Soedirman Accounting, Auditing and Public Sector Journal (SAAP)

ISSN 2962-2336

Vol. 1 No. 1 2022

ANALYSIS OF COMPANY CHARACTERISTICS TOWARD CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

Fachreza Abdillah[1], Laeli Budiarti[2], Krisnhoe Rachmi Fitrijati[3]
[1]Universitas Jenderal Soedirman: fachrezaabdillah@ymail.com
[2]Universitas Jenderal Soedirman; laelibudiarti@gmail.com; corresponding author
[3]Universitas Jenderal Soedirman; fitriaboebakar@gmail.com

ABSTRACT

The objectives of this research are to analyze the influence of profitability, leverage, company age, auditor reputation and type of industry toward Corporate Social Responsibility (CSR) disclosure. This research also use company size as control variable in order to obtain meaningful result in more specific usage that can distribute the influences equally. The method of research is quantitative study and this study use purposive sampling method. Base on the specific criteria sample, there are 67 companies with three years period (2009 to 2011), so the total samples of research is 201 panel data. Furthermore, the technique data analysis use multiple regression and elasticity of regression coefficient analysis.

According to results of data analysis, it can be concludes that profitability, auditor reputation and type of industry have positive significant influence towards CSR disclosure. Then leverage and company age have no significant influence towards CSR disclosure of non-financial companies listed on Indonesia Stock Exchange from 2009 – 2011. Furthermore, from the result of elasticity of regression coefficient analysis shows type of industry is the most dominant variable that influencing CSR disclosure of non-financial companies listed on Indonesia Stock Exchange from 2009 – 2011.

Keywords: *profitability, leverage, company age, auditor reputation, type of industry, company size, Corporate Social Responsibility (CSR) disclosure*

1. INTRODUCTION

Nowadays, companies are expected to be able to keep compete by implement good strategies that has been set for certain period. Strategies that should achieved by the company is to do the activities that provide benefits not only for the company, but also have a positive impact for the communities and environment as part of stakeholders. Company could do mutual activities that has positive impact to the stakeholders by implements Corporate Social Responsibility (CSR) activities.

This study is closely related to stakeholder theory based from Marcoux (2000) cited in Freeman & Phillip (2002) suggests that the purpose of a business is to create as much value as possible for stakeholders. In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction. Innovation to keep these interests aligned is more important than the easy strategy of trading off the interests of stakeholders against each other by disclose more information regarding communities and environtments.

Disclosure is defined as information needed to optimalize the operation of effcient stock market (Hendriksen, 1997). Company social responsibility disclosure which is often called by social disclosure, corporate social reporting, social accounting or corporate social responsibility is communication process of social effect and environment from organization economics activity toward interest special group and toward public society as a whole (Hackston and Milne, 1996) cited in Sembiring (2005).

In Indonesia, the motivation for social disclosure by companies is to serve the interest of not only investors but also stakeholders. These groups appear to have considerable power to place pressure on companies in determining company strategy and policy (Pets & Sanderson, 2000) cited in Cahaya et al. (2006). This social responsibility disclosure is very important at the present time, especially for Indonesia because there are many government activities and also companies that emerge social disease (Harahap, 2005). This particularly shows that there is another organization responsibility besides preparing financial statements for capital owner and company has wider responsibility to the stakeholders as a whole (Gray et al. 1987) cited in Sembiring (2005). The company that committed CSR activities in setting up and running its business strategy, will pay attention to the impact on social conditions and strive to provide a positive impact to the communities.

However, there are still several companies that do not pay attention to the impact of its existence for the environment, so that the community as a part of the company's stakeholders considers that the existence of a company has a negative impact for communities. That could causing lower companies value from stakeholders perspective. (Kurniawansyah, 2013). For example, PT. Freeport Indonesia, until today still has prolonged conflict with local communities (Wibisono, 2007). The pollution case of Buyat bay as a consequence of PT. Newmon Minahasa Raya operations, that is not only national issues but already become international problem (Leimona & Fauzi, 2008). Those cases is certainly going to provide a bad impact for the companies and companies should perform activities that could give positive contributions to the stakeholders both in the economic, social and also environment by doing Corporate Social Responsibility (CSR) activities.

