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The Effect of Profitability, Solvency, and Company Growth on Corporate Social Responsibility Disclosure

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Abstract

This study aims to examine the influence of Company Profitability, Solvency, and Growth on Corporate Social Responsibility Disclosure. The sample of this study is 19 companies listed on the Indonesia Stock Exchange using the purposive sampling method. The analysis technique used is multiple linear regression. The results of the study show that Profitability and Company Growth partially or simultaneously do not have a significant effect on Corporate Social Responsibility Disclosure, while Solvency itself has a significant effect on Corporate Social Responsibility Disclosure. The Adjusted R Square value of 0.109 indicates that the three independent variables are only able to explain 10.9% variation in CSR disclosure. It was concluded that the company's decision to disclose CSR was not influenced by the company's financial condition, but rather the fulfillment of regulations and corporate social responsibility.

Keywords Corporate Growth, CSR (Corporate Social Responsibility), Profitability, Solvency

INTRODUCTION

Corporate Social Responsibility (CSR) represents a form of corporate accountability for the economic, social, and environmental impacts arising from a company's operational activities. In recent decades, attention to CSR has grown significantly alongside the development of sustainability issues and increasing public demands for corporate transparency. Companies today are expected to be more responsive to various social and environmental problems that emerge as a consequence of globalization and business expansion (Yuliandhari & Wulandari, 2024). The importance of CSR implementation is further underscored by the growing emphasis on Environmental, Social, and Governance (ESG) principles, which have become key indicators in assessing corporate sustainability. Investors and the public now consider not only financial performance but also a company's contribution to the environment and surrounding communities. Consequently, CSR disclosure serves as a strategic instrument for companies to demonstrate accountability and commitment to stakeholders. In Indonesia, CSR implementation has a strong legal foundation through Law Number 40 of 2007 concerning Limited Liability Companies, particularly Article 74, which mandates that companies whose business activities are related to natural resources must carry out social and environmental responsibilities. Additional regulations include Law Number 25 of 2007 concerning Investment, Decree of the Minister of State-Owned Enterprises Number PER-05/MBU/2007 concerning the Community Development Partnership Program, and Law Number 32 of 2009 concerning Environmental Protection and Management. With these regulations in place, companies are formally obligated to fulfill their social responsibilities and environmental sensitivity (Citra Hardianti et al., 2020). In practice, corporate social responsibility is generally disclosed through annual reports and sustainability reports, making the level of CSR disclosure a measurable indicator to assess the extent to which companies fulfill their social commitments.

The mining sector is one of the sectors with the most significant social and environmental impacts compared to others. The exploration and exploitation of natural resources carried out by mining companies have the potential to cause critical problems, including environmental degradation, ecosystem pollution, and social conflicts with local communities surrounding operational areas. This condition places mining companies under greater pressure from various parties, including the public, government, and investors, to demonstrate their social responsibility through adequate CSR disclosure. Nevertheless, the reality on the ground shows that the level of CSR disclosure among mining companies remains highly variable. This variation in disclosure levels is presumably influenced by various internal company factors, including profitability, solvency, and company growth. Profitability reflects a company's ability to generate profits that can be allocated to support CSR program implementation. Companies with high profitability tend to have greater financial resources to carry out and disclose their social responsibility activities. On the other hand, solvency indicates a company's ability to meet its long-term obligations, which can influence management policies in disclosing social information to enhance creditor and investor confidence. Meanwhile, company growth describes the dynamics of a company's development over time, which can increase its operational and financial capacity to implement and disclose CSR activities more extensively.

