

## The Influence of Macroeconomics, Liquidity Risk, Debt Risk, and Earning Management on Corporate Social Responsibility Disclosure and Stock Returns with Good Corporate Governance as a Moderation Variable in Non-Banking Companies Registered on Jakarta Islamic Index

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**ABSTRACT:** This research aims to empirically demonstrate the influence of macroeconomics, liquidity risk, debt risk, and earnings management on corporate social responsibility disclosure and stock returns, with good corporate governance as a moderating variable. The population under research includes all companies listed in the Jakarta Islamic Index during the period 2020-2022. A total of 38 companies were selected as samples through purposive sampling. Hypothesis testing was conducted using a Structural Equation Model (SEM) based on Partial Least Squares (PLS). Based on the analysis of 10 hypotheses, it was found that 4 hypotheses were accepted while 6 were rejected. Macroeconomics and corporate social responsibility disclosure can influence stock returns. Debt risk influences corporate social responsibility disclosure. And the relationship between corporate social responsibility disclosure and stock returns with the influence of good corporate governance as a significant positive moderating variable.

**KEYWORDS:** macroeconomics, liquidity risk, debt risk, earnings management, corporate social responsibility disclosure, good corporate governance

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### I. INTRODUCTION

The development of the times brings various changes and progress in all areas of life. From technology to education, healthcare to the economy, these changes reflect humanity's adaptation to environmental change and the advancement of human knowledge. In the business world, companies must quickly adapt to changes in business models and innovative financial technology. In the digital, well-connected era, competition has become more international, getting to market has become easier, and consumers have more choices than ever before. Information technology and the internet allow businesses to reach a wider market without a physical presence. This means that companies must continually develop new products, services, and marketing strategies to remain competitiveness. Additionally, technological advances have changed the way businesses operate. Artificial intelligence, data analysis, and process automation have become critical components of effective business decision making. When companies do not adopt these technologies, they tend to lose out to the competition. Companies must consider technological aspects in addition to social and environmental responsibility (Agus, R: 2021).

The capital market is a market where various financial instruments are traded, and the law of supply and demand determines the prices of these instruments. This financial mechanism allows companies to obtain funds from investors by selling shares or bonds. Investors can speculate or invest by buying and selling securities such as shares and bonds in this place. The capital market is greatly influenced by developments over time. The way of trading has changed due to globalization and advances in information technology. Investors can now easily access global capital markets through online trading platforms, and they can view information about companies and stocks in real-time. Investors now have more choices and tools for investment due to technological advances and easier access to information (Kamil, HH & Tanno, A: 2022). As a result, investing is now not just about gaining financial returns, but also about broader social and environmental impacts. Social and environmental components are starting to become increasingly important in investments. This reflects increasing public awareness of environmental and social issues. Overall, capital markets have evolved, becoming more open, clear and diverse.

Apart from company fundamentals, macroeconomic factors are also other factors that influence stock returns. Macroeconomic factors are caused by large-scale economic problems, one of which is inflation. In any investment activity, whether short-term or long-term, investors definitely expect a high level of profit. However, return is always directly proportional to risk. In activities

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investment, investors choose shares that have liquid conditions and are then able to provide returns that are in line with investor expectations. Anggita's research (2019) found that tax avoidance, earnings management and political connections simultaneously influence corporate social responsibility disclosure.

Company shares included in *Jakarta Islamic Index* includes selected shares that meet Sharia criteria. Sharia shares are shares that meet certain requirements, such as a ban on gambling, interest-based banking, and standard insurance. Likewise, a business that does not involve providing goods/services, does not sell goods/services that are haram in nature, and so on.

## II. LITERATURE REVIEW

### *Corporate Finance*

According to Richard Brealey (2022), corporate finance includes a number of basic principles that guide financial decision making in the context of companies. One of the key concepts emphasized by Brealey is the time value of money, which is the idea that the value of money changes over time. In Brealey's view, a good understanding of the time value of money is crucial for optimizing investment and financing decisions. Another concept emphasized by him is capital structure, which addresses the optimal comparison between debt and equity to achieve maximum company value. Brealey also highlighted the importance of risk management and portfolio diversification to achieve the company's long-term financial goals. With a focus on these principles, the theoretical foundation of corporate finance according to Richard Brealey provides a solid view for company management in facing challenges and decision-making in a dynamic business environment.

### **Macroeconomics**

Macroeconomic analysis is an analysis of macro factors that can influence a business and occur outside the business in such a way that the business cannot control these things. Macroeconomics focuses on economic behavior and policies that can influence consumption and investment levels, a country's balance of trade and payments, important factors that influence prices and wages, monetary policy, money supply, interest rates, and the size of government debt (Donbusch, 2008 in Ramli C., 2021). In theory, there are many indicators that can measure economic variables, but the indicators commonly used to predict stock fluctuations are variables that are controlled directly by monetary policy through financial market intermediation mechanisms (Bank Indonesia, (2004), these variables include exchange rates, interest rates, inflation (Ramli C., 2021).

