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Effect of Net Income, CSR Disclosure, Corporate Profitability Against Abnormal Return on the Indonesia Stock Exchange

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Abstract. This study aims to determine whether there is influence of net profit, the disclosure of CSR and profitability of the company against abnormal stock return. The population in this study is a manufacturing company in the Industrial Sector Fundamentals And Chemistry in 2013-2015. The sampling technique is done by using purposive sampling. Mechanical Analysis of data using multiple linear regression method. The results of data analysis known that net income significantly influence the abnormal return, it is to attract investors to invest so will result in the value of shares will rise. The high level of investment will lead to higher stock prices, which will cause abnormal return. CSR does not significantly influence the abnormal returns. The level of disclosure of CSR was not used investors in considering the decision in investing. The company's profitability no significant effect on abnormal stock return. Profitability is less information to investors in estimating return. The market did not respond to profitability as information that could change investors' belief that it can not affect stock returns and ultimately no effect on abnormal return. Simultaneously net profits, CSR and profitability influential companies together against abnormal return

1. Introduction

Companies in carrying out its activities require capital sourced from the issuance of a number of shares and debt. Shares is a sign of ownership or possession of the company's capital. Before deciding to invest, investors need to pay attention to the company's performance, because investments are made to obtain the return (return) is high, so the company can show a good performance which will be selected by the investor [1][2]. Abnormal return or excess return is the excess of the return is really going to return to normal [3]. To obtain abnormal return is expected, investors must pay attention to the information either in the form of financial and non-financial information disclosed by a company that makes the market



react so will improve the welfare of investors. Such information is causing abnormal return are: net income, CSR, and profitability[4], [5].

Abnormal return in 2013 experienced negative abnormal returns that caused the crisis, in which high inflation that could slow global economic growth that would affect demand. When inflation hit companies in the Basic and Chemical Industry Sector decreased demand for goods prices tend to rise causing declining sales if sales decline, the decline in net income and will cause ROE to decline, so the stock price changes. The net profit is one of the information that becomes the center of attention for investors due to the higher net income generated showed good performance of the company and will attract investors, which will result in the company's stock will rise[6].

Economic decision-making at this time, not only the view of the company's financial performance, because conclusions are well-performing firms is not enough to be seen by the amount of profit generated by a company, but can also be viewed on the Corporate Social Responsibility conducted by a company. By doing CSR implementation is believed to improve the performance of the company, investors tend to invest in companies conducting CSR[7]. This study aims to: a) Knowing how the effect of net income on Abnormal Stock Return. b) Knowing how the influence of CSR disclosure Abnormal Return on Equity. c) Knowing how the influence of the Abnormal Stock Return Profitability

2. Method

Sources of data retrieval are secondary data, in the form of annual reports (annual report) manufacturing companies in the BEI. The population in this study is the company Basic and Chemical Industry Sector listed securities at BEI 2013-2015. The determination of this sample using purposive sampling, the method of determining the sample of the population based on desired criteria researchers, namely: Companies listed on the Stock Exchange and did not experience any delisting during the observation period, publishes financial report periods during the observation period, period financial reporting ends each dated December 31, the Company uses the currency of rupiah as the currency in financial reporting, the Company did not experience a loss during the period of observation. The variables used in this study consisted of the dependent variable (variable Abnormal Stock Return) and the independent variable (variable earnings, CSR, and profitability as an independent variable). Abnormal return is calculated using a market model of adjustment return.

- Net Income (X1), Profit consists of four, namely: revenue, expenses, gains and losses.
- CSR (X2), calculated using a scoring system of 1 to companies that disclose CSR and a score of 0 for companies that do not disclose CSR. This system is done by compiling a list of items the company's CSR disclosure in accordance with each company. List of items of CSR disclosure by the Global Reporting Initiatives (GRI). There are 102 items contained in the standard GRI (Global Reporting Initiatives).
- Profitability (X3). Profitability ratios used in this study is the ROE (return on equity). ROE is a ratio used to measure a company's ability to generate profits based on a specific share capital. The formula for calculating the ROE [8]:
 - Return On Equity / ROE = Net Income / Shareholders' Equity Ordinary shares

Hypothesis Testing using multiple linear regression analysis. The model equations as below: $ARS = a + b_1 LB + b_2 CSR + b_3 Prft + ei$

3. Result And Discussion

On 1 December 2007 Indonesia Stock Exchange began operating under the name of Indonesia stock exchange IDX or shortened by the Indonesia Stock Exchange (IDX), which is merging the results of the Jakarta Stock Exchange (JSX) Surabaya Stock Exchange (BES). All companies listed on the Indonesia Stock Exchange also grouped by industry/business has. Sector-sectors are Agriculture, Mining, Basic Industry and Chemistry, Miscellaneous Industry, Industrial Goods and Consumption, Property and Real Estate, Transformation and Infrastructure, Finance, Trade, Services, and Investment. The selected sectors in this research are the basic industry and chemical.

The population in this study is a manufacturing company Basic and Chemical Industry Sector 2013-2015 year. Data obtained from the Indonesia Stock Exchange indicate that the study population consisted of 65 issuers. Companies that meet the criteria for a sample there are 31 companies. So within 3 years of the study obtained 93 observational data used as a sample in this study.