Previous studies have extensively examined the relationship between these factors and CSR disclosure; however, the results still show considerable inconsistencies. Ali Mustofa et al. (2024) and Christiawan & Andayani (2023) found that profitability has a positive and significant effect on CSR disclosure, indicating that companies with higher profits tend to be more transparent in conveying their social responsibility information. In contrast, a different finding was reported by Kormen & Anik (2025), who stated that profitability does not have a significant effect on CSR disclosure. Meanwhile, from the solvency perspective, Aruan et al. (2021) found that this ratio has a positive and significant effect on CSR disclosure, meaning that a company's ability to meet its long-term obligations encourages management to be more open in social reporting. Regarding company growth, Syailendra (2019) demonstrated that company growth has a positive effect on CSR disclosure, as rapidly growing companies tend to enhance their corporate image through the publication of social activities. However, contradictory results were found by Aruan et al. (2021), who concluded that company growth does not have a significant effect on CSR disclosure. These differing research findings indicate that a research gap still exists, requiring further investigation, especially since studies on the effect of solvency and company growth on CSR remain limited and have yet to produce consistent conclusions.

Based on this research gap, the novelty of this study lies in its specific focus on mining sector companies listed on the Indonesia Stock Exchange for the 2022–2025 period. The selection of this period is highly relevant and current, reflecting the latest economic dynamics and sustainability policies in Indonesia. Furthermore, this study offers a more comprehensive approach by combining three independent variables—namely profitability, solvency, and company growth—both partially and simultaneously, to obtain a complete picture of the determining factors influencing CSR disclosure in the mining sector. Unlike previous studies that focused only on one or two variables separately, this research seeks to bridge the theoretical and empirical gap by testing all three variables together within a single research model. Thus, this study is expected to make a theoretical contribution to the development of sustainability accounting literature, while also providing practical implications for mining company management and stakeholders in formulating more accountable and transparent CSR disclosure policies. Based on the background description and problem identification outlined above, this study specifically aims to analyze the influence of profitability, solvency, and company growth, both partially and simultaneously, on Corporate Social Responsibility (CSR) disclosure in mining sector companies listed on the Indonesia Stock Exchange for the 2022–2025 period.

METHODS

This study employs a quantitative method with an associative approach designed to analyze the influence of profitability, solvency, and company growth on Corporate Social Responsibility disclosure. The population of this research comprises all mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period, with the sample determined using a purposive sampling technique based on several criteria, including mining companies that were consecutively listed throughout the 2022–2025 period, published complete annual reports, generated profits during the observation period, provided the necessary data to measure all research variables, and published complete sustainability reports. The data collection technique utilized in this research is documentation, whereby data were obtained from annual reports and financial statements published by the respective mining companies listed on the IDX for the 2022–2025 period.

Regarding data analysis techniques, this study aims to analyze the relationship between profitability, solvency, and company growth on CSR disclosure through a series of statistical procedures processed using SPSS software. The data analysis consists of several sequential stages, beginning with classical assumption tests, which include the normality test, a statistical procedure to determine whether a set of data is normally distributed; the multicollinearity test, which examines whether there is a strong correlation or relationship among independent variables in the multiple linear regression model; the autocorrelation test, an analysis to ascertain whether there is a correlation between residuals or errors at a certain time period (T) and the previous period (T-1) in a linear regression model; and the heteroscedasticity test, which assesses whether there is an inequality of residual variance between observations in a linear regression model. Following the classical assumption tests, the analysis proceeds with multiple linear regression output, which is a systematic assessment process to determine the probability of success of the proposed model, comprising the coefficient of determination test, the F statistical test, and the T hypothesis test to evaluate both simultaneous and partial effects of the independent variables on CSR disclosure.

FINDINGS AND DISCUSSION

Descriptive Statistical Test Results

Tabel 1 Descriptive Statistics

	N	Minimum	Maximum	Red	Std. Deviation
Profitability	76	-0.22	61.76	12.0953	13.59852
Solvency	76	0.01	97.70	21.6159	27.69232
Company Growth	76	-0.42	3.01	0.2091	0.56817
CSR	76	0.48	0.99	0.8291	0.11485

