibit profitability values below the average. This implies that a considerable portion of the sample companies faced financial challenges during the Covid-19 pandemic. The subsequent exploration of the linkages between profitability and CSR disclosure within this context unravels compelling findings. Out of the 45 observations with profitability values below the average, a noteworthy 23observations concurrently reported CSR disclosures below the average. This pattern signifies that companies experiencing a decline in net profit during the pandemic were more inclined to exhibit lower CSR disclosures. The profitability values below the average serve as a crucial indicator of the economic challenges encountered by the sample companies. The decline in net profit after tax emerges as a pivotal factor steering companies away from a singular focus on economic activities. Instead, these companies found themselves compelled to redirect their attention towards the implementation of CSR activities. This dynamic shift in priorities reflects a nuanced response to the adverse economic conditions brought about by the Covid-19 pandemic. Building on the findings of Cahyaningsih (2016), this research aligns with the proposition that profitability exerts a negative influence on CSR disclosure. The convergence of results with previous research not only reinforces the reliability of the current study but also contributes to challenging conventional assumptions about the positive correlation between profitability and CSR engagement.

**Effect of Leverage on Corporate Social Responsibility Disclosure**

**Table 11. Linkages**

| ***Leverage*** | **CSR Disclosure** | | **Amount** |
|---|---|---|---|
| | Disclosure of CSR Above Average (>0,46) | Disclosure of CSR Below Average (<0,46) | |
| ***Leverage* Above average (>1,34)** | 8 | 14 | 22 |
| ***Leverage* Below Average (<1,34)** | 16 | 22 | 38 |
| **Amount** | 24 | 36 | 60 |

Source: data processed by SPSS (2023)

The examination of leverage and its impact on Corporate Social Responsibility (CSR) disclosure unfolds as a comprehensive analysis, primarily elucidated through the lens of statistical findings and supporting evidence. Table 9 serves as the initial focal point, showcasing a probability of 0.771, surpassing the significance level of 0.05. This statistical outcome decisively indicates that leverage does not wield a negative effect on CSR disclosure.

Referring to Table 11 amplifies the understanding of the relationship between leverage and CSR disclosure during the research period. Notably, 63% of observations had leverage values below the average. Out of these 38 observations, 22 recorded CSR values below the average. This intricate interplay suggests that the average debt within the research sample remained below the overall average, indicating a relatively low risk of default, as evidenced by the below-average leverage values. The statistical evidence buttresses the claim that leverage, whether low or high, does not exert a discernible influence on the scope of CSR disclosure. This implies that companies, regardless of their leverage position, are not significantly swayed in their CSR practices. The absence of a beneficial impact on CSR disclosure is underscored by the statistical findings, emphasizing the neutral stance of leverage in shaping corporate social responsibility. In alignment with this study's results, research conducted by Santosa and Budiasih (2021) corroborates the notion that leverage lacks a substantial effect on CSR disclosure. This alignment not only strengthens the validity of the current findings but also adds weight to the argument that the relationship between leverage and CSR disclosure is consistent across different studies. Moreover, it is noteworthy that the average debt being below the average contributes to a low risk of default. This insight adds a layer of understanding to the discussion, emphasizing that the leverage values, when below the average, do not necessarily imply financial vulnerability. Consequently, companies may not feel compelled to adjust their CSR disclosure practices based on their leverage positions.

**Effect of Green Accounting on Corporate Social Responsibility Disclosure**

**Table 12. Linkages**

| *green accounting* | **CSR Disclosure** | | **Amount** |
|---|---|---|---|
| | Disclosure of CSR Above Average (>0,46) | Disclosure of CSR Below Average (<0,46) | |
| **Disclosing *green accounting* (1)** | 18 | 25 | 43 |
| **Does not disclose *green accounting* (0)** | 6 | 11 | 17 |
| **Amount** | 24 | 36 | 60 |

Source: data processed by SPSS (2023)