There are four testing deviations from the classical assumptions, namely

- Test for normality in this test aims to test whether the regression model or residual confounding variables have a normal distribution. This test uses Kolmogorov Smirnov test to determine whether the data were normally distributed or not. The following is a summary of the test results by Kolmogorov Smirnov normality. Based on Kolmogorov Smirnov test for normality obtained significant value greater than 0.05, it can be concluded that these data are normally distributed.
- Test multicollinearity aims to test whether the regression model found a correlation between variables independent. Model good regression should not happen correlation between independent variables. Values tolerance of all the variables is greater than 0.10. While VIF all variables is less than 10. It can be concluded that no multicollinearity.
- Test heterokedastisitas aims to whether the regression model variants occur inequality of residual one observation to another observation. A good regression model is homokedastisitas or not happen heteroskedasticity. If the variance of the residuals of the observations to other observations to stay then called homokedastisitas. Based on the picture above shows that the point spread below and above the Y-axis, and the point of not having a regular pattern, so that it can be concluded that no heterokedastisitas.
- The autocorrelation test aims to test whether a correlation exists between the linear regression error bully.

Table 1 Autocorrelation Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.637 ^a	.406	.312	.90832	1.968

a. Predictors: (Constant), Ln_Profitabilitas, Ln_LabaBersih, Ln_CSR

b. Dependent Variable: Ln_AR

Source: Processed Data

DW value of 1.968, this value will be compared with the value of the table using the significant value of 5%, the number of samples 93 (n) and the number of independent variables 3 (k = 3), then in table Durbin Watson obtained lower limit value (dl) of 1, 5966 and the upper limit (du) of 1.7295. Therefore DW value of 1.968 is greater than the lower limit (dl) 1.5966 and smaller 4- (du) it can be concluded that there is no autocorrelation.

Multiple linear regression analysis is intended to examine to what extent and how the influence of the independent variable on the dependent variable. The independent variables in this study Net Income, CSR, and profitability. While the dependent variable that is abnormal return.

$$ARS = 6,015 + 0,198(Lb) + 0,407(Csr) - 0,227(prft) + e$$

Used on the regression equation above can be analyzed the influence of each independent variable on the dependent variable is:

- Constant value of -6.015 states that if the independent variables held constant, the abnormal return of -6.015
- The value of regression coefficient of 0.198 at a variable net income is positively related to abnormal stock return, which means that the regression coefficient showed a net profit of 0.198 value so that it can be concluded that the first hypothesis that positively influences abnormal return. Signs of regression coefficients are positive, this means an increase in net income is likely to encourage the

abnormal stock return. Thus, the increase in net income of 1 percent will be responded with an increase in abnormal stock return of 0.198 percent.

- The value of the regression coefficient of 0.407 on CSR variables are positively related to abnormal stock return, which means that CSR regression coefficient indicates the value of 0,407 so it can be concluded that the second hypothesis has a positive effect, this means increased CSR will encourage an increase in abnormal stock returns. Thus, the changes increase of 1 percent will be responded with an increase in abnormal stock return of 0,407 percent.
- The regression coefficient of -0.227 on profitability variables are negatively related to abnormal stock return, which means that the regression coefficient of profitability demonstrate the value of -0.227 so it can be concluded that a third hypothesis has a negative influence. This means that every 1 percent increase in profitability, the profitability will decline against the abnormal return. Thus changes in abnormal returns increase by 1 percent will be responded decrease in abnormal stock return of -0.227.

Based on Table 4 above can be seen that the coefficient of determination (R^2) of 0,31. Of the value can be interpreted that the abnormal variation of 3.1% return on the company's Industry Sector Basic Chemicals registered and Exchange Indonesia Stock Exchange 2013-2015 period can be explained by variations in net income, csr, and profitability of the company, while the remaining amount (100% - 3, 1% = 96.9%) is explained by other factors not included in this model.

The statistical test F basically shows whether the variable in net profit, CSR and profitability has influences together to variable abnormal return. The results of multiple linear regression can be seen in the table below:

Table 2 Multiple Regression Test
ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.720	3	3.573	4.331	.017 ^a
Residual	15.676	19	.825		
Total	26.396	22			

a. Predictors: (Constant), Ln_Profitabilitas, Ln_LabaBersih, Ln_CSR

b. Dependent Variable: Ln_AR

Source: Processed Data

Based on a coefficient significance level of 0.17, the value is less than 0.05. This indicates that the net profit, CSR, and profitability have influence together against abnormal return.

T-test showed how far the influence of the independent variables individually in explaining the variation of the dependent variable. The following linear regression analysis

Table 3 Multiple Linear Regression Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.015	1.269		-4.739	.000
	Ln_Net profit	.198	.060	.681	3.321	.004
	Ln_CSR	.407	.588	.143	.692	.497
	Ln_Profitability	-.227	.222	-.183	-1.021	.320

a. Dependent Variable: Ln_AR

Source: Processed Data

4. Conclusion

This research was unsuccessful in supporting signaling theory which states that basic information is used by companies to give positive or negative signals. Both investors and companies still have a low perception of CSR. In the end, the disclosure of CSR by a company in the Basic Industry and Chemical Sector did not cause an investor reaction. So as not to affect abnormal returns.

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Peer review statement

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