### **Liquidity Risk**

Liquidity risk is a risk that describes a company's ability to fulfill its short-term obligations (Kasmir, 2017). In other words, liquidity risk describes a company's ability to pay short-term obligations (liabilities) that are due, or this risk shows the company's ability to finance and fulfill its obligations when they are billed. Liquidity can be measured by the current ratio. The higher the liquidity ratio, the better it is for investors. Investors are interested in companies that have fairly high liquidity, in accordance with the indicators of similar companies. In other words, it is the measure to settle short-term company obligation term. The benefit of liquidity is to measure the company's ability to pay short-term liabilities or debts on the schedule set. (A. Ramdani et al, 2021)

### **Debt Risk**

Initially, credit/debts were intended to encourage people to help each other to meet their needs, whether related to business or daily needs. In other words, all parties who receive credit/debts are expected to have good socio-economic effects (Agustina, 2021). Another risk that can affect stock returns is debt risk. Debt risk is the company's performance ability to repay its long-term debt by looking at the comparison between total debt and total equity (Supadi P, Dwi Budi, and MN Amin, 2016). This comparison is known as the debt-to-equity ratio. This risk can provide an overview of the company's capital structure so that you can see the level of risk of non-payment of debt.

### **Earning Management**

Earnings management can be defined as changes in company performance reported by insiders to economic performance with the aim of misleading certain stakeholders or influencing contract outcomes (Healy and Wahlen, 1999; Leuez et al., 2003 in Gras-Gil et al. al., 2016). In reporting, earnings management is a violation of ethics and morals because it aims to mislead stakeholders into making decisions based on reported profits. Managers can make stakeholders distrust the company's performance because of their earnings management actions (Sembiring, 2017). To determine the earnings management carried out by an organization, the discretionary calculation amount is used according to the following formula:

$$DA_{i,t} = \frac{TAC_{i,t}}{TA_{i,t} - 1}$$

Description:

DA<sub>i,t</sub> : discretionary accruals company i in year t

TAC<sub>i,t</sub> : total companies i's accruals in year t

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TA<sub>i,t-1</sub> : total assets of company i in year t

## Corporate Social Responsibility Disclosure

Corporate Social Responsibility Disclosure is the extensive level of reporting on corporate social activities that is used to reduce the negative impact experienced by the company by providing information to users of annual financial reports and social activities (Merdi et al., 2019). Companies that voluntarily incorporate social and environmental concerns into their core business operations are examples of corporate social responsibility. This concept encourages companies to abandon the traditional concept which only focuses on economic interests and emphasizes the importance of human values in the production chain as well as the company's contribution to society, consumers and the environment. The CSRI calculation is then carried out by dividing the number of units released by the total number of units.

$$CSRI = \frac{\sum X}{n}$$

Description:

$\sum X$  : total score from the CSR disclosure index

n : number of CSR disclosure index items

## Good Corporate Governance

Justice, transparency, responsibility, independence and accountability are the principles that form Good Corporate Governance (GCG). GCG regulates the relationship between shareholders, management, company (directors and commissioners), creditors, employees and other stakeholders regarding the rights and obligations of each party (Barus, 2016: 481).

The method used by companies in calculating good corporate governance is carried out in several stages, including document reviews, interviews and questionnaires. The party who can provide good corporate governance value is an independent assessor appointed by the company concerned. Another thing that can be done is to calculate the DKI value with the following conditions:

$$DKI = \frac{\text{independent commissioners}}{\text{total commissioners}} \times 100\%$$

## Stock Return

Stock returns is the result of investment (Jogiyanto, 2013). Investors invest their funds with the hope of getting a profit, namely income, or rate of return on investment. This return can show an increase in the wealth of investors, including shareholders. Risk is a component that cannot be separated from the concept of return because the relationship between return and risk is a "trade-off". The greater the risk borne by investors, the greater the expected return as compensation (Chasanah, 2021). Measurement of stock returns is as follows:

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Description:

