

ABSTRACT

This study aims to analyze the effect of Corporate Social Responsibility (CSR) disclosure, Good Corporate Governance (GCG), and Leverage on the profitability of LQ45 companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. Profitability is measured using Return on Assets (ROA), CSR disclosure is measured by the Corporate Social Disclosure Index (CSDI) based on the Global Reporting Initiative (GRI), GCG is measured by the ASEAN Corporate Governance Scorecard (ACGS) score, and Leverage is measured using the Debt to Equity Ratio (DER).

This study uses quantitative methods with a research population of 67 LQ45 companies listed on the IDX for the 2019-2023 period. The sample was selected using purposive sampling technique with certain criteria, resulting in 18 companies as research samples, with a total of 90 observation data, however, data outliers were made, resulting in 17 companies with 82 data observations. Secondary data was obtained from the company's annual report and sustainability report, as well as the ACMF annual report. Data analysis was carried out using panel data regression analysis using Eviews 13 software. Selection of panel data regression models resulted in the Random Effect Model (REM) as the best model. The classical assumption tests carried out include normality and multicollinearity tests.

The results showed that CSR disclosure partially has a significant positive effect on profitability. This is consistent with signaling theory, which states that positive information disclosure can increase investor confidence and the company's financial performance. However, GCG and leverage partially have no significant effect on profitability. Simultaneously, CSR disclosure, GCG, and leverage affect profitability in LQ45 companies listed on the IDX for the 2019-2023 period. This research model is able to explain 8.88% of variations in profitability, while 91.22% is explained by other variables outside the study.

This research is expected to be an input for companies to increase transparency in CSR disclosure as part of a strategy to improve financial performance. For investors, CSR can be used as an indicator in assessing the company's long-term prospects. Although leverage and GCG are not significant, wise debt management and consistent application of governance principles are still important to maintain the company's financial health. These findings can serve as a reference for academics, practitioners, and companies in formulating sustainable business policies and strategies.

Keywords: CSR, GCG, Leverage, LQ45, ROA