The investigation into the relationship between Green Accounting and Corporate Social Responsibility (CSR) disclosure has provided valuable insights, and the findings indicate that Green Accounting does not exert a significant beneficial effect on CSR disclosure. A detailed analysis of the statistical results, as presented in Table 9, reveals a probability value of 0.435, surpassing the predetermined significance level of 0.05. This implies that the influence of Green Accounting on the disclosure of environmental and CSR information is not statistically significant. Examining the linkages table provides a deeper understanding of the observed relationship. Out of the 60 observations made during the study period, 17 observations did not feature Green Accounting. Interestingly, among these 17 observations, 11 reported CSR values below the average. This pattern underscores a crucial point – not all companies choose to disclose costs related to environmental efforts as part of their CSR practices in their annual reports. The disparity in CSR reporting practices among companies that do not reveal Green Accounting highlights a nuanced aspect of corporate transparency. While Green Accounting may be implemented by some companies, its integration into CSR reporting appears to be selective. The decision to disclose or withhold specific information related to environmental costs in annual reports may be influenced by various factors, such as industry norms, competitive positioning, or the perceived importance of environmental efforts to stakeholders. In line with thefindings of this study, previous research conducted by Azzahra et al. (2021) and Anam(2021) also supports the notion that Green Accounting has no discernible effect on CSR disclosure. This consistency across different studies reinforces the conclusion that the relationship between Green Accounting and CSR reporting is not straightforward and merits further exploration. Future research could delve into understanding the motivations behind companies' decisions to include or exclude Green Accounting information in their CSR disclosures. Investigating the impact of regulatory frameworks or stakeholder pressures on the integration of Green Accounting into CSR reporting practices could provide valuable insights into the evolving landscape of corporate environmental responsibility.

**The Influence of The Type of Industry on the disclosure of corporate social responsibility**

**Table 13. Linkages**

| **Type industry** | **CSR Disclosure** | | **Amount** |
|---|---|---|---|
| | Disclosure of CSR Above Average (>0,46) | Disclosure of CSR Below Average (<0,46) | |
| ***High Profile* (1)** | 15 | 25 | 40 |
| ***Low Profile* (0)** | 9 | 11 | 20 |
| **Amount** | 24 | 36 | 60 |

Source: data processed by SPSS (2023)

The examination of the influence of industry type on Corporate Social Responsibility (CSR) disclosure is a critical aspect of this study, with detailed insights derived from statistical analysis and comparison with related research. Table 9 is pivotal in this discussion, revealing a significant probability value for industry type (0.000), which is lower than the predetermined significance level of 0.05. This statistical outcome underscores that industry type indeed plays a role in influencing CSR disclosure. Further insights are drawn from the linkages table, where 40 observations belong to high-profile industry types out of a total of 60 observations. Within this subset, 25 observations recorded CSR disclosures below the average. This pattern suggests that despite belonging to high-profile industries, a substantial portion of companies has not recognized the imperative to disclose comprehensive CSR reports. This discrepancy in CSR disclosure practices among high-profile companies highlights the nuanced relationship between industry type and CSR engagement. Contrary to the findings of Subara and Saragih (2020), who assert that industry type has a negative effect on CSR disclosure, the current study indicates a positive influence. The statistical evidence from Table 9 and the observed linkages in Table 11 collectively suggest that certain industry types are associated with a greater inclination towards CSR disclosure. The significance of industry type in influencing CSR disclosure may be attributed to various factors such as industry norms, stakeholder expectations, and regulatory pressures. Companies operating in high-profile industries may be subject to greater scrutiny and expectations from stakeholders, prompting them to prioritize and enhance their CSR disclosure practices. It is crucial to acknowledge that the nuanced nature of industry influence on CSR disclosure is complex, and the observed disparities among high-profile companies suggest that there may be additional factors at play within specific industries.

## 6. Conclusions

In conclusion, this study has shed light on several key findings regarding the relationship between financial metrics, environmental accounting, industry types, and Corporate Social Responsibility (CSR) disclosure. The results indicate that profitability exerts a negative effect on CSR disclosure. Interestingly, fluctuations in profitability, whether an increase or decrease, do not seem to impact a company's willingness to disclose CSR information. Similarly, leverage does not play a significant role in influencing the scope of CSR disclosure, regardless of whether it increases or decreases. Furthermore, the study found that Green Accounting, as a measure of environmental activities, does not necessarily correlate with CSR disclosure. It was observed that not all companies engage in the disclosure of their environmental efforts as part of their CSR practices. Additionally, industry type has been identified as having a negative effect on CSR disclosure, particularly within high-profile companies that may be active in modifying the environment but lack the awareness or commitment to disclose comprehensive CSR reports.