R<sub>t</sub> : stock return period t

P<sub>t</sub> : stock price period t

P<sub>t-1</sub> : share price in the previous day's period

## III. CONCEPTUAL FRAMEWORK

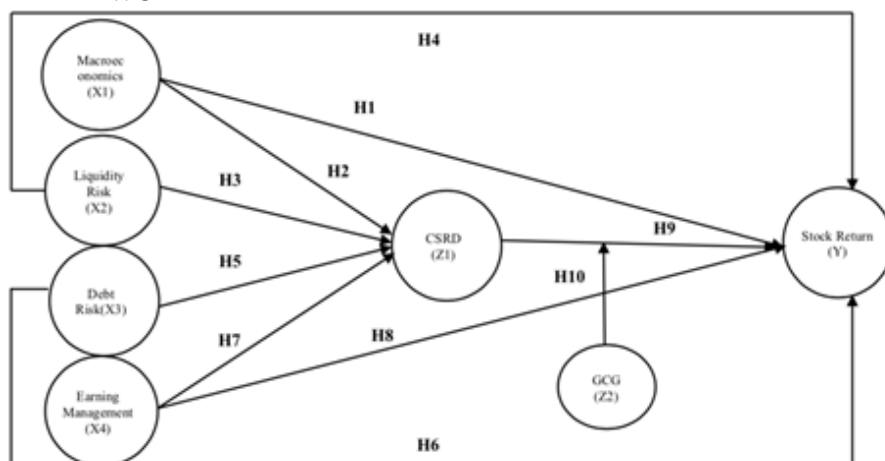


Figure 1. Conceptual Framework

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## **Hypotheses**

Regarding the research context, problem formulation, literature review, and conceptual framework, then hypothesis that can be formed is as follows:

H1: There is a significant influence between macroeconomics on stock returns in non-banking companies listed on the Jakarta Islamic Index.

H2: There is a significant influence between macroeconomics and corporate social responsibility disclosure in non-banking companies listed on the Jakarta Islamic Index.

H3: There is a significant influence between liquidity risk and corporate social responsibility disclosure in non-banking companies listed on the Jakarta Islamic Index.

H4: There is a significant influence between liquidity risk on stock returns in non-banking companies listed on the Jakarta Islamic Index.

H5: There is a significant influence between debt risk and corporate social responsibility disclosure in non-banking companies listed on the Jakarta Islamic Index.

H6: There is a significant influence between debt risk and stock returns in non-banking companies listed on the Jakarta Islamic Index.

H7: There is a significant influence between earnings management on corporate social responsibility disclosure in non-banking companies listed on the Jakarta Islamic Index.

H8: There is a significant influence between earnings management on stock returns in non-banking companies listed on the Jakarta Islamic Index.

H9: There is a significant influence between corporate social responsibility disclosure on stock returns in non-banking companies listed on the Jakarta Islamic Index.

H10: *Good corporate governance* moderates the relationship between corporate social responsibility disclosure and stock returns in non-banking companies listed on the Jakarta Islamic Index

## **IV. RESEARCH METHOD**

The research method used in this study is a quantitative descriptive method.

### **Population and Sample**

The population in this research are all companies listed on the Jakarta Islamic Index 70 on the Indonesia Stock Exchange in the 2020-2022 period. The samples in this research will be selected using purposive sampling, namely taking samples that have certain criteria so that samples can be taken according to the research objectives. The inclusion criteria used in the research sample are non-banking companies that are listed on the Jakarta Islamic Index 70 for the 2021-2022 period and have financial reports available during the research period and are recorded in corporate social responsibility reporting. There were 38 companies that met the criteria and were used as samples in this research.

### **Data Collection**

The data used in this research was collected by downloading the company's annual financial report from the official website of the Indonesia Stock Exchange (BEI) and the official website of each company. After data collection, the researcher carries out data reduction, namely the data that has been obtained will be sorted according to the criteria in the sample required. Finally, the data is presented by preparing a conceptual design regarding variables and indicators. The results of organizing the data are then presented systematically.

### **Analysis**

Descriptive analysis was carried out to explain the responses to each research variable. The data analysis technique used in this research is quantitative analysis using the SEM model or structural equation model with the *SmartPLS 4.0* program.

## **V. RESEARCH RESULTS AND DISCUSSION**

An indicator is declared valid if it has a loading factor above 0.5 on the targeted construct. *SmartPLS* output for loading factor gives the following results:

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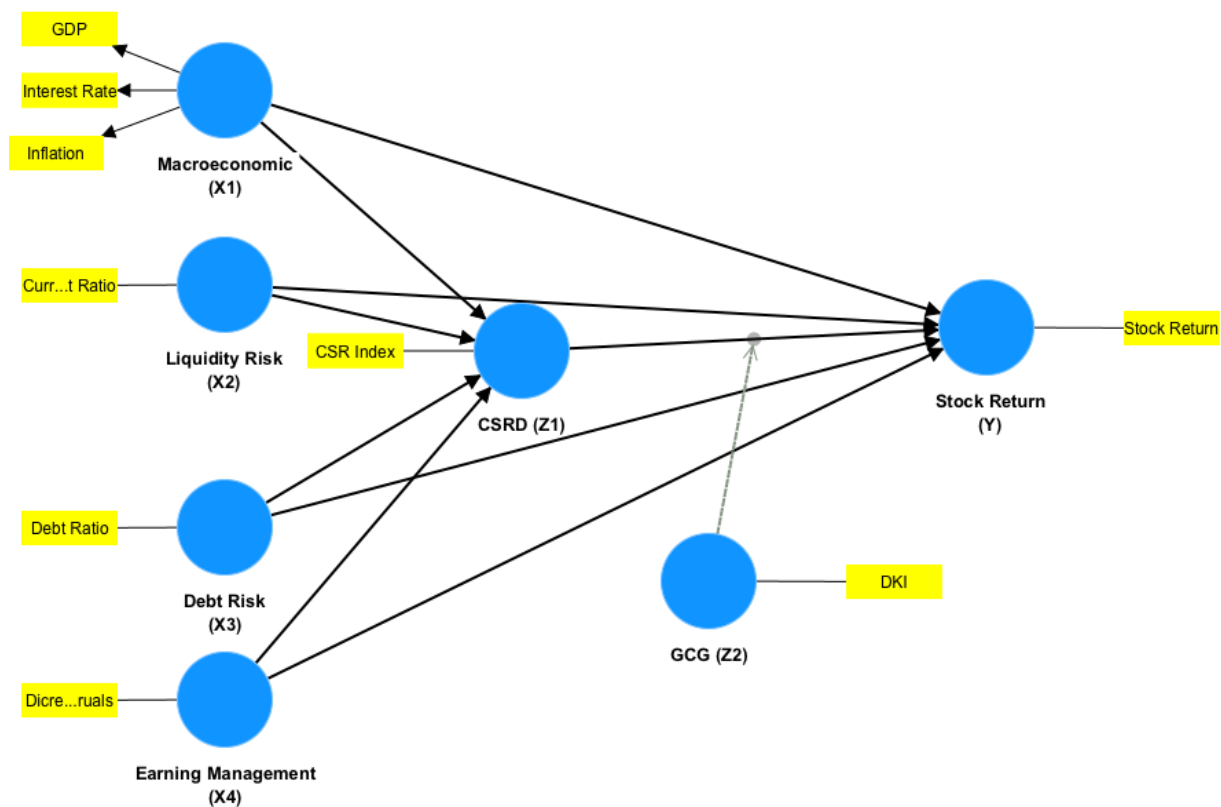


Figure 2. Outer and Inner Models

Based on Figure 1 above, it shows the appearance of the outer and inner models before algorithm processing and bootstrapping are carried out. The macroeconomic variable (X1) has 3 indicators, namely GDP, interest rates and inflation. Meanwhile, the other variables, namely liquidity risk (X2), debt risk (X3), earnings management (X4), corporate social responsibility disclosure (Z1), good corporate governance (Z2), and stock returns (Y) have 1 indicator. All indicators will be tested first.

Table 1. Result for Outer Loading

Variable	Indicator	Outer Loading
Macroeconomics	GDP	-0.813
	Interest rate	0.999
	Inflation	0.785
Liquidity risk	Current ratio	1.000
Debt risk	Debt to equity ratio	1.000
Earnings management	Discretionary accruals	1.000
Corporate social responsibility disclosure	CSR Index	1.000
Good corporate governance	DKI	1.000
Stock returns	Stock returns	1.000

Source: Data processed by *Smart-PLS*

Based on table 1 Result for Outer Loading above, the GDP indicator is removed from the model because it has a loading of less than 0.50 and is not significant or is not capable of being a measuring tool for a variable.

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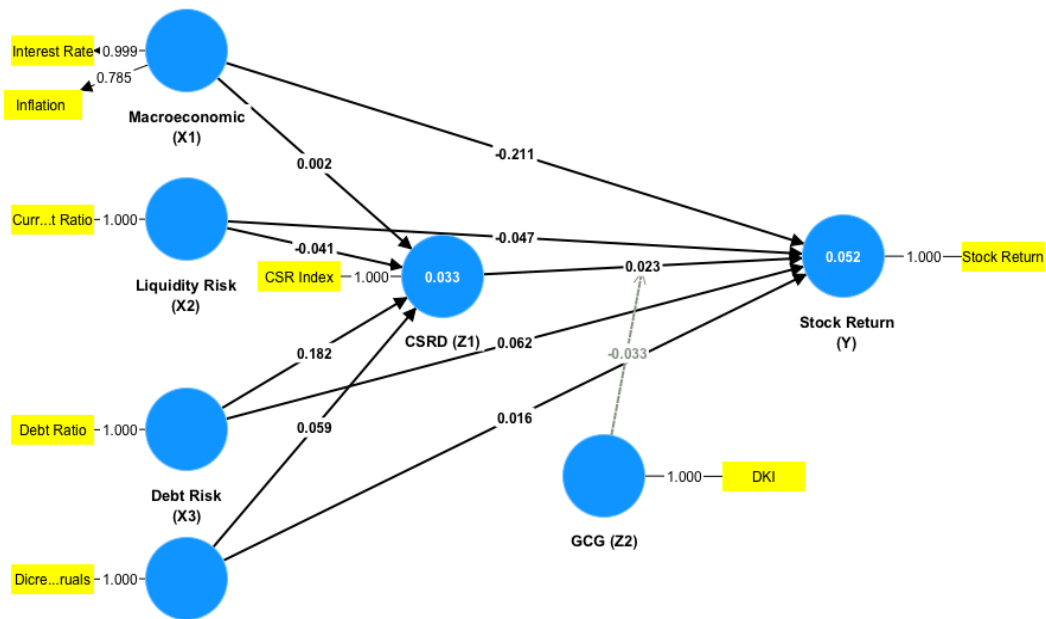