Some researcher like Untari (2010), Hussainey (2011), and Sari (2012) have examined about corporate social responsibilty disclosure. Untari (2010) examine CSRD practices and analyzes the factors that influence it. Samples taken as many as manufacturing companies listed on the Indonesia Stock Exchange from 2006 until 2008. The result shows, together, company size, profitability, liquidity, leverage, company age has an effect on CSRD.

Hussainey et al (2011) analyze affect of company characteristics towards CSRD in Egypt that examines the determinants types of CSR information. The results shows a negative association between audit type and CSR information. In particular, when financial statements are audited by non-big four firms, it seems that Egyptian listed companies are less careful about CSR reporting issue. Another result finding there no association between firm size, ownership type, liquidity and gearing and CSR disclosure.

Sari (2012) analyze affect of company characteristics towards CSRD in manufacturing companies listed on Indonesian Stock Exchange. These studies use 48 observational data on company financial statements from 2008 - 2010. The results shows company size and profitability has positive significant relationship to CSRD but type industry, leverage, and company growth doesn’t has relationship toward CSRD. This study use independent variables combination of previous research. For example, company age variable is from Untari (2010) then profitability and auditor reputation variables are from Hussainey et al (2011) also leverage and type of industry variables are from Sari (2012).

RESEARCH MODEL

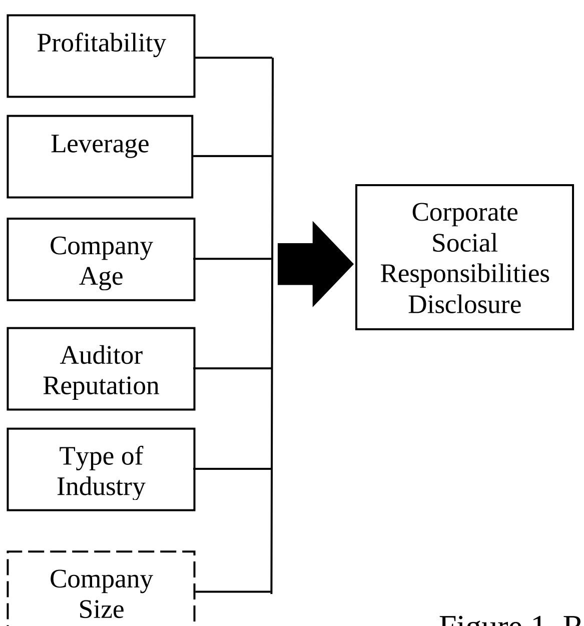

Figure 1. Research Model

2. LITERATURE REVIEW DAN PENGEMBANGAN HIPOTESIS

2.1. LITERATUR REVIEW

Stakeholder Theory

Stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by R. Edward Freeman (1984) in the book Strategic Management: A Stakeholder Approach and identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups. However in line with Freeman and Reed, (1983) cited in Gray et al. (1996), stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees and customers.

Company Disclosure

Disclosure is defined as information needed to optimalize the operation of effcient stock market (Hendriksen, 1997). Information disclosed in the company annual report can be divided into two; they are mandatory disclosure and voluntary disclosure. Company have flexibility to do voluntary disclosure in the annual report so it will emerge many kinds or wider variety of inter company voluntary disclosure (Rahman & Widyasari, 2008). One of voluntary disclosure is company social responsibility disclosure which is often called by social disclosure, corporate social reporting, social accounting or corporate social responsibility is communication process of social effect and environment from organization economics activity toward interest special group and toward public society as a whole (Hackton and Milne, 1996) cited in Sembiring (2005).

Profitability

Heinze (1976) cited in Sulistiani (2007), stated that profitability is a factor that gives freedom and flexibility to management to reveal social responsibility to shareholders. So the higher level of profitability of the company, then the greater of company’s disclosure about social responsibility information [Bowman & Haire (1976) and Preston (1978) cited in Hackston & Milne (1996). Belkaoui and Karpik (1989) argue that the underlying cause of a positive relation between social disclosure policy and profitability is management’s knowledge. They argue that managers that have the knowledge to make their companies profitable also have the knowledge and understanding of social responsibility. This might explain the higher levels of CSR disclosure by profitable companies.

Leverage

The level of leverage be used to see the company capacity in settle their liabilities to other parties. Company with more debt proportion in capital structure would have larger agency cost. Hence, company with high leverage has more duty to satisfy information needs by the creditor (Suripto cited in Amalia, 2005). According to Belkaoui & Karpik (1989) the decision to disclose social responsibility information will cause some expenditures that pull down the income. So management with high level leverage would reduce the disclosure of social responsibility information in order not become the spotlight from the debtholders.

