

THE EFFECT OF LIQUIDITY, PROFITABILITY AND CAPITAL STRUCTURE ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

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ABSTRACT

This current inquiry intends to scrutinize the influence of capital structure, liquidity, and profitability upon corporate social responsibility (CSR) disclosure within power entities recorded on the Indonesian securities market between 2021 and 2024. The investigation adopts a numerical framework implementing annual sports data as secondary information, subsequently analyzed by panel data regression and the common effect model (CEM). The results show that liquidity possesses a favorable and substantial consequence, profitability displays zero and negligible results and capital structure exerts an adverse and meaningful outcome upon corporate social responsibility disclosure. Simultaneously, CSR disclosure is substantially influenced by liquidity, profitability, and capital structure. The study's findings confirm that a company's financial position, particularly its liquidity and profitability, significantly influences energy sector enterprises to enhance their disclosure of corporate social responsibility (CSR) information.

INTRODUCTION

The fundamental objective of an enterprise is to increase profits annually; however, in practice, profits are inadequate to attract stakeholders. Corporate social responsibility (CSR) information is essential to give (Belinda et al., 2023). The presence of CSR transcends just profit-seeking, fostering positive relationships between the organization and its stakeholders (Raif Alfawaz; & Fathah, 2022). A lack of genuine commitment to social responsibility by a firm will rapidly damage its reputation. A firm will cultivate an

optimistic standing by exhibiting a sturdy dedication unto environmental conservation, public health, education, humanitarian initiatives, and disaster management. Corporate social responsibility (CSR) represents a notion which necessitates implementation as a commitment between executives and subordinates to achieve its objectives (Muhlis & Gultom, 2021).

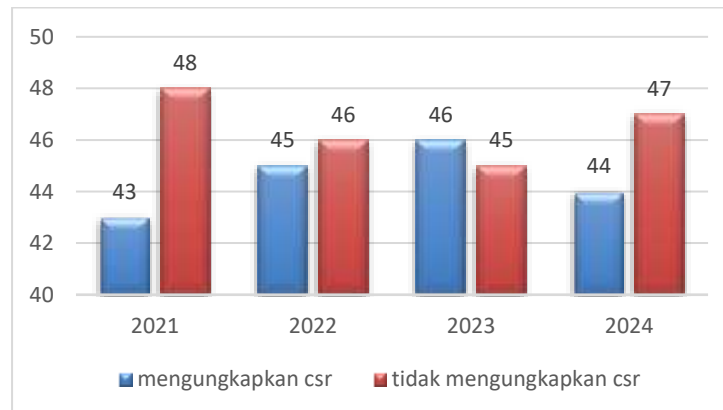
Organizational social responsibility, alternatively CSR, pertains unto a companys duty to its stakeholders and individuals affected by its operations. Through corporate social responsibility (CSR), firms can sustain a robust relationship with their stakeholders by addressing environmental issues while also enhancing profitability. Businesses must communicate their CSR actions to the public to demonstrate their fulfillment of social duties (Santo, 2022).

The execution of Corporate Social Responsibility (CSR) is predicated on the notion that corporations endeavor to demonstrate accountability by concentrating on the single bottom line (evaluated through financial metrics) along with besides that threefold foundational metric, which incorporates ecological integrity (biosphere), financial sustainability (gain), and social justice (humanity) (Rachmitha et al., 2022). Liquidity is one of the elements that influence CSR disclosure. Investors may utilize liquidity as a metric to evaluate a companys ability to fund its current operations and short-term obligations. The financial health of a firm is indicated by its liquidity levels. Firms with greater liquidity generally provide CSR information in a more comprehensive and appropriate manner, hence attracting investors (Almaidah et al., 2023).

