

ABSTRACT

Profit is the goal of the company to carry out a business activity. This objective is an accumulation of a number of policies implemented in the company's operational activities during a given time. Successful companies are characterized by achieving a good level of profitability. One of the impacts that will be caused by a profitable company is that the company has the power of financial information that can compete. Outside parties have a sign or signal in determining their investment choices based on the profitability achieved by the company. In this study, the phenomenon was traced to case study methods. Some companies show a level of profitability that affects the industry as a whole.

This research uses signal theory to describe financial information, namely corporate profitability. Profitability becomes a valuable signal for companies to communicate with outsiders. This research was conducted to find out the environmental performance, inflation, sales growth, and profitability of basic and chemical industry companies listed on the Indonesia Stock Exchange in 2015-2020. Another goal is to determine the effect of environmental performance, inflation, and sales growth on profitability.

This type of research uses a quantitative method approach, which uses secondary data sourced from the company's financial statements and annual reports. The research variables and measuring instruments each consist of environmental performance using PROPER ratings, inflation using the Consumer Price Index (CPI), sales growth using sales growth ratio and profitability using ROA. The data is processed using purposive sampling techniques. The sample number of selected companies as many as 20 companies from a total of 77 populations of basic and chemical industrial companies listed on the Indonesia Stock Exchange during 2015 to 2020. The data analysis method used is regression analysis of panel data.

The results of this study concluded that environmental performance, inflation and sales growth simultaneously affect the profitability of the company. The other research results are that environmental performance partially positively affects profitability, inflation negatively affects profitability and sales growth negatively affects profitability.

This research is expected to contribute to the theoretical aspect, which can be used as a reference material in general. The results of this study are expected to provide relevant information that environmental aspects become one of the factors that can improve a company's performance in addition to other financial factors. Research with the same model needs to be done with different objects. Researchers can relearn this research model by paying attention to models that have a large degree of influence.

Keywords: *Environmental Performance, Inflation, Profitability, Sales Growth*