Fair Value : Jurnal Ilmiah Akuntansi dan Keuangan
Volume 5, Number 8, 2023
P-ISSN: 2622-2191 E-ISSN : 2622-2205
Open Access: https://journal.ikopin.ac.id/index.php/fairvalue

The impact of company characteristics behavior on disclosure of corporate social responsibility

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Info Artikel

Sejarah artikel:
Received Jan 12th, 2023
Revised Feb 20th, 2023
Accepted March 25th, 2023

Keywords:
Corporate social responsibility (CSR); Company profile; Institutional ownership structure; Company size; Company environment

ABSTRAK(10 PT)
Corporate social responsibility (CSR) is defined as corporate social responsibility, which is a matter of corporate environmental governance, and this environmental governance is an added value for multinational companies, including companies located in Indonesia. This study aims to determine the effect of size, profile, and institutional ownership on the disclosure of corporate social responsibility. GRI G4 is used for CSR disclosure. This research uses quantitative research methods. Purposive sampling was used for 150 companies listed on the Indonesia Stock Exchange in 2019–2022. Secondary data from www.idx.co.id and related company websites is used. Multiple regression analysis (OLS) was applied. The results of this study are hypothesis testing, which shows that company profile and institutional ownership structure substantially affect the disclosure of social responsibility, while company size does not.

INTRODUCTION

Community social institutions (NGO-environment) typically need corporate environmental and social awareness to preserve the community's natural and social balance. Thus, implementing and disclosing CSR for the company should improve its sustainability. Researchers and observers of corporate social responsibility also have the same view that companies that carry out social responsibility activities have a positive image as a company that is moral, ethical and has concern for the community and the environment (Giannakopoulou et al., 2016). Corporate social responsibility is a form of corporate social responsibility (Elwisam, 2022). In this implementation, it can influence the community to later want to buy the company's shares. The more information there is about corporate social responsibility, the more value it will add to the company (Susila & Prena, 2019). In implementing CSR programs, some companies have successfully carried out the program, but there are also companies that experience problems in implementing CSR (Jufita & Meini, 2022). Companies that have successfully implemented CSR programs (such as Danone Aqua Tbk, Djarum Tbk., And Gudang Garam Tbk) and for the success of the CSR program can trigger an increase in the stock price index of each company in the stock market, and on the other hand, will influence the company other companies (BUMN and not) to follow the steps in implementing the CSR.

Based on the CSR program carried out by manufacturing companies, many evaluation studies on CSR implementation have produced. Some variables, such as financial statement performance and company characteristics (especially company size and profile) influence the disclosure of social responsibility. In the study of (Yuliana et al., 2014) show the results that there is no relationship between financial statement performance and company size on disclosure of corporate social responsibility. In the implementation of social responsibility, there is a tendency that company size is an important part, which significantly influences the disclosure of corporate social responsibility. Company size shows the value of the company's reputation and can be used to evaluate company growth (Indriyanto, 2022). Company growth can show an increase in company performance (Sari & Abundanti, 2014). Despite the contradictions in the results of the research, in the implementation of corporate social responsibility, it turns out that the size of the company is an important part that is significantly influencing corporate social responsibility (Wardhani & Sugiharto, 2013). The size of the company also shows "the value of the company's reputation" and can be used to evaluate company growth (Hardini & Pratiwi, 2022). Company growth can show an increase in company performance (Indriyanto & Cahyani, 2022). Indonesian pharmaceutical and primary chemical enterprises thrive owing to public health needs. The organization must expand sustainably and give stakeholders with decision-making information. Law number. 25 of 2007 on investment in Indonesia mandates environmental sustainability (Republik Indonesia, 2007).