Profitability refers to a businesss ability to assess its financial earnings. A companys profitability is assessed by its efficiency in managing assets and converting them into profits. A lucrative enterprise would disclose additional details regarding its corporate social responsibility (CSR) initiatives, hence attracting more investors (Andara & Kurnia, 2022). Furthermore, capital structure is the ratio that assesses the adequacy of a firms financial resources to meet its expenditure requirements, derived from several long-term sources, primarily both internal and external to the organization (Meisyta et al., 2021). The companys environmental obligations require that its CSR actions are deliberate and purposeful. They not only mitigate the adverse impacts of these activities on the corporation, but they may also serve as a strategy to garner local attention. All enterprises must integrate social responsibility, as it provides them with enduring, advantageous benefits (Siahaan, 2022).

Nevertheless, numerous corporations continue to neglect this execution regarding social responsibility endeavors exemplified by CSR, perhaps resulting in public skepticism towards businesses operating within their communities. Individuals will presume that corporations prioritize profit at the expense of environmental considerations and exhibit insufficient commitment to enhancing the welfare of their communities (Tarigan & Wardana, 2023). Operational activities of energy corporations frequently exert a direct influence on the environment. The energy sector is among the most examined by the public and government for sustainability and corporate social responsibility matters.

The following is a diagram of CSR disclosure and non disclosure of CSR by energy sector companies during the 2021-2024 period.



Sumber data: idx.co.id data diolah oleh penulis tahun 2025

Figure 1.1 Energy Sector Companies That Disclosed CSR and Did Not Disclosed CSR for the 2021-2024 Period

The graphic illustrates that energy sector businesses disclosing their corporate social responsibility (CSR) for the 2021-2024 period are undergoing oscillations. In 2021, 43 corporations revealed CSR; this number rose to 45 in 2022 and 46 in 2023. In 2024, the number declined to 44 enterprises. Conversely, companies who fail to publish CSR have an opposing trend. In 2021, 48 corporations failed to submit CSR; this figure reduced to 46 in 2022 and 45 in 2023. Nevertheless, it rose once more to 47 enterprises in 2024. This fluctuating phenomenon indicates that CSR disclosure practices in the energy sector have not been regularly implemented. That demonstrates wherein the scope of CSR disclosure persists impacted via endogenous organizational determinants.

Numerous power entities within Indonesia have steadfastly reported their corporate social responsibility actions, such as PT (PGAS), which encourages village community empowerment through sustainable programs, including training in waste processing into products with economic value and developing MSMEs within the organization's functional zones. However, CSR disclosure practices in the energy sector are not yet fully widespread, and some companies are considered problematic. For example, the case of PT MEDC which, in addition to facing environmental pollution issues, also considered problematic its CSR program in East Aceh due to perceived ineffectiveness and minimal transparency in its implementation. As a result, MEDC received negative attention from the community and the local government regarding the company's social commitment.

Analyzing endogenous determinants which might modulate the scope of CSR disclosure within the power industry firms is essential. A company's ability to manage resources and fulfill its financial obligations is indicated by its liquidity, profitability, and capital structure, which serve as metrics of financial performance. Profitability indicates the company's ability to generate revenue from its operations, whereas liquidity signifies the company's capability to fulfill its short-term obligations. The capital structure portrays the ratio of liabilities and equity utilized to capitalize the enterprise. Executive resolutions, notably regarding the disclosure of corporate social responsibility (CSR), are significantly shaped by these three elements.

From an Islamic perspective, social activities in Islamic society also require

practices in the environment, as stated QS.A'raf (7):56:

وَلَا تُفْسِدُوا فِي الْأَرْضِ بَعْدَ إِصْلَاحِهَا وَادْعُوهُ حَوْفًا وَقَطْمًا إِنَّ رَحْمَتَ اللَّهِ قَرِيبٌ مِّنَ الْمُحْسِنِينَ

“Do not cause damage to the earth after it has been properly regulated. Pray to him with fear and hope. Indeed allah’s mercy is very near with people who do good.” (QS. Al-A'raf (7):56).”

Implementing CSR requires a company to incur certain costs. These costs ultimately become a burden that reduces revenue, resulting in a decline in the company’s profit level. However, implementing CSR will improve the company’s image, thereby increasing consumer loyalty. Companies are also accountable in their annual reports. This reporting aims to ensure transparency and accountability to stakeholders regarding the implementation of their social activities. The more CSR disclosures within the yearly statement. The higher the company’s social responsibility ranking. Conversely, the less CSR disclosures, the less the company is perceived as socially responsible.