The implications of these findings are noteworthy for both practitioners and researchers in the fields of finance, accounting, and corporate social responsibility. Companies are encouraged to increase their commitment to CSR disclosure, recognizing its potential to enhance investor confidence and contribute to sustainable business practices. Future research endeavors could delve deeper into understanding the specific factors within industry types that hinder or promote CSR disclosure, providing a more nuanced understanding of this relationship. Moreover, investigating the potential moderating or mediating factors that may influence the observed negative effect of profitability on CSR disclosure could contribute to a more comprehensive understanding of these dynamics. Exploring the motivations behind companies' decisions to disclose or withhold CSR information, especially in the context of Green Accounting practices, could unveil critical insights into the evolving landscape of corporate social responsibility reporting. Additionally, longitudinal studies tracking CSR disclosure practices over extended periods could provide insights into the evolution of corporate practices and the impact of changing economic, social, and environmental conditions on CSR reporting. Such research endeavors would not only contribute to the academic understanding of CSR but also provide valuable guidance to businesses aiming to navigate the complex terrain of sustainability and corporate responsibility.

## References

Agustiani, Y. P., & Suryani, E. (2018). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Leverage, dan Profitabilitas Terhadap Manajemen Laba (Studi Pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2014-2016). *Jurnal Akuntansi Riset*, *10*(1), 63–74. https://doi.org/10.17509/ jaset.v10i1.12571

Al-Gamrh, B. A., & Al-Dhamari, R. A. (2016). Firm characteristics and corporate social responsibility disclosure. *International Business Management*, *10*(18), 4283–4291.

Bidari, G. (2020). Factors influencing corporate social responsibility disclosures in Nepalese banks. *Asian Journal of Accounting Research*, *5*(2), 209–224. https://doi.org/10.1108/AJAR-03-2020-0013

Cahyaningsih, C. (2016). Tax Aggressiveness, Profitability, and Social Responsibility Disclosure: Evidence from Indonesia. *Proceeding of ISCLO (International Seminar and Conference on Learning Organization, October 26th 2016*.

Cahyaningsih, & Mustapa, F. Dela. (2023). The Influence of Institutional Ownership, Liquidity, and Risk Minimization on Corporate Social Responsibility Disclosure. *Proceedings of the 3rd Asia Pacific International Conference on Industrial Engineering and Operations Management, Johor Bahru, Malaysia, September 13-15, 2022 The*, *47*, 4503–4508. https://doi.org/10.46254/ap03.20220738

Dias, A., Rodrigues, L. L., & Craig, R. (2017). Corporate governance effects on social responsibility disclosures. *Australasian Accounting, Business and Finance Journal*, *11*(2), 3–22. https://doi.org/10.14453/aabfj.v11i2.2

Djaali. (2020). *Quantitative Research Methodology*. Bumi Aksara.

Gunawan, B., & Wardana, L. K. (2022). Analysis Factors Affecting Disclosure of Corporate Social Responsibility. *Proceedings of the International Conference on Sustainable Innovation Track Accounting and Management Sciences (ICOSIAMS 2021)*, *201*(Icosiams 2021), 185–192. https://doi.org/10.2991/aebmr.k.211225.026

Hidayat, W. W. (2017). The Influence of Size , Return on Equity , and Leverage on the disclosure of the Corporate Social Responsibility ( CSR ). *International Journal of Education and Research*, *5*(8), 57–66.

Krisnawati, A., Yudoko, G., & Bangun, Y. R. (2018). Modeling an effective corporate social responsibilitybased on systems theory and management functions: A case study in Indonesia. *International Journal of Business and Society*, *19*(S2), 249–261.

Lako, A. (2018). *Green Accounting: Issues, Theory and Applications*. Salemba Empat.