Valid N (listwise)	76				

Based on the table above, it can be seen that the variable Profitability (X1) with the number of data (N) as many as 76 has an average (mean) of 12.0953 with a minimum of -0.22 and a maximum value of 61.76 while the standard deviation is 13.59852. The Solvency variable (X2) with a total of data (N) of 76 has an average (mean) of 21.6159 with a minimum of 0.01 and a maximum value of 97.70 while the standard deviation is 27.69232. The Company Growth Variable (X3) with a total of data (N) of 76 has an average (mean) of 0.2091 with a minimum of -0.42 and a maximum value of 3.01 while the standard deviation is 0.56817. The Variable Corporate Social Responsibility (Y) with a total of data (N) of 76 has an average (mean) of 0.8291 with a minimum of 0.48 and a maximum value of 0.99 while the standard deviation is 0.11485

Classical Assumption Test

Classical assumption testing is required before hypothesis testing where there are several assumptions that must be met in order for the conclusion of the regression to be unbiased. Classical assumption testing consists of:

1. Normality Test Results

This study used a normality test to ascertain whether the distribution of residual variables in the regression model showed normal characteristics. The Kolmogorov-Smirnov test serves as the first stage in assessing normality. If the significance value (Asymp.sig) exceeds 0.050, the data follows a normal distribution pattern. The results of the Kolmogorov-Smirnov normality test are shown in the following table:

Tabel 2 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		76
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.11351346
Most Extreme Differences	Absolute	.099
	Positive	.072

Negative	-.099
Test Statistic	.099
Asymp. Sig. (2-tailed)	.062c

a. Test distribution is Normal.

The table above shows a significance value of 0.62, which indicates that the data does not deviate from the normal distribution at the conventional threshold of 0.05.

2. Multicollinearity Test Results

The multicollinearity test assesses whether the regression model shows correlations among independent variables. Tolerance values and Variance Inflation Factor (VIF) were used to perform this test. Multicollinearity arises when the tolerance value exceeds 0.01 or the VIF value is below 10, and vice versa. The results of the multicollinearity test are shown in the table below.

Table 3 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	LIVE
1	(Constant)	.825	.020		41.035	.000		
	Profitability	-.001	.001	-.064	-.536	.593	.956	1.046
	Solvency	.001	.000	.144	1.212	.229	.958	1.043
	Company Growth	-.009	.024	-.043	-.371	.712	.998	1.002

a. Dependent Variable: CSR

Based on the table above, the tolerance value of Profitability is 0.956, Solvency is 0.958, and Company Growth is 0.998, so it can be concluded that it is greater than 0.01, so that multicollinearity does not occur. The VIF value of Profitability is 1.046, Solvency is 1.043, Company Growth is 1.002, then it can be concluded that the VIF value of the three variables is smaller than 10, so that multicollinearity does not occur.

3. Heteroscedasticity Test Results

This study used a heteroscedasticity test to ascertain whether there are differences in residual variance or observations at various points in the regression model. When the residual variable between two observations remains constant, this is referred to as homoskedasticity. If the scatter chart shows points distributed above and below zero on the Y-axis, or if the significance value exceeds 0.05, then there is no heteroscedasticity, so the data can be used. The following table presents the results of the heteroscedasticity test.

Table 4 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	.083	.012		7.138	.000
	Profitability	.002	.001	.308	2.717	.008
	Solvency	.000	.000	-.199	-1.755	.084
	Company Growth	-.008	.014	-.068	-.614	.541

a. Dependent Variable: ABS_RES

Based on the table above, the significance value of Profitability is 0.008, Solvency is 0.84, and Company Growth is 0.541, then the results of the heteroscedasticity test show that heteroscedasticity occurs because the value of growth significance is less than 0.05. Thus, the data cannot be used. Therefore, the results of the heteroscedasticity test after being transformed.

After Transformation

Tabel 5 Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Say.
1	(Constant)	.803	.031		25.917	.000
	LNX1	-.001	.012	-.021	-.129	.898
	LNX3	-.002	.012	-.031	-.204	.839
	Solvency	.001	.001	.177	1.073	.289

a. Dependent Variable: CSR

Based on the table above, after the data transformation is carried out, the results of the significance value of Profitability are 0.898, Solvency is 0.839, and Company Growth is 0.289, so the test results after transformation show that heteroscedasticity does not occur.