Founded upon earlier investigations executed by (Apriyeni et al., 2024), it posits that liquidity exhibits a substantial favorable impact upon CSR disclosure, and profitability possesses nil consequence unto CSR disclosure. Conversely, exploration performed via (Sularsih, 2022) asserts that profitability demonstrates a meaningful constructive influence upon CSR disclosure, whereas liquidity holds no result unto CSR disclosure. This suggests wherein there exists an inquiry lacuna which remains unresolved. Therefore, additional scrutiny is required concerning the sway of liquidity, profitability and capital structure, particularly within the power segment, which is intimately linked to ecological and durability matters. This contemporary examination utilizes power division corporations registered at the IDX for the latest annum. Drawing from the aforementioned context, the inquirer is inclined toward executing an analysis designated “The Effect of Liquidity, Profitability, and Capital Structure on Corporate Social Responsibility Disclosure in Energy Sector Companies Listed on the IDX for the 2021-2024 period.

LITERATURE REVIEW

Legitimacy Theory

According to legitimacy theory, businesses should make sure that their operations and output are deemed acceptable by the general public. In order to win public acceptability, commercial entities exploit their yearly summaries to project a persona of environmental responsibility. It is anticipated that this approval would raise the company’s worth and, as a result, its earnings. This might support or motivate investors as they make financial decisions (Hamdani et al., 2022).

Stakeholder Theory

Stakeholder theory are essential unto the application of corporate social responsibility (CSR). This is because CSR information contains disclosures of the entity’s social responsibilities, which are needed by stakeholders and the surrounding community. Essentially, disclosing an entity’s social responsibilities aims to demonstrate to the public the entity’s social activities and their impact on society (Anam, 2024).

Liquidity

The capacity of a business to use its present assets to satisfy short-term commitments on time is known as liquidity. If a company's current assets are much larger than its current obligations, which need to be paid right away, it has more liquidity (Stiawan & Sanulika, 2021). The current ratio is used as the indicator, and the formula:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Debt}}$$

Profitability

According to Mia Novianti et al. (2023), a company's profitability is determined by its ability to use working capital to generate profits. This ensures that the company can pay dividends to investors who have invested their capital in the company and repay its debts, alike brief-duration and extended-period. Return on assets serves as the indication, and the calculation is as follows:

$$\text{Return On Asset} = \frac{\text{Net Profit After Tax}}{\text{total assets}} 100\%$$

Capital Structure

Capital structure represents the proportion of protracted liabilities relative to equity. Capital structure is crucial for a company because it directly impacts the level of risk borne by shareholders and the desired level of return (Amro & Fadjrih, 2021). The commonly used capital structure ratio indicator, namely debt to equity. Can be calculated using the formula:

$$\text{Debt To Equity} = \frac{\text{Total Debt}}{\text{Equity}}$$

Disclosure Of Corporate Social Responsibility

The objective of corporate social responsibility (CSR) disclosure serves to enable businesses to communicate the social responsibility that they have implemented over a specific time period. CSR is a type of accountability that businesses should implement for both the positive and negative effects that result from their operational activities and affect the internal and external communities within the company's environment (Suyono et al., 2021). The indicator used is GRI 2016, with the formula:

$$\text{CSRDI} = \frac{\text{Total skor pengungkapan.}}{89}$$

HYPOTHESIS

The capacity of a business to fulfill its responsibilities and settle its short-term debts is known as liquidity. According to earlier study, liquidity significantly and favorably influences CSR disclosure (Teng et al., 2022). The reason for this is that businesses with a lot of liquidity would engage in more social initiatives. The following research hypothesis may come from the findings of the aforementioned study:

H1: Liquidity has a positive and significant effect on corporate social responsibility (CSR) disclosure.