Global corporations, including Indonesia, utilize the Global Reporting Initiative (GRI) for CSR disclosure. GRI was used to analyze the association between CSR disclosure and financial performance. Disclosure of Corporate Social Responsibility activities is only rooted in the company's need to form an image of environmental care (Hamdani et al., 2017). On the other hand, the application of Corporate Social Responsibility is a form of applying the principles of good corporate governance (Cahyadi, 2018). In the research (Hadi et al., 2016) also indicate that the application of corporate social responsibility can improve company performance. It means companies that have excellent environmental and social performance will be responded positively by investors. In contrast to (Waluyo, 2017), this research conducted at consumer goods and pharmaceutical sector companies on the Indonesia Stock Exchange. Based on the background of the problem, the formulation of the problem that needs to examine is: does the company's characteristics (company size, company profile, and ownership structure of the company) influence the disclosure of social responsibility.

RESEARCH METHODS

The research method used in this study is quantitative research, which, according to (Sugiyono, 2019), is research based on positivism philosophy and used to examine certain populations or samples. Data collection is done using research instruments, and data analysis is quantitative or statistical, with the aim of testing the hypotheses that have been set (Lestari et al., 2022). This research includes all 2019-2022 Indonesia Stock Exchange (IDX)-listed businesses. Financial statement data from the Indonesia Stock Exchange's www.idx.co.id website. Secondary data includes financial statements (annual financial statements) of companies listed on the Indonesia Stock Exchange (BEI) as of December 31 and sustainability reports (sustainability reports) downloaded from the company's website from 2019 to 2022. Engineering Purposive sampling was employed to choose samples that fulfilled research aims sustainability report issued by the firm and yearly reports in a row in 2019-2022, all companies listed on the Indonesia Stock Exchange (IDX) in 2019-2022, and companies that employ GRI G4 indicators in publishing sustainability reports.

Measurement of Variables

There are four measurements of the company's characteristics variables, namely (1) company size, (2) company profile, (3) institutional ownership structure, and (4) disclosure of corporate social responsibility. Each of them explains with the following formula :

Company SIZE

To measure the level of company size can be calculated from total assets because the size of the company is proxied by ln total assets (Limiao & Lestari, 2022). The use of natural log used to reduce data fluctuations without changing the proportion of original values (Ramadhani & Adhariani, 2015).
SIZE = Ln (total asset)

Company profile

To measure the level of company profile (type) can be using a dummy variable, which is a value of 2 for high-profile companies and a value of 1 for low-profile companies.

Institutional Ownership Structure

The institutional ownership structure (IOS) is the ownership of shares by institutions based on the total number of shares outstanding in the stock market. Institutional share ownership assessed by calculating the total number of shares owned by all institutional owners (Kumba et al., 2022). The structure of Institutional Ownership is measured as follows:

$$\text{IOS} = \frac{\text{The proportion of institutional shares}}{\text{Number of shares outstanding}} \quad \textbf{(1)}$$

Disclosure of corporate social responsibility

Disclosure of Sustainability Reports measures and communicates social responsibility to stakeholders. The checklist employs GRI G4 (91 items) for CSR disclosure, scoring 1 for disclosing companies and 0 for non-disclosers. Scores are combined to determine corporate social responsibility disclosure. In an exceptional standard, 91 statement items were disclosed: 9 economic aspects, 34 environmental aspects, 12 human rights aspects, 16 labor practices and decent work aspects, 11 social aspects, and 9 product responsibility aspects. Checklist measurement as follows.

$$\textbf{CSRI} = \frac{\boldsymbol{\Sigma Xij}}{\boldsymbol{Nj}} \quad \textbf{(2)}$$

Methods

Multiple linear regression is used for hypothesis testing. OLS regression models. This regression model gives the Best Linear Unbias Estimator (BLUE). Multiple regression equations are tested using least-squares. This regression model test verifies assumptions (Lestari & Nurwulandari, 2022). Regression models must be tested for normality, autocorrelation, multicollinearity, and heteroskedacity. The coefficient of determination test (Adjusted R2), F test (simultaneous), and t-test are the three hypothesis testing portions of multiple linear regression. The coefficient of determination measures how much the independent variable affects the dependent variable. The dependent variable's ability is determined by R2. Higher R2 values explain more of the dependent variable's fluctuation (Sujarweni, 2015). F tests regression coefficients concurrently. This test determines how all independent factors in the model impact the dependent variable simultaneously (Ghozali, 2016). T-test statistics determine how much the independent factors explain the variation of the dependent variable (Sujarweni, 2015). T-test used significance value. If the significance value < 0.05, the hypothesis is accepted.