Company Age

The age of the company is also a factor that affecting the companies performance in expressing their social responsibility. According to Untari (2010) from company age, it could be seen company's ability in overcoming difficulties and obstacles that threatening companies life, and shows the ability of company take a chance to develop businesses in their environment. In addition, the age of company can prove company's capability to leading the competition between another contenders. Thus for longer periods firm standing and showed its existence certain areas could be enhancing investor trust. The company age is expected to have a positive relationship with the quality of voluntary disclosure. The underlying reason is that the older company may better understand what kind informations should be disclosed in the annual report (Untari, 2010).

Auditor Reputation

In line with Utama (2011) the quality of CSR reporting is also strongly determined by the role of the audit committee and accounting department at the company. To ensure that CSR reports are reliable, then the role of the audit committee should not only include ensuring the fairness of the financial statements but also the report of CSR. Alternatively, the company may establish CSR committee, the majority of its members are external parties that have the competence in CSR field. This committee plays a role in providing advice to the company regarding the implementation of improvement effort on CSR reporting at the company.

Type of Industry

According to Utomo (2000) social accounting researchers interested in examining social disclosure at the various companies that have differences in characteristics. One of the characteristic differences are the type of industry, high profile industry and low profile industry. A company that included in high profile industry is the company that have a high sensitivity to the environment, a high political level of risk or strong level of competition that strong (Robert, 1992) cited in Utomo (2000). In addition, high profile company is generally become the spotlight from society because the operating activities of company has a potential and the possibility that associated with the interests of public as a whole. High profile industry generally have characteristics such as having a large amount of labors and after production process removes such waste and pollution. That is why high profile industry believed to be presenting more social responsibilities disclosure rather than low profile industry (Zuhroh and Sukmawati, 2003).

2.2. HYPOTHESIS DEVELOPMENT

1. The Influence of Profitability toward CSR Disclosure

   More than three decades, the pressure on firms to apply CSR has increased. Many managers have responded to these pressures, but many have resisted. The managers that resist typically have concerned about relationship between profitability and socially responsible behaviour. Management researchers have responded to this by attempting to demonstrate the effect of profitability on CSR activities (McWilliams, Siegel & Teoh, 1999).

   Research by Lau (1994) found that higher profit companies have higher incidences of disclosure in their annual report as compare to lower-profit companies. Research conducted by Kokubu et al. (2001) found a positive relationship between economic performance of a company social responsibility disclosure. The result of Kokubu et al. (2001) research also supported by Veronica (2009) that managed to show the positive influence of profitability to corporate social responsibility disclosures on mining companies that listed in Indonesian Stock Exchange from 2007-2008. Furthermore, the previous study conducted by Fauzi, et al. (2007) also found evidence that there is a positive and significant relationship between ROA and corporate social performance. Hence, based from the discussion above leads to the hypotheses that:

   H_1: There is a positive and significant influence of profitability toward CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.

2. The Influence of Leverage toward CSR Disclosure

   Research done by Cahya (2010) shows the leverage has significant influence toward CSR disclosure, while research based from Sembiring (2005), Anggraini (2006) and Veronica (2009) showed the leverage has no significant influence toward CSR disclosure. Furthermore, research conducted by Belkaoui & Karpik (1989) and Cormier & Magnan (1999) cited in Sembiring (2005) showed a negative relationship between leverage toward Corporate Social Responsibility Disclosure. According to Belkaoui & Karpik (1989) company with higher leverage would like to reach higher profit by reduce the costs (including reduce cost to disclose social responsibility). The discussion above leads to the hypotheses that:

   H_2: There is a negative and significant influence of leverage toward CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.

3. The Influence of Company Age toward CSR Disclosure

   Some studies revealed that there is a positive and significant relationship between CSR disclosure and company age (Delaney & Huselid, 1996) cited in Bayoud et al. (2012). According to Sugeng cited in Amalia (2005), the older companies has better understand what kind of informations should be disclosed in the annual report. The qualitative method research done by Bayoud et al. (2012) show positive result regading company age, most interviewees believe that the CSR information in annual reports is influenced by the age of the company as this means companies have had time to obtain expertise and competence in improving and preparing all annual report information. Thus for longer periods firm standing and showed its existence in certain areas could be enhancing investor trust and will provide a positive influence on the company CSR disclosure.. Based on the discussion above leads to the hypotheses that:

H_3: There is a positive and significant influence of company age toward CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.