Because it may improve reputation, draw in investors, increase customer loyalty, and lower the likelihood of social conflict, CSR disclosure turns into a strategic tool in the context of probability. According to earlier study, CSR disclosure is positively impacted by profitability as determined by ROA (Faradita & Rahmawati, 2024). A company's high profitability can be a sign that it is performing well and has the resources to process information to make it more useful and present corporate social responsibility (CSR) disclosures, which will help the company project an image of environmental concern to stakeholders. This succeeding scholarly supposition can be postulated founded upon the conclusions of the referenced inquiry.

H2: Profitability has a positive and significant effect on corporate social responsibility (CSR) disclosure.

High-leverage companies often increase the scope of their social responsibility disclosures in an attempt to win over stakeholders and the public. As a result, businesses must create corporate social responsibility (CSR) initiatives in the anticipation of bettering the regional public. The outcomes of former investigation by Budisusetyo et al. (2022) signify that capital structure possesses minimal relevance unto CSR. The findings of the aforementioned investigation support the following research idea:

H3: Corporate social responsibility (CSR) disclosure is positively and significantly impacted by capital structure.

Investors and other stakeholders use liquidity as a metric to assess a business. Profitability, on the other hand, is the capacity of an organization to make money while it is in operation. Conversely, capital structure refers to the equilibrium between protracted indebtedness, preferred equities, ordinary stock, and enduring brief-duration liabilities. According to research by Hermawansah and Amanah (2023), corporate social responsibility (CSR) disclosure is modulated by liquidity and profitability. Consequently, it is believed that capital structure, profitability, and liquidity collectively exert a consequence upon corporate social responsibility (CSR) disclosure concurrently. As a result, the researcher puts forward the fourth hypothesis below:

H4: Liquidity, Profitability and capital structure have a significant influence on corporate social responsibility (CSR) disclosure.

Theoretical Framework

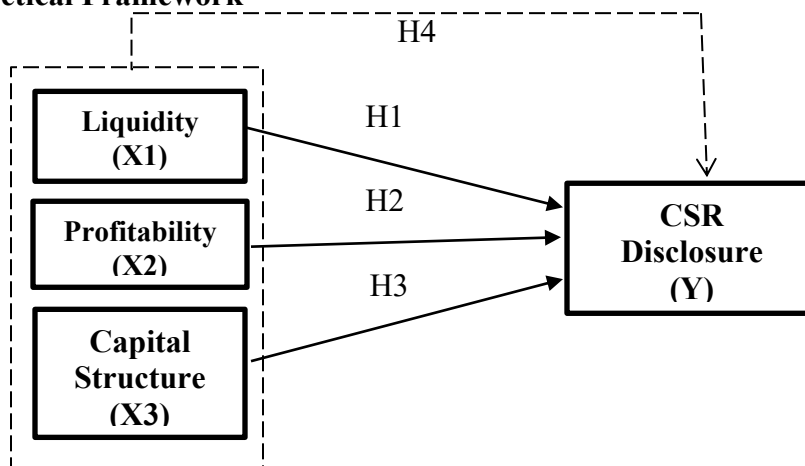


Figure 2.1 Theoretical Framework

RESEARCH METHODS

This inquiry utilized a numerical investigation framework. Every 91 power segment enterprises that were cataloged on the Indonesia Stock Exchange (IDX) during 2021 through 2024 constituted the study's population. Employing a selection methodology, the sample is representative of a subset of the population. Purposive sampling, a sampling method based on predetermined criteria established by the researcher, was used to choose the study sample, resulting in a sample of sixteen firms. Windows eViews 12 software helped with data processing.

In this study, descriptive statistics were employed as the analytical method. A technique for data analysis called descriptive statistics is used to objectively convey or characterize information that has been gathered without trying to make generalizations. This research attempts to characterize the features of panel data using descriptive statistics from a time series (period to period) and cross sectional (company to company) viewpoint. This approach compares the average values of variables across firms and study periods, makes predictions using panel regression, and investigates the connections between variables.