Model Estimation

The hypothesis in this study will be tested using multiple regression with the ordinary least squares (OLS) estimation method. The analysis model is the following.

$$Y = \beta_{\circ} + \beta 1\varkappa 1 + \beta 2\varkappa 2 + \beta 3\varkappa 3 + \beta 4\varkappa 4 + \mu \quad \textbf{(3)}$$

Where:
Y: represents the social responsibility disclosure index
X1 represents the size of the company
X2 represents the company profile
X3 represents the structure of institutional ownership
β1, β2, β3 = Regression coefficient
e = Error Term, which is the level of error estimator in the study

Theoretical Framework

The theoretical framework for investigating how firm size, profile, and institutional ownership structure affect corporate social responsibility disclosure is:

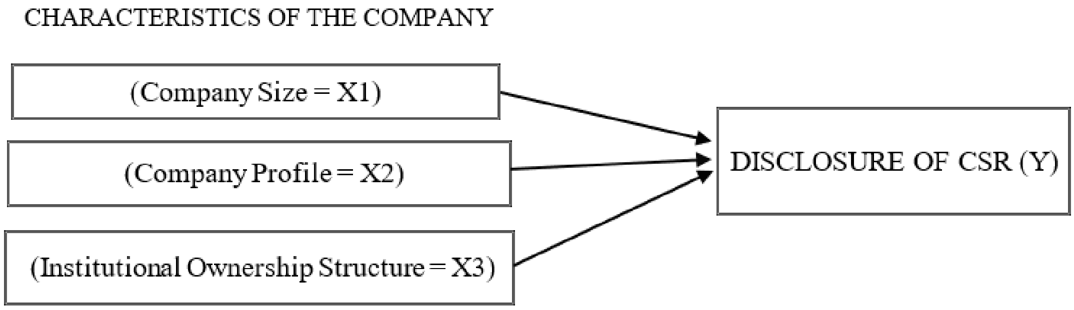

Figure 1: The Effect of Company Characteristics on Disclosure of Social Responsibility

RESULTS AND DISCUSS

Descriptive Test

The Table describes this study's sample based on sample selection criteria. This analysis sampled 150 IDX-listed firms from 2019 through 2022. Table 6.1 shows the study's companies:

Table 1 Descriptive Statistical Test Results Table

No	List of firms	2017	2018	2019	Total
1	Companies listed on the Indonesia Stock Exchange 2016-2018 are consecutive	160	187	193	
	Companies that cannot be used as sample:				
2	Companies don't publish consecutives Annual Reports and Sustainability Reports	-126	-116	-98	
3	Companies that do not use the GRI G-4 indicator	-25	-15	-10	
	Total Samples (2015-2017)	9	56	85	150

Descriptive Statistics for Company Size Variables, Institutional Ownership Structure and Disclosure of Corporate Social Responsibility Reports

Table 2 Descriptive statistical test results table: size, ios and csr

	N	Minimum	Maximum	Mean	Std. Deviation
SIZE	150	10.964	14.970	12.36671	.696740
IOS	150	.51	.91	.7130	.08354
CSR	150	.07	.60	.2477	.11102
Valid N (listwise)	150				

The average Social Responsibility Disclosure (CSR) report is 0.3589 with a standard deviation value of 0.1619. This shows that the level of corporate social responsibility disclosure reports that sustainability in Indonesia is still low. while the institutional ownership structure (IOS) has an average of 0.8557. This shows that the average company that discloses the social responsibility report is still separate from the annual report is a company that has an effective ownership structure, which is equal to 0.8557. with an average company size of 12.3667 with a standard deviation value of 0.6967.