Figure 3. Original Loading Factor Value

To Convergent test validity uses outer loading and average variant extracted (AVE) values. An indicator can be said to meet convergent validity if the outer loading value is > 0.7 and AVE > 0.5.

Table 2. Result for Outer Loading

Variable	Indicator	Outer Loading
Macroeconomics	Interest rate	0.999
	Inflation	0.785
Liquidity risk	Current ratio	1.000
Debt risk	Debt to equity ratio	1.000
Earnings management	Discretionary accruals	1.000
Corporate social responsibility disclosure	CSR Index	1.000
Good corporate governance	DKI	1.000
Stock returns	Stock returns	1.000

Source: Data processed by Smart-PLS

Table 2 above shows that the loading factor has given the recommended value, namely more than 0.5. This means that the indicators used in this research are valid or have met convergent validity. Discriminant validity of reflective indicators can be seen in the cross-loading between the indicator and its construction using the PLS Algorithm report then select discriminant validity then cross loading the following SmartPLS output.

Table 3. Discriminant Validity Cross-Loading

	CSR D (Z1)	Earnings Managem ent_(X4)	GCG (Z2)	Macroecon omics _(X1)	Stock returns _(Y)	Liquidity Risk_(X2)	Debt Risk_(X 3)	GCG (Z2) x CSR D (Z1)
CSR Index	1,000	0.037	-0.146	-0.000	0.037	0.020	0.175	0.036
Current Ratio	0.020	0.506	-0.124	0.002	-0.024	1.000	0.172	-0.016
DKI	-0.146	-0.109	1,000	0.014	-0.032	-0.124	0.106	0.313
Debt to equity Ratio	0.175	-0.003	0.106	0.006	0.052	0.172	1.000	0.065
Discretionary	0.037	1.000	-0.109	-0.059	0.009	0.506	-0.003	-0.007
Stock returns	0.037	0.009	-0.032	-0.212	1.000	-0.024	0.052	-0.028
Interest rate	-0.000	-0.064	0.015	0.999	-0.222	0.002	0.006	-0.024
Inflation	0.000	0.024	0.007	0.785	-0.015	0.005	0.003	-0.012
GCG (Z2) x CSR D (Z1)	0.036	-0.007	0.313	-0.024	-0.028	-0.016	0.065	1.000

Source: Data processed by Smart-PLS



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An indicator is declared valid if it has the highest loading factor on the target variable compared to the loading factor on other variables. Table 3 above shows that the loading factor for the stock return variable with the stock return indicator is higher than the indicators for the other variables. Thus, latent constructs predict indicators in their block better than indicators in other blocks. Another method to see discriminant validity is to look at the square root of average variance extracted (AVE) value. The recommended value is above 0.5. The following are the AVE values in this research:

**Table 4. Average Variant Extracted (AVE)**

	AVE
Macroeconomics	0.892
Liquidity risk	1.000
Debt risk	1.000
Earnings management	1.000
Corporate social responsibility disclosure	1.000
Good corporate governance	1.000
Stock returns	1.000

**Source: Data processed by Smart-PLS**

Table 4 above provides an Average Variance Extracted (AVE) value above 0.5 for all variables contained in the research model.

**Table 5. Fornell-Larcker Criterion**

	CSRD (Z1)	Earnings Management (X4)	GCG (Z2)	Macroeconomics (X1)	Stock returns (Y)	Liquidity Risk (X2)	Debt Risk (X3)
CSRD (Z1)	1.000						
Earnings Management (X4)	0.037	1.000					
GCG (Z2)	-0.146	-0.109	1.000				
Macroeconomics (X1)		-0.059	0.014	0.898			
Stock returns (Y)	0.037	0.009	-0.032	-0.212	1.000		
Liquidity Risk (X2)	0.020	0.506	-0.124	0.002	-0.024	1.000	
Debt Risk (X3)	0.175	-0.003	0.106	0.006	0.052	0.172	1.000