Majidah, M., Ilhami, F., & Pangestu, G. (2023). Determinant Factors of Corporate Social Responsibility Disclosure. *Proceedings of The5thEuropean International Conference on Industrial Engineering and Operations Management Rome, Italy, July 26-28, 2022*, *47*, 2868–2878. https://doi.org/10.46254/eu05.20220560

Mustofa, U. A., Edy, R. N. A. P., Kurniawan, M., & Kholid, M. F. N. (2020). Green Accounting Terhadap CSR pada Bus di Indonesia dengan Kinerja Keuangan Sebagai Variabel Intervening. *Jurnal Ilmiah Ekonomi Islam*, *6*(3), 508. https://doi.org/10.29040/jiei.v6i3.1372

Ningsih & Rachmawari. (2017). Implementasi Green Accounting Untuk Meningkatkan Kinerja Perusahaan. *Implementasi Green Accounting Untuk Meningkatkan Kinerja Perusahaan*, *4*(2), 149–158.

Ningsih, A., & Suzan, L. (2021). *Pengaruh Profitabilitas, Leverage dan Ukuran Perusahaan Terhadap Pengungkapan Corporate Social Responsibility Pada Perusahaan Manufaktur yang Terdaftar di BEI tahun 2015-2019*. *8*(6), 8427–8434. http://ijcoreit.org/index.php/coreit/article/view/269%0Ahttp://ijcoreit.org/index.php/cor

eit/article/download/269/385
Octarina, N., Majidah, & Muslih, M. (2018). Pengungkapan Corporate Social Responsibility: Ukuran dan Pertumbuhan Perusahaan, Serta Risiko Keuangan. *Jurnal Riset Akuntansi Kontemporer*, *10*(1), 34–41.
Okta Dewi, N. K. S. C., & Sisdyani, E. A. (2022). Pengaruh Mekanisme Corporate Governance, Tipe Industri, Dan Kepemilikan Publik Pada Pengungkapan Corporate Social Responsibility (Csr). *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, *11*(08), 893. https://doi.org/10.24843/eeb.2022.v11.i08.p03
Pramitari, I. G. A. A., Sudiadnyani, I. G. A. O., & Abdi, N. L. P. N. D. (2019). *Green Accounting Based on University Social Responsibility at Politeknik Negeri Bali*. *354*(iCASTSS), 129–132. https://doi.org/10.2991/icastss-19.2019.28
Rouf, M. A., & Hossan, M. A. (2021). The effects of board size and board composition on CSR disclosure: a study of banking sectors in Bangladesh. *International Journal of Ethics and Systems*, *37*(1), 105–121. https://doi.org/10.1108/IJOES-06-2020-0079
Santo, G. I. (2022). Faktor-Faktor Yang Mempengaruhi Pengungkapan Corporate Social Responsibility. *Jurnal Bisnis Dan Akuntansi*, *24*(1), 171–184. https://doi.org/10.34208/jba.v24i1.1166
Santosa, T. R., & Budiasih, I. (2021). The Effect of Profitability, Leverage And Liquidity on Corporate Social Responsibility Disclosures (Study on Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2017-2019 Period). *American Journal of Humanities and Social Sciences Research*, *5*(4), 372–379. https://www.ajhssr.com/wp-content/uploads/2021/04/ZU2154372379.pdf
Subara, V. M., & Saragih, F. D. (2020). Analisa Faktor-Faktor Yang Mempengaruhi Pengungkapan Sosial (Social Disclosure) Dalam Laporan Keuangan Tahunan. *Prosiding Seminar Nasiona;*, *2*, 408–418.
Sugiyono. (2017). *Educational Research Methods Quantitative, Qualitative, and R&D Approaches*. Alfabeta.
Tan, A., Benni, D., & Liani, W. (2016). Determinants of corporate social responsibility disclosure and investor reaction. *International Journal of Economics and Financial Issues*, *6*(4), 11–17.
Toto Prihadi. (2019). *Financial Statement Analysis*. Gramedia Pustaka Utama.
Utami, R. P., & Muslih, M. (2023). The Effect of Total Asset Turnover Ratio, Return on Asset, and Dividend Policy on The Investment Opportunity Set (IOS). *Proceedings of the 3rd Asia Pacific International Conference on Industrial Engineering and Operations Management, Johor Bahru, Malaysia, September 13-15, 2022*, 4002–4010. https://doi.org/10.46254/ap03.20220644