4. The Influence of Auditor Reputation toward CSR Disclosure

The audits indicator is a measure of the reliability of financial accounting disclosures (Bushman et al., 2004). Prior research suggests that the quality of audit is an important factor in improving firms' overall reporting practices includes also social responsibility reporting (Hail, 2002).

Other researchers (Ahmed and Nicholls, 1994; Raffournier, 1995) who predicts for a positive relation between audit type and disclosure has determined some expectations that large audit firm will be more concerned about their clients' quality and amount of reporting in the annual report. Companies that audited by big four audit firms comply more with requirements regarding social environment reporting (Xiao, et al., 2004). Hence, the discussion above leads to the hypotheses that:

H_4: There is a positive and significant influence of auditor reputation toward CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.

5. The Influence of Type of Industry toward CSR Disclosure

Several empirical studies have found a positive and significant relationship between CSR disclosure and type of industry. Industry which has inverse impact on environment and society will be more concern for CSR in order to sustain their business operations (Jenkins & Yakovleva, 2006). As the research done by Siwar & Harizan (2008) larger industries face greater pressure from society to behave socially responsible and have greater impact on society. Hence, the discussion above leads to the hypotheses that:

H_5: There is a positive and significant influence of type of industry toward CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.

3. RESEARCH ANALYSIS METHODS

1. Type of Research

This study applies a quantitative approach with some descriptive characteristic problems that may have influence between two or more variables.

2. Sampling Technique

Research samples are selected using purposive sampling method with the criterias as follows:

a. Non-financial companies listed on Indonesia Stock Exchange and the shares are actively traded during 2009 until 2011.
b. Non-financial companies publishes annual report complete from 2009 until 2011 and annual reports already submitted to BAPEPAM.
c. Non-financial companies publishes the financial statements audit completely that ended in December 31st, during 2009 until 2011.
d. Non-financial companies are implementing CSR disclosure in their annual report from 2009 until 2011.

   e. Non-financial companies that experiences financial profit during the year of 2009 until 2011

3. Type and Data Source

This study uses secondary data including annual report and sustainability report obtained from company's website and other sources.

4. Descriptive Statistics

Descriptive statistics were used to describe and provide an overview of the frequency distribution of variables in this study, the maximum, minimum, average (mean) and standard deviation.

5. Classical Assumption Test

   a. Normality Test

   Normality data test is done by using one sample *Kolmogorov smirnov* analysis with SPSS for windows. According to Ghozali (2006) curve standardized residual value is said to spread to normal when the value of *asymptotic significance* (2 tailed) > 0.05 (alpha).

   b. Multicollinearity Test

   Statistical tool that is often used to test multicollinearity problems are with the variance inflation factor (VIF), According to Ghozali (2005), variables declared free from multicollinearity assumption if the value of multicollinearity testing result VIF values less than 10 and tolerance value more than 0,1.

   c. Autocorrelation Test

   To identify the autocorrelation data in this model, Durbin-Watson test is used. According to Ghozali (2005) research data is no autocorrelation if $DW_{statistic}$ value was between the value of d_U and 4 - d_U ($dU < d < 4 – dU$).

   d. Heteroscedasticity Test

   Heteroscedastisity test of this research uses park gleyser. According to Ghozali (2006), if the value sig. larger than 0,05 or t statistic < t table, it can be concluded that the data is homogen.

6. Multiple Regression Analysis

To test the first until fifth hypothesis of this study uses multiple regression analysis, with the equation as follows:

$$CSRD = \alpha + \beta_1 ROA + \beta_2 DER + \beta_3 \mathit{AGE} + \beta_4 \mathit{AR} + \beta_5 \mathit{TYPE} + e$$

CSRD =Corporate Social Responsibility Disclosure
ROA =Return of Asset
DER =Leverage
AGE =Company Age
AR =Auditor Reputation
TYPE =Type of Industry
α =Intercept
βi =Regression Coefficients
e =Error

   a. Goodness of Fit Test

– Determinant Analysis (R^2)