Descriptive Statistics for Company Profile Variables

Table 3 Descriptive Statistical Test Results Table CP

Variable	Low profile (dummy 1)		High profile (dummy 2)		Total	
	Frequency	(%)	Frequency	(%)	Frequency	(%)
Company profile	109	72,7	41	27,3	150	100

Std. Deviation	.447
Minimum	1
Maximum	2

Company profile of medical and pharmaceutical sub-sectors and chemical industry sub-sectors which are sensitive to the disclosure of social responsibility reports are companies in the low-profile category. while companies in the high-profile category show a small percentage of sensitivity. This can be seen from the results of the descriptive statistics. Companies in the low-profile category showed a percentage of 72.7%, while companies in the high-profile category showed 27.3% with a standard deviation of 0.447 (44.7%).

Hypothesis Testing

Tabel 4 Results of Multiple Regression

Variable	*Beta*	*Sig.two tailed*	Conclusion
(Constant)	0,320	0,150	
Company Size (Size)	-0,007	0,483	H_1 rejected
Company Profile (CP)	0,039	0,013	H_2 accepted
Institutional Ownership Structure (IOS)	-0,251	0,003	H_3 accepted
One-Sample Kolmogorov-Smirnov Test Asymp. Sig. (2-tailed)		0,200	
Durbin-Watson		1,939	
Adjusted R^2		0,105	
F-test		0,000	

Result and Discussion

This research framework is prepared to build perspectives on stakeholder theory, agency theory, and legitimacy theory. Stakeholder theory holds that companies need to meet the demands of stakeholders (both internally and externally). In social responsibility disclosure activities are seen as management's efforts to calm and evaluate the demands of stakeholders to obtain a good picture of company performance, and this research attempts to investigate the effect of company characteristics on disclosure of corporate social responsibility.

Effect of Company Size and Social Responsibility

Based on table 6.2. The company size variable has a significance value of 0.483, and this value is not significant with 0.05 ($p > \alpha$); thus, hypothesis one is rejected, which means that company size does not affect the disclosure of corporate social responsibility. The results of this study are consistent and support the results of (Ramadhan, 2019) research that obtained company size does not affect CSR. As well as research by (Waluyo, 2017) that company size does not have a significant and negative influence on corporate social responsibility. This research is not in line with research conducted by (Rofiqkoh & Priyadi, 2016), which states that company size has an effect on disclosure of corporate social responsibility**.** The results of this study are in line with agency theory, which states that the larger the company, the more agency costs that also arise to reduce agency costs, companies tend to disclose more extensive information.

Influence of Company Profile and Social Responsibility

Several studies have conducted to study the relationship or impact of profile (type) of industrial companies on the level of CSR disclosure. Based on the results of testing the influence of professional variables of industrial companies on CSR disclosure in Table 6.2., It can see that the variables of medical and pharmaceutical industry companies and the chemical industry significantly influence CSR disclosure by 0.013 ($p < \alpha$). Therefore, it can state that the second hypothesis (H2) is accepted. This result supported by research conducted by (Siregar & Tampubolon, 2019). The results of this study received the stakeholder theory.

The Influence of Corporate, Institutional Ownership and Social Responsibility

Based on the results of testing the effect of institutional ownership variables (IOS) on CSR disclosure in table 6.2. Therefore, it can be stated that the third hypothesis (H3) is accepted. These results are not in line with research conducted by (Tanihatu, 2016), which states that institutional ownership and managerial ownership do not have a significant effect on corporate social responsibility disclosure. Reflecting that institutional ownership in Indonesia has considered social responsibility as one of the criteria in investing, such institutional investors tend to pressure companies to disclose CSR in detail in the company's annual report. The emphasis from investors is because institutional investors have so far only aimed at maximizing personal profit without regard to the company's responsibilities to other stakeholders.

CONCLUSION

Based on the results and discussion, it shows that, first, there is no significant effect between company size and corporate social responsibility disclosure. Second, there is a significant influence between company profile and institutional ownership structure with disclosure of corporate social responsibility. Significant influence implies that the larger the company, the greater the total assets it has, and the smaller (negative; less) the disclosure of social responsibility, including the disclosure of company information. Usually, the information obtained is more confidential when compared to small and medium companies. While the effect of non-significant disclosure (for large company profiles) is more likely to be internal and for the benefit of the company, this is because the board of commissioners is a representative of shareholders, and there is a tendency to function to oversee company management, which is carried out by management.

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