**Source: Data processed by Smart-PLS**

Table 5 above is the result of the discriminant validity test using the Fornell-Larcker value. An indicator is said to meet discriminant validity standards if the Fornell-Larcker indicator value for the variable is the largest compared to other variables. The reliability test is carried out by looking at the composite reliability value of the indicator block that measures the construct. The composite reliability results will show a satisfactory value if it is above 0.7. The following are the composite reliability values that are output:

**Table 6. Composite Reliability and Cronbach's Alpha**

	CR	rho_A	C.A
Macroeconomics	0.892	10.124	0.862
Liquidity risk	1.000	1.000	1.000
Debt risk	1.000	1.000	1.000
Earnings management	1.000	1.000	1.000
Corporate social responsibility disclosure	1.000	1.000	1.000
Good corporate governance	1.000	1.000	1.000
Stock returns	1.000	1.000	1.000

**Source: Data processed by Smart-PLS**

Based on the data presented in table 6 above, it can be seen that the composite reliability value of all research variables is  $> 0.6$ , then the value of rho\_A and Cronbach's alpha is  $> 0.7$ . These results show that each variable has met composite reliability, rho\_A, and Cronbach's alpha so it can be concluded that all variables have a high level of reliability.

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After the estimated model meets the outer model criteria, the next step is testing the structural model (inner model). The following is the R-square value for the construct:

**Table 7. R-Square**

	R-square
Corporate social responsibility disclosure (Z1)	0.38
Stock returns (Y)	0.42

Source: Data processed by *Smart-PLS*

R square ( $R^2$ ), often called the coefficient of determination, measures the goodness of fit of the regression equation; namely providing the proportion or presentation of the total variable in the dependent variable that is explained by the independent variable. The  $R^2$  value lies between 0-1, and the model fit is said to be better if  $R^2$  is close to 1. Table 5.14 above is as follows:

- R Square ( $R^2$ ) variable corporate social responsibility disclosure gives a value of 0.38, which means that macroeconomics, liquidity risk, debt risk and earnings management can be explained by Corporate Social Responsibility Disclosure by 38% and the remaining 62% is not explained in this research.
- R Square ( $R^2$ ) variable stock returns gives a value of 0.42, which means that macroeconomics, liquidity risk, debt risk, earnings management, corporate social responsibility disclosure and good corporate governance can be explained. Stock returns were 42% and the remaining 58% were not explained in this research.

Path Coefficient shows the level of significance of the relationship between the variables in the study. Thus, giving the following results:

**Table 8. Path Coefficient**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T-Statistics (O/STDEV)	P values	Signification
Macroeconomics (X1) -> Stock Return (Y)	-0.454	-0.464	0.060	7.505	0.000	Significant negative
Macroeconomics (X1) -> CSR (Z1)	-0.004	-0.001	0.095	0.046	0.964	Not significant
Liquidity Risk (X2) -> CSR (Z1)	-0.054	-0.059	0.063	0.859	0.391	Not significant
Liquidity Risk (X2) -> Stock Return (Y)	-0.055	-0.054	0.058	0.953	0.341	Not significant
Debt Risk (X3) -> CSR (Z1)	0.194	0.195	0.102	1.994	0.058	Significant positive
Debt Risk (X3) -> Stock Return (Y)	-0.003	0.000	0.061	0.049	0.961	Not significant
Earning Management (X4) -> CSR (Z1)	0.088	0.091	0.062	1.423	0.155	Not significant
Earning Management (X4) -> Stock Return (Y)	0.068	0.071	0.083	0.827	0.408	Not significant
CSR (Z1) -> Stock Return (Y)	0.277	0.280	0.060	4.616	0.000	Significant positive
GCG (Z2) x CSR (Z1) -> Stock Return (Y)	-0.245	-0.247	0.056	4.374	0.000	Significant negative

Source: Data processed by *Smart-PLS*

From table 8 above, it can be seen that the 10 hypotheses processed in this research are acceptable and significant if the t-statistic is  $> 1.96$ . There were 4 hypotheses which were declared significantly positive and 6 hypotheses which were declared insignificant. Based on the results of data processing that has been carried out to support the proposed research, information was obtained that of the 10 hypotheses, 4 hypotheses were accepted/significant while the other 6 do not show a significant relationship. The following is an analysis of the relationship between variables according to the proposed hypothesis:

## H1: Macroeconomics has a significant effect on stock returns

Based on the statistical tests that have been carried out, it was found that the macroeconomic relationship with stock returns shows the original sample result (O), namely -0.454, indicating that these two variables have a negative relationship, with a t-statistic



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value of 7.505 which fulfills the t-statistic requirement  $> 1.96$ , so it can be concluded that the hypothesis is **accepted and significant**. These results indicate that macroeconomics has a significant impact on stock returns in non-banking companies registered on Jakarta Islamic Index. This indicates that the company is responding actively to changes in macroeconomic conditions to protect itself from related potential risks. This shows that companies need risk management in making financial decisions to protect all stakeholder needs.