Panel data estimate includes information about cross-sectional (between businesses) and time series (between periods). As a result, the common effects model, fixed effects framework, and random effects framework rank among the evaluations that require utilization to select the most ideal construct. A panel data regression model may be established for this study using a number of tests, including the following, to identify the superior construct for managing panel data:

To ascertain which among the common effect and fixed effect frameworks is superior, the Chow test is applied. The most ideal construct to utilize between the fixed effect and random effect frameworks is concluded via the Hausman test. The most ideal construct to utilize between the common effect and random effect frameworks is established utilizing the lagrange multiplier test. In multivariate regression analysis, a linear connection between independent variables is known as the multicollinearity test. To find out if there is a connection between the members of a set of observational data defined by a cross section or time series, the autocorrelation test is utilized. Testing the significance of each independent variables influence upon the response variable is the aim of the t-test. To ascertain if every explanatory variable impacts one another, the f-test is applied. The coefficient of determination (R^2) constitutes a concept which is utilized to evaluate how precisely the regression curve matches the information or to compute the ratio of the aggregate variance within Y that the regression line explains.

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistical Analysis

A data analysis technique called descriptive statistics is used to objectively convey or characterize information that has been gathered without attempting to make broad generalizations.

Table 1.1. Results of descriptive statistical analysis

	Liquidity	Profitability	Capital Structure	CSR Disclosure
Mean	1.946750	0.122375	1.149281	0.619719
Median	1.687000	0.084000	1.057000	0.634500
Maximum	5.655000	0.454000	3.701000	0.944000
Minimum	0.533000	0.001000	0.284400	0.202000
Std. Dev.	1.137812	0.098124	0.784767	0.188440
Observation	64	64	64	64

Source: Eviews 12 (data processed, 2025)

The liquidity variable manifests a mean of 1.946 and a midpoint of 1.687, as indicated by the descriptive statistical analysis results. The standard deviation is 1.137, the smallest value is 0.533, and the maximum value is 5.655. this illustrates wherein typically, the representative enterprises exist in a solvent state with good short-term debt payment capacity, but there is high variation between companies because some are at risk of being illiquid and others have excess current assets.

The values of the profitability variable span from a maximum of 0.454 unto a nadir of 0.001, with an average of 0.122, a median of 0.084, and a standard dispersion of 0.098. this shows that on average the probability level of the sample companies is relatively low with quite diverse variations from profits approaching zero to the highest value, so that it can influence the extent of the distribution of Corporate social responsibility executed via the organization. The median value of the capital structure is 1.057, while the average is 1.149. The standard deviation is 0.784, possessing a lowest magnitude of 0.284 and a peak magnitude of 3.701. this indicates that typically, the capital structure of model entities is prevailed by debt rather than equity, but the level of debt use between companies varies quite a bit from conservative to very aggressive, so that it can influence creditor pressure on corporate social responsibility disclosure.

Panel Data Test

Chow Test

To ascertain which among the common effect and fixed effect frameworks was superior, the Chow test was used.

Table 1.2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.246269	(15,45)	0.2752
Cross-section Chi-square	22.235421	15	0.1018

Source: Eviews 12 (data processed, 2025)

Founded upon the aforementioned findings, the likelihood value is $0.1018 > 0.05$. Consequently, the findings of the Chow test signify wherein the common effect framework (CEM) constitutes the suitable construct

Hausman Test

To ascertain which among the fixed effect and random effect frameworks ought to be utilized, the Hausman test was performed.

Table 1.3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.091255	3	0.7792

Source: Eviews 12 (data processed, 2025)

It is known from the mentioned results that the acquired prob magnitude amounts to 0.7792, demonstrating wherein the prob magnitude surpasses 0.05. Consequently, the random effect framework (REM) represents the fitting construct and H_0 is affirmed.

Lagrange Multiplier (LM) Test

To ascertain which among the random effect and common effect frameworks is ideal to implement, the lagrange multiplier test is performed.