This coefficient shows the percentage variation of independent variable used in model that capable to be associated to the dependent variable. To calculate R^2 using the measurement:

$$R^2 = \frac{b_1 \sum X_1 Y + b_2 \sum X_2 Y + b_3 \sum X_3 Y + b_4 \sum X_4 Y + b_5 \sum X_5 Y}{\sum Y^2}$$

– F-test

This test is used to determine the goodness of fit through whether independent variables ($X_1, X_2 \ldots X_n$) are simultaneously affect significantly to the dependent variable (Y). To calculate the value of F by the following formula (Gujarati, 1993) :

F test $= \frac{R^2/(k-1)}{(1-R^2)/(n-k)}$

Criteria of testing :
H_a is rejected if F test $\leq$ F table
H_a is accepted if F test > F table

b. Significance Partially Effect Testing by t-test

To calculate the value of t with formula: t test $= \frac{\beta n}{S\beta n}$

Criteria of testing (Suliyanto, 2005):
For positive influence hypothesis:
H_{null} is rejected if t test $\leq$ t table and H_{alt} is accepted if t test > t table
For negative influence hypothesis:
H_{null} is rejected if t test $\geq$ -t table and H_{alt} is accepted if t test < -t table

4. RESULT AND DISCUSSION

1. Descriptive Statistics of Research Data

Descriptive statistics of research data consist of sample size, the value of minimum, maximum, mean and standard deviation of each variable was shown in Table 1.

Table 1. Descriptive Statistics of Research Variables

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	201	.001	.416	.094	.089
DER	201	.104	8.441	1.133	1.186
Company Age	201	1.000	34.000	15.985	6.138
Auditor Reputation	201	.000	1.000	.388	.489
Type of Industry	201	.000	1.000	.716	.452
Company Size	201	25.011	32.266	27.785	1.568
CSRD	201	.240	.840	.500	.159
Valid N (listwise)	201				

2. The Influence of Return On Assets, Debt to Equity Ratio, Company Age, Auditor Reputation and Type of Industry on Corporate Social Responsibility Disclosure
   a. Classical Assumptions Test

      To determine a regression model that produces the Best Linear Unbiased Estimator, it is necessary to test the classical assumptions, with the following results:

      1) Normality Test Result

         Base on the normality test result, the asymptotic significant value of 0.465 is greater than the value of α (0.05), so the data have a normal distribution.

      2) Multicollinearity Test Result

         Refers to the results of Variance Inflation Factor (VIF) test, it is determines VIF value of return on assets variable of 1.378, the VIF value of debt to equity ratio was 1.166, the VIF value of company age was 1.278, VIF value of auditor reputation of 1.286 and the VIF value of industry type variable was 1.248, each VIF value is smaller than 10, hence it could be states that there iss no multicollinearity in first regression model.

      3) Autocorrelation Test Result

         Based on Durbin-Watson test results, the $DW_{statistic}$ value is 1.827. $DW_{statistic}$ value is compares with DW_{table} using 201 number of and 5 independent variables, it shows that the value of d_U = 1.77 and the value of d_L = 1.53. Because the $DW_{statistic}$ value fall between the value of d_U and 4 - d_U, it could be states that there is no autocorrelation in first regression model.

      4) Heteroscedasticity Test Result

         Refers to the calculation of partially test result, the significant value of return on assets variable is 0.410, the significant value of debt to equity ratio variable is 0.285, the significant value of company age variable is 0.484, the significant value of auditor reputation is 0.342 and the significant value of industry type variable was 0.864. Each of the significant value was greater than α (0.05), so it could be states that there is no heteroscedasticity in first regression model.

   b. Multiple Regression Analysis
      1) Equation of First Multiple Regression Model

ISSN 2962-2336

Vol. 1 No. 1 2022

According to the output of first multiple regression analysis in Appendix 1, it could be summarizes result in the following table:

Table 2. Result Summary of First Multiple Regression Model

No.	Variables	Reg. Coeff.	t	Sig.
1.	ROA	0.222	2.014	0,023
2.	DER	0.008	1.044	0,149
3.	Company Age	0.0003	0.201	0,420
4.	Auditor Reputation	0.057	2.944	0,002
5.	Type of Industry	0.219	10.635	0,000

Constant	= 0.286
Coefficient of Determination	= 0.465
Adjusted R Square	= 0.452
$F_{statistic}$	= 33.941
t_{table} value	= 1.660