### **H2: Macroeconomics has a significant effect on corporate social responsibility disclosure**

Based on the statistical tests that have been carried out, it was found that the macroeconomic relationship with corporate social responsibility disclosure shows the original sample result (O), namely -0.004, indicating that these two variables have a negative relationship, with a t-statistic value of 0.046 which does not meet the t-statistic requirement  $> 1.96$ , then it can be concluded that the hypothesis is **rejected and is not significant**. These results indicate that macroeconomics does not directly influence corporate social responsibility disclosure in non-banking companies registered on Jakarta Islamic Index. This indicates that corporate social responsibility disclosure is not an external factor, but an internal factor of the company itself in carrying out social responsibility.

### **H3: Liquidity risk has a significant effect on corporate social responsibility disclosure**

Based on the statistical tests that have been carried out, it was found that the relationship between liquidity risk and corporate social responsibility disclosure shows the original sample result (O), namely -0.054, indicating that these two variables have a negative relationship, with a t-statistic value of 0.859, which does not meet the t-statistic requirement  $> 1.96$ , then it can be concluded that the hypothesis is **rejected and is not significant**. These results indicate that liquidity risk does not directly affect corporate social responsibility disclosure in non-banking companies registered on Jakarta Islamic Index. This indicates that corporate social responsibility disclosure is not an external factor, but an internal factor of the company itself in carrying out social responsibility.

### **H4: Liquidity risk has a significant effect on stock returns**

Based on the statistical tests that have been carried out, it was found that the relationship between liquidity risk and stock returns shows the original sample result (O), namely -0.055, indicating that these two variables have a negative relationship, with a t-statistic value of 0.953 which does not meet the t-statistic requirement  $> 1.96$ , so it can be concluded that the hypothesis is **rejected and is not significant**. These results indicate that liquidity risk does not directly affect stock returns in non-banking companies registered on Jakarta Islamic Index. In some cases, capital markets have a high level of efficiency, where information about liquidity risk is reflected in stock prices quickly. Thus, the direct impact on stock returns has been taken into account by the market.

### **H5: Debt risk has a significant effect on corporate social responsibility disclosure**

Based on the statistical tests that have been carried out, it was found that the relationship between debt risk and corporate social responsibility disclosure shows the original sample result (O), namely 0.194, indicating that these two variables have a positive relationship, with a t-statistic value of 1.994 fulfilling the t-statistic requirement  $> 1.96$ , so it can be concluded that the hypothesis is **accepted and significant**. These results indicate that debt risk has a significant impact on corporate social responsibility disclosure in non-banking companies registered on Jakarta Islamic Index. Company with high debt risk experience financial stress which causes the main focus to be on financial problems rather than social and environmental issues. This can reduce the company's investment in activities corporate social responsibility disclosure. Companies facing debt risks are more likely to use available funds to address urgent financial problems than to invest in programs corporate social responsibility. Company with debt equity ratio low is more appreciated by sharia investors because of its consistency with sharia principles. This could affect the demand for their shares, resulting in an increase in share prices.

### **H6: Debt risk has a significant effect on stock returns**

Based on the statistical tests that have been carried out, it was found that the relationship between debt risk and stock returns shows the original sample result (O), namely -0.003, indicating that these two variables have a negative relationship, with a t-statistic value of 0.049 which does not meet the t-statistic requirement  $> 1.96$ , so it can be concluded that the hypothesis is **rejected and is not significant**. These results indicate that debt risk does not directly affect stock returns in non-banking companies registered on Jakarta Islamic Index. More dominant market factors, such as changes in economic circumstances, industry conditions, or overall market sentiment, may have a greater influence on stock returns than a company's debt risk. Debt risk can have different impacts depending on the company's financial structure and condition. Companies with different financial structures experience different influences on stock returns.

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## **H7: Earnings management has a significant effect on corporate social responsibility disclosure**

Based on the statistical tests that have been carried out, it was found that the relationship between earnings management and corporate social responsibility disclosure shows the original sample result (O), namely 0.088, indicating that these two variables have a positive relationship, with a t-statistic value of 1.423, which does not meet the t-statistic requirement  $> 1.96$ . then it can be concluded that the hypothesis is **rejected and is not significant**. These results indicate that earnings management does not directly influence corporate social responsibility disclosure in non-banking companies registered on Jakarta Islamic Index. Practice earnings management is more related to efforts to meet financial targets or legal compliance, where as corporate social responsibility disclosure more related to voluntary initiatives and corporate social responsibility. Earnings management often related to financial reports and their influence on the perception of a company's financial performance, while corporate social responsibility disclosure more related to disclosure of the company's social, environmental and ethical activities.