Table 1.4. Lagrange Multiplier (LM) Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.196436 (0.6576)	21.48793 (0.0000)	21.68436 (0.0000)
Honda	0.443211 (0.3288)	4.635507 (0.0000)	3.591196 (0.0002)
King-Wu	0.443211 (0.3288)	4.635507 (0.0000)	4.412560 (0.0000)
Standardized Honda	0.846414 (0.1987)	5.827957 (0.0000)	0.892296 (0.1861)

Standardized King-Wu	0.846414 (0.1987)	5.827957 (0.0000)	2.666486 (0.0038)
Gourieroux, et al.	--	--	21.68436 (0.0000)

Source: Eviews 12 (data processed, 2025)

This LM test demonstrates that the common effect framework (CEM) represents the most efficient estimation methodology. The P value, shown by the number in brackets, is 0.6576, where the value is more than 0.05

Classical assumption test

Because the CEM model was chosen based on previous testing results, classical assumption tests were performed. Multicollinearity, heteroscedasticity, and normality were the conventional postulate examinations applied.

Multicollinearity Test

In order to verify the interconnection between the explanatory factors within the regression framework, multicollinearity tests were performed.

Table 1.5. Multicollinearity Test Results

	Liquidity	Profitability	Capital Structure
X1	1.000000	0.417752	-0.353353
X2	0.417752	1.000000	-0.404271
X3	-0.353353	-0.404271	1.000000

Source: Eviews 12 (data processed, 2025)

According to the multicollinearity test findings, the three independent variables coefficient magnitudes reside below 0.800, signifying wherein this investigation represents multicollinearity-free and meets all requirements for approval. There is no association between the capital structure, profitability, and liquidity variables in the calculated model

Heteroscedasticity Test

The heteroscedasticity evaluation is implemented to ascertain whether factors or residuals within a regression construct are unequal between observations.

Table 1.6. Heteroscedasticity Test Results

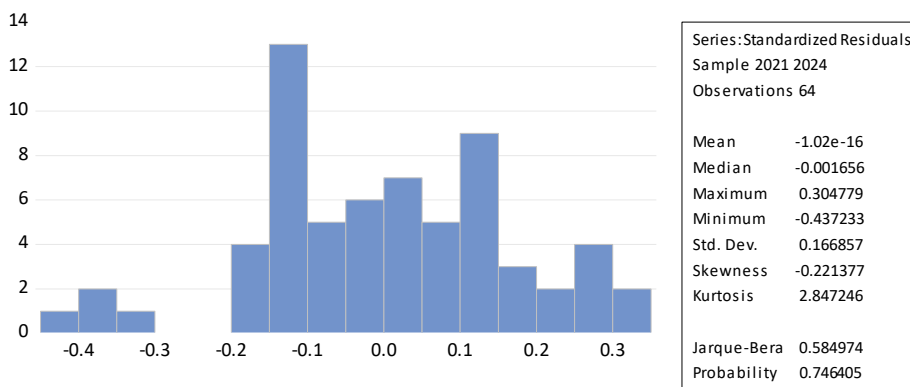
Variable	Coefficient	Std.Error	t-Statistic	Prob
C	0.212517	0.039068	5.439656	0.0000
LIQ	-0.015676	0.011942	-1.312625	0.1943
PROF	-0.212954	0.141635	-1.503537	0.1379
SM	-0.018907	0.017200	-1.099260	0.2760

Source: Eviews 12 (data processed, 2025)

The three (three) independent variables within this inquiry liquidity, profitability, and capital structure possess a probability magnitude surpassing 0.05, founded upon the findings of the heteroscedasticity assessment. This indicates that the study either passes the test or that there are no signs of heteroscedasticity.

Normality Test

The normality appraisal within regression is deployed to evaluate whether the residual magnitudes originating via the regression are ordinarily dispersed or otherwise. A robust regression framework constitutes one possessing ordinarily dispersed residual magnitudes. The distribution is said to be normal if it has a significance value > 0.05.