4. Autocorrelation Test Results

An autocorrelation test was performed to find out if there was a relationship between disturbances occurring in one period and disturbances occurring in other periods in a linear regression model. By looking at the durbin-watson value (DW), it can be found whether in the t period with the previous period residual (t-1) there is a correlation between the residuals.

Tabel 6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.410a	.168	.109	.09645	1.754

a. Dependent Variable: CSR

Based on the table above, the result of Durbin Watson's score is 1.754. Where with an independent variable of 3 (K3), and n=76. So, it is known that the dU value based on t table is 1.10. Up to 1.10 <1.754 < (4-1.10), indicating data is free of autocorrelation.

Output Regresi Linier Berganda

Tabel 7 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	.788	.029		27.220	.000
	LNX1	-.003	.010	-.044	-.306	.761
	LNX2	.019	.006	.418	2.892	.006
	LNX3	-.004	.011	-.053	-.375	.710

a. Dependent Variable: CSR

From the table above, the regression is obtained as follows:

Y=0.788+(-0.003)X1+0.019X2+(-0.004)X3

Based on the results of the multiple linear regression analysis, the regression equation indicates that the constant value is 0.788, meaning that when the independent variables—profitability, solvency, and company growth—are assumed to remain constant, the value of Corporate Social Responsibility (CSR) is 0.788. The profitability variable (X1) has a regression coefficient of -0.003, indicating a negative relationship with CSR. This implies that, assuming the other independent variables remain constant, a decrease in profitability by one unit will reduce CSR by 0.003 (or approximately 0.3%), and vice versa. Meanwhile, the solvency variable (X2) has a positive regression coefficient of 0.019, indicating that an increase in solvency by one unit will increase CSR by 0.019 (or approximately 1.9%), assuming the other variables remain unchanged. In contrast, company growth (X3) has a negative regression coefficient of -0.004, suggesting that, with the other independent variables held constant, a one-unit decrease in company growth will reduce CSR by 0.004 (or approximately 0.4%), and vice versa. Overall, the regression results indicate that solvency has a positive effect on CSR, while profitability and company growth exhibit negative relationships with CSR.

F Test Results

The statistical test F is used to show whether all independent variables in the model affect each dependent variable simultaneously and significantly.

Table 8 ANOVA

Model		Sum of Squares	df	Mean Square	F	Say.
1	Regression	.079	3	.026	2.834	.050b
	Residual	.391	42	.009		
	Total	.470	45			

a. Dependent Variable: CSR

Based on the table above, the significance value of 0.050 is equal to 0.05, indicating that the variables of profitability, solvency, and company growth have a significant effect on CSR disclosure simultaneously.

Determination Coefficient Test Results

The determination coefficient is used to measure the extent to which independent variables affect dependent variables. If the adjusted R2 value is close to 1, it indicates that the independent variable contributes significantly to the prediction of the dependent variable. The results of the determination coefficient test are presented in the following table.

Tabel 9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410a	.168	.109	.09645

a. Predictors: (Constant), LNX3, LNX1, LNX2

Based on the table above, the results of the determination coefficient test obtained an Adjusted R Square value of 0.109, meaning that CSR disclosure can be explained by profitability, solvency, and company growth of 10.9%, and the remaining 89.1% is explained by other variables outside the research model.

Hypothesis Test Results (T Test)

Hypothesis testing or partial testing is a hypothesis test method used to measure how each independent variable affects the dependent variable. This was done to find out whether there was a partial significant influence of each independent variable on CSR disclosure. The results of the hypothesis test (t-test) are presented in the table below.

Tabel 1.0 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	.788	.029		27.220	.000
	LNX1	-.003	.010	-.044	-.306	.761
	LNX2	.019	.006	.418	2.892	.006
	LNX3	-.004	.011	-.053	-.375	.710

a. Dependent Variable: CSR

The results of the hypothesis test showed that profitability did not significantly affect CSR disclosure, indicated by a p-value of 0.761 (>0.05), so the first hypothesis was rejected. In contrast, solvency significantly affects CSR disclosures, indicated by a p-value of 0.006 (<0.05), so the second hypothesis is accepted. Similarly, the company's growth did not significantly affect CSR disclosures, indicated by a p-value of 0.710 (>0.05), so the third hypothesis was rejected.