## **H8: Earnings management significant effect on stock returns**

Based on the statistical tests that have been carried out, it was found that the relationship between earnings management and stock returns shows the original sample result (O), namely 0.068, indicating that these two variables have a positive relationship, with a t-statistic value of 0.827 which does not meet the t-statistic requirement  $> 1.96$ , so it can be it was concluded that the hypothesis is **rejected and is not significant**. These results indicate that earnings management does not directly affect stock returns in non-banking companies registered on Jakarta Islamic Index. Investor tend to consider more substantial fundamental factors, such as operational performance, growth prospects and market conditions, compared to more tactical earnings management practices. Investor view earnings management practices as a sign of risk or lack of transparency, which could affect their trust in the company. However, the impact on stock returns can be indirect.

## **H9: Corporate social responsibility disclosure significant effect on stock returns**

Based on the statistical tests that have been carried out, it was found that the relationship between corporate social responsibility disclosure and stock returns shows the original sample result (O), namely 0.277, indicating that these two variables have a positive relationship, with a t-statistic value of 4.616 fulfilling the t-statistic requirement  $> 1.96$ , so it can be concluded that the hypothesis is **accepted and significant**. These results indicate that corporate social responsibility disclosure has a significant impact on stock returns in non-banking companies registered on Jakarta Islamic Index. Companies that are active incorporate social responsibility disclosure tends to build a better reputation in the eyes of consumers, investors and the public. This positive image can increase consumer and investor trust and loyalty, which in turn influences stock performance. Companies with a clear focus on corporate social responsibility disclosure often have lower risks related to social and environmental issues. By managing these risks, companies can attract investors looking for more sustainable, lower-risk investments.

## **H10: Good corporate governance moderates the relationship between corporate social responsibility disclosure and stock returns**

Based on statistical tests that have been carried out, it was found that good corporate governance moderates the relationship between corporate social responsibility and stock returns, showing the results of the original sample disclosure (O), namely -0.245, indicating that these three variables have a negative relationship, with a t-statistic value of 4.374, fulfilling the t requirements. -statistics  $> 1.96$ , it can be concluded that the hypothesis is **accepted and significant**. These results indicate that good corporate governance moderates the relationship between corporate social responsibility disclosure and stock returns in non-banking companies registered on Jakarta Islamic Index. Good corporate governance can increase transparency in company practices and manage risk. In this case, good corporate governance can strengthen positive relationships between corporate social responsibility disclosure and stock returns by increasing investor confidence through transparency and good risk management. Good corporate governance often leads to broader stakeholder involvement in corporate decision making. This can strengthen the linkages between policies corporate social responsibility and the interests of stakeholders, which in turn can influence stock returns.

## **VI. CONCLUSIONS**

Based on the research findings, the following conclusions can be drawn:

This research was conducted to examine the influence of macroeconomics, liquidity risk, debt risk, earnings management, on corporate social responsibility disclosure and stock returns with good corporate governance as a moderating variable in non-banking companies registered on Jakarta Islamic Index. The samples taken in this research were 38 non-banking companies listed on the Jakarta Islamic Index in 2020-2022 using purposive sampling. Based on the results of data processing that has been carried out, information was obtained that of the 10 hypotheses, 4 hypotheses were accepted/significant while the other 6 do not show a significant relationship.

# The Influence of Macroeconomics, Liquidity Risk, Debt Risk, and Earning Management on Corporate Social Responsibility Disclosure and Stock Returns with Good Corporate Governance as a Moderation Variable in Non-Banking Companies Registered on Jakarta Islamic Index

## RECOMMENDATIONS

The following are suggestions that the author can give based on the research results for further research:

1. More specific analysis of macroeconomic variables by focusing on indicators that have a direct impact on the company. For example, in exporting companies, researchers can consider exchange rates and interest rate trends. Also consider the costs of import tariffs and import quota limits. By including more specific macroeconomic variables, researchers can provide a more detailed analysis of how macroeconomics influences stock returns.
2. Classification of companies based on industrial sector or type of business. By carrying out classification, researchers can compare and analyze the influence of independent variables on stock returns in the same period. For example, the manufacturing industry can be compared with the service sector. This makes it possible to identify other, more crucial factors. Apart from that, the results of the analysis will focus more on certain groups so that the discussion will be more specific.
3. Considering economic policy is an important aspect in determining stock prices. Taxes, public consumption, and subsidies can influence investment levels. Meanwhile, monetary policy can involve setting interest rates by the central bank. These fluctuations in interest rates can influence people's decisions in allocating funds to invest in the stock market.
4. Conduct long-term research to see how these variables develop over time. For example, how changes in company management practices consistently influence corporate social responsibility disclosure, good corporate governance, and stock returns over a wider time span.

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