Source: Eviews 12 (data processed, 2025)

Figure 3.1. Normality Test Results

Derived from the results of illustration 3 upwards, it is ascertained that the likelihood magnitude > 0.05 is 0.746 ($0.746 > 0,05$), so the residual value is normally distributed.

Hypothesis Testing

The common effect framework (CEM) demonstrated to be the most optimal construct for this investigation after a number of tests. The researchers utilized the statistical test findings from the CEM model to establish the relevance degree of every regression parameter regarding the explanatory factor. The succeeding postulates were proposed.

Partial Significance Test (t test)

The consequence of every explanatory factor upon the response variable is verified individually utilizing the t test. By comparing the problems, this may be accomplished. This value has α (0.05). If the probability is less than 0.05, it may be said that each variable influences the dependent variable independently.

Table 1.7. Partial Significant Test Results (t test)

Variable	Coefficient	Std.Error	t-Statistic	Prob
C	0.602163	0.069912	8.613119	0.0000
LIQ	0.058966	0.021371	2.759223	0.0077
PROF	-0.209445	0.253456	-0.826356	0.4119
SM	-0.062305	0.030779	-2.024284	0.0474

Source: Eviews 12 (data processed, 2025)

The liquidity variables significant value is $0.0077 < 0.05$, according to the t test findings, and the t count is 2.759223. This signifies a major association between the liquidity factor (X1) and the corporate social responsibility (Y) disclosure. The relevance magnitude of the profitability factor is $0.4119 > 0.05$ and the computed t magnitude is -0.826356. This illustrates wherein the profitability factor (X2) holds nil influence and remains negligible concerning the disclosure of corporate social responsibility (Y). The relevance magnitude of the capital structure factor is $0.0474 < 0.05$, and the computed t magnitude is -2.024284. This discovery reveals that capital structure (X3) possesses an inverse and meaningful consequence concerning the disclosure of corporate social responsibility (Y).

F Test (Simultaneous)

The objective of the F evaluation is to verify whether the factors of liquidity, profitability, and capital structure collectively exert a consequence upon the corporate social responsibility (CSR) disclosure factor concurrently.

Table 1.8. F Test Results (Simultaneous)

F-statistic	5.508588
Prob (F-statistic)	0.002077

Source: Eviews 12 (data processed, 2025)

It is apparent from the aforementioned array that the F assessment produced an F count of $0.002077 < 0.05$ in the prob column (F statistic) derived from the tested data. Consequently, it may be said that H4 indicates that they both significantly impact CSR disclosure; in other words, the independent factors can account concerning the magnitude of the response factor, CSR

Coefficient Of Determination (R²)

How well each independent variable interprets the outcome factor is quantified via the coefficient of determination (R²). Nearly all of the information required to predict the dependent variables is provided by the independent variables, as shown by a higher determination number. The capacity of the explanatory factors to elucidate fluctuation within the response factor is curtailed whenever the coefficient of determination (R²) is reduced.

Table 1.9. Results Of The Coefficient Of Determination (R²) Test

R-squared	0.215950
Adjust R-squared	0.176748

Source: Eviews 12 (data processed, 2025)

Founded upon the information processing results within chart 1.9 (R-squared magnitude), the coefficient of determination appraisal outcomes are 0.2159 or 21.59%. these findings signify that the explanatory factors of liquidity, profitability and capital structure together are able to explain corporate social responsibility (CSR) disclosure by 21.59%. whereas the residual 78.41% is swayed by alternative determinants beyond this investigation framework. The adjusted R-squared magnitude of 0.1767 demonstrates that following calibration for the quantity of factors, the construct remains capable of clarifying 17.67% of the empirical divergence.

DISCUSSION

The Influence Of Liquidity On Corporate Social Responsibility (CSR) Disclosure

Derived from the outcomes of the evaluations executed, the liquidity factor exerts a substantial favorable impact upon corporate social responsibility disclosure. This is substantiated via the obtained t-statistic of 2.759 alongside a relevance magnitude of $0.007 < 0.05$. liquidity and corporate social responsibility (CSR) disclosure are associated within a positive manner, concerning the coefficient magnitude. This suggests wherein an organization's corporate social responsibility (CSR) disclosure is inclined to augment parallel to its liquidity degree. Conversely, its corporate social responsibility (CSR) disclosure is prone to decline as its liquidity level does.

