

ABSTRACT

The purpose of financial statements is to provide information on the financial position, financial performance, cash flows of entities that benefit most users of financial statements in making economic decisions. Therefore, the company is not allowed to provide misleading information and must comply with applicable regulations. Basically financial statements are one of the important sources of information used by investors in assessing company performance. Net profit information obtained can be used as a basis to assess how much the value of investor returns of each stock bought. In simple terms ERC can be interpreted as a change in stock prices resulting from the issuance of financial statements by the company. Generally when a company makes a profit, then the profit will raise the stock price of the company. Vice versa if the company suffered losses will reduce the price of its shares. However, there are some incidents that are not in line with the theory, which causes a change in the value of ERC.

The purpose of this study is to determine how much influence corporate social responsibility and default risk to earning response coefficient both simultaneously and partially. The sample used is a manufacturing company listed on the Indonesia Stock Exchange (BEI) in the period 2011-2015 which presents the financial statements consistently in the period of study. The selected sample result is 39 companies from 143 Manufacturing Companies listed on BEI in 2011-2015 period. Data analysis method in this research is panel data regression analysis using software Eviews version 9.

The result of hypothesis testing shows that together Corporate Social Responsibility and default risk have no effect on earning response coefficient, with coefficient of determination value is 0.3% Partial test shows that corporate social responsibility does not affect earning response coefficient while the default risk has no effect on earning response coefficient.

Based on the results of this study, the authors try to provide suggestions for further research to add variables persistensi profit, profitability, company size, growth, capital structure, and quality audit research and extend the time of research and use sectors other than manufacturing companies.

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