Discussion

The Effect of Profitability on Corporate Social Responsibility Disclosure

Based on data from research that has been conducted, it shows that the profitability variable has a negative effect on CSR disclosure in the mining business in 2022-2025. This conclusion is contrary to research conducted by (Mahalistianingsih & Yuliandhari, 2021) which shows that profitability has a positive effect on CSR disclosure. This conclusion is in line with research conducted by (Sulaeman et al., 2022) which states that CSR disclosure is not only determined by profitability, but also influenced by other variables.

The Effect of Solvency on Corporate Social Responsibility Disclosure

The results of data from research that have been conducted show that the solvency variable has a positive and significant effect. The level of debt/leverage of the company affects the CSR disclosure policy. This means that companies use CSR disclosures to reduce pressure from creditors. This conclusion is in line with research conducted by (Christiawan, 2024.) which shows that solvency has an effect on CSR disclosure. This conclusion contradicts research conducted by (Apsari et al., 2024.)

which states that solvency has no effect on CSR.

The Influence of Corporate Social Responsibility Disclosure on Corporate Social Responsibility Disclosure

Based on research data that has been conducted, it is shown that the company's growth variables have a negative effect on CSR, but it is not significant. Companies that are growing fast and those that are growing slowly are no different in CSR disclosure. Management does not use CSR as a signal to investors regarding the company's future prospects. The results of this study show that Company Profitability and Growth have a negative but not significant effect on Corporate Social Responsibility Disclosure. This indicates that the company's decision to disclose CSR is not based solely on the company's financial condition.

These findings are in line with the Legitimacy Theory which states that CSR disclosure is a form of corporate social responsibility to the community and stakeholders, not just as a tool to show good financial performance. Thus, even companies with low levels of profitability still strive to disclose CSR to maintain legitimacy and image in the eyes of the public.

CONCLUSION

Based on the results of data analysis and discussion in this study examining the influence of profitability, solvency, and company growth on Corporate Social Responsibility disclosure in companies listed on the Indonesia Stock Exchange for the 2022–2025 period, it can be concluded that among the three financial variables tested, only solvency is proven to be a significant factor affecting CSR disclosure. This finding indicates that companies utilize CSR disclosure as one of their strategic approaches to reduce risk and maintain creditor trust, particularly in the context of managing stakeholder perceptions and ensuring continued access to external financing. The non-significant results for profitability and company growth suggest that these factors alone do not necessarily drive companies to expand their social and environmental reporting, implying that the decision to disclose CSR activities is more strongly influenced by the need to signal reliability and commitment to long-term debt holders rather than by immediate financial performance or expansion trajectories.

In light of these findings, several recommendations are proposed for different stakeholders. For companies, it is expected that they continue to enhance their Corporate Social Responsibility disclosures as a form of social accountability and as a means to maintain organizational legitimacy in the eyes of stakeholders, with particular emphasis on companies carrying high leverage levels, where extensive

CSR disclosures can serve as a positive signal to creditors that the company remains committed to sustainability despite having substantial debt obligations. For future researchers, it is advisable to expand the scope of inquiry by incorporating additional variables suspected to influence CSR disclosure, such as company size, industry type, managerial ownership, and institutional ownership, as the inclusion of these factors is expected to increase the adjusted R-squared value of the research model; furthermore, researchers are encouraged to extend the study period and employ panel data with a larger sample size to enhance the generalizability of the results, as well as to consider using alternative proxies for profitability and solvency and adopt measurement approaches that assess the quality rather than merely the quantity of CSR disclosures to obtain more comprehensive and nuanced findings. For investors, it is recommended that in assessing a company's commitment to social responsibility, they should not rely solely on profitability and growth conditions, as this study demonstrates that companies with high solvency actually conduct more extensive CSR disclosures; therefore, sustainability reports and CSR disclosures should be considered as supplementary considerations in investment and credit decision-making processes to gain a more complete understanding of a company's long-term viability and risk profile.

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