The findings of this study demonstrate that liquidity significantly affects corporate social responsibility (CSR) disclosure, which is corroborated by Teng et al. (2022). Consequently, businesses with large liquidity will engage in more social activities.

The Influence Of Profitability On Corporate Social Responsibility (CSR) Disclosure

Founded upon the conclusions of the analyses performed, the profitability factor possesses nil influence unto corporate social responsibility disclosure. This is manifest via the generated t-statistic of -0.826 possessing a relevance magnitude of $0.411 > 0.05$. the findings within this investigation signify wherein the elevated or diminished enterprise gains have been unable to function as the primary catalyst for administration to enhance social transparency. From the viewpoint regarding legitimacy hypothesis, this state demonstrates that entities possessing high profitability do not perceive the

requirement to validate their functions through extensive CSR diffusion, because the main focus is still on achieving financial performance.

This investigation conforms with (Apriyeni et al., 2024) inquiry which asserts that profitability does not exert a meaningful consequence unto corporate social responsibility disclosure.

The Influence Of Capital Structure On Corporate Social Responsibility (CSR) Disclosure

Based from the results regarding the assessments conducted, the capital structure factor exhibits an adverse and meaningful impact upon corporate social responsibility disclosure. This is evident via the yielded t-statistic of -2.024 alongside a relevance magnitude of $0.047 < 0.05$. the outcomes within this inquiry indicate that the greater the ratio of liabilities within an enterprise's capital structure, the reduced the degree regarding corporate social responsibility disclosure implemented. From the lens of legitimacy hypothesis, this circumstance suggests that firms possessing substantial leverage tend to diminish corporate social responsibility disclosure since the chief concentration of executives is to maintain creditor trust by fulfilling debt obligations, not building social legitimacy to the wider community.

These findings of this examination align with prior exploration (Feni Febrianti, 2024) which implemented DER, with the results demonstrating that DER, possesses a negative and positive sway unto corporate social responsibility disclosure.

The Infuence Of Liquidity, Profitability And Capital Structure On Corporate Social Responsibility (CSR) Disclosure

According to the discoveries of the inquiry, which utilized the common effect framework strategy to execute panel data regression, the concurrent relevance evaluation (F-test) yielded a likelihood magnitude (F-statistic) of 0.002077 lower than the significance threshold of 0.05. It can be deduced that the corporate social responsibility (CSR) disclosure factor is substantially affected via the combination of the factors of liquidity, probability, and capital structure.

According to study by Hermawansah and Amanah (2023), corporate social responsibility (CSR) disclosure is influenced by liquidity and profitability factors.

CONCLUSION

Derived from the assessment findings, it is deducible that liquidity exerts a favorable and meaningful impact upon corporate social responsibility disclosure, whereas profitability possesses nil substantial consequence unto corporate social responsibility disclosure, while capital structure demonstrates an inverse and meaningful influence upon corporate social responsibility disclosure. This signifies wherein an entity's aptitude to satisfy brief-duration liabilities incentivizes organizations to disclose CSR activities more widely as a form of positive signal to stakeholders. Profitability has no effect because high or low profits have not been the main driver for management to increase social transparency, so companies with large profits are not necessarily active in disclosing CSR. meanwhile, capital structure manifests an adverse consequence since the elevated ratio of indebtedness renders enterprises more focused

on the interests of creditors and repayment of obligations rather than allocating funds for social programs. Thus, good liquidity management and a healthy capital structure can strengthen CSR disclosure and create economic and environmental sustainability. This study has limitations than can be improved by future researches. Therefore, it is hoped that future researches can expand the variables via incorporating interactional or intervening determinants, for instance organizational magnitude, institutional ownership, environmental performance and updating the research period to reveal the dynamics of CSR disclosure more comprehensively.

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