Based on data in Table 2, the equation of first multiple regression model is as follows:

CSRD = 0.286 + 0.222ROA + 0.008DER + 0.0003AGE + 0.057AR + 0.219TYPE + e

2) Goodness of Fit Test

a) Coefficient of Determination

From the results of multiple regression analysis in Appendix 1, the coefficient of determination is 0.465 with the value of adjusted R square was 0.452. It means that Corporate Social Responsibility Disclosure could be explained by return on assets, debt to equity ratio, company age, auditor reputation and type of industry variables of 45.20 percent, while the remaining of 54.80 percent was explained by the other variables were not examined.

b) F-test

Based on the regression model output in Appendix 1, the $F_{statistic}$ value is 33.941, while from the calculation with significance level (α) = 0.05, it is determines the F_{table} value is 2.21. Because the value of $F_{statistic}$ is greater than the value of F_{table}, it could be state that return on assets, debt to equity ratio, company age, auditor reputation and type of industry variables have simultaneously effect on Corporate Social Responsibility Disclosure, or it could be states that the multiple regression model of this study formed in compliance or fit to the research data.

3) Significance Partially Effect Testing by t-test

The calculation with significance level (α) = 0.05 and degree of freedom (df) = (n – k), the t_{table} value is 1.660. Refer to the results summary of multiple regression analysis in Table 2, the significance value of the profitability, auditor reputation as well as type of industry toward CSR disclosure are less than 0.05. While the significance value of leverage as well as company age toward CSR disclosure are more than 0.05. It can be concludes profitability, auditor reputation and type of industry have positive significant influence towards CSR disclosure.

meanwhile leverage and company age have no significant influence towards CSR disclosure.

3. Hypothesis Testing and Discussion
   a. The Influence of Return on Assets on Corporate Social Responsibility Disclosure

The result summary of multiple regression analysis in Table 2 display that the $t_{statistic}$ value of return on assets variable is greater than the value of t_{table}. The test result shows that, partially, return on assets has a significant positive influence on Corporate Social Responsibility Disclosure. Therefore, the hypothesis stated that there is a positive significant influence of profitability on CSR disclosure of non-financial companies listed on Indonesia Stock Exchange is accepted.

The causal relationship between return on assets and Corporate Social Responsibility Disclosure shows the higher company's ability to generate earnings relative to assets, then the higher level of CSR disclosure index of non-financial companies listed on Indonesia Stock Exchange. This result is consistent with the finding of previous research conducted by McWilliams and Siegel (2000). This result is also consistent with the result of previous research conducted by Kokubu, et al., (2001) and Veronica (2009).

   b. The Influence of Debt to Equity Ratio on Corporate Social Responsibility Disclosure

Refer to the result summary of multiple regression analysis in Table 2, it could be seen that the $t_{statistic}$ value of debt to equity ratio variable is smaller than the value of t_{table}. The test result shows that in partially debt to equity ratio has no significant influence on Corporate Social Responsibility Disclosure. Therefore, the hypothesis stated that there is a negative significant influence of leverage on CSR disclosure of non-financial companies listed on Indonesia Stock Exchange is rejected.

The causal relationship between debt to equity ratio and Corporate Social Responsibility Disclosure shows that the higher level of company's ability to handle its long and short term obligations, it is not always followed by the higher level of CSR disclosure index of non-financial companies listed on Indonesia Stock Exchange. This result is consistent with the previous study was conducted by Sembiring (2005), Anggraini (2006) and Veronica (2009) which found evidence that leverage has no significant influence on CSR disclosure. The reason because level of leverage is not a benchmark for companies regarding on the obligation to disclose social information.

   c. The Influence of Company Age on Corporate Social Responsibility Disclosure

Base on the result summary of multiple regression analysis in Table 2, it generates the $t_{statistic}$ value of company age variable that is smaller than the value of t_{table}. The test result shows that, partially, company age has no significant influence on Corporate Social Responsibility Disclosure. Therefore, the hypothesis stated that there is a positive significant influence of company age on CSR disclosure of non-financial companies listed on Indonesia Stock Exchange is rejected.

The causal relationship between company age and Corporate Social Responsibility Disclosure shows that the older age of company, is not always followed by the higher level of CSR disclosure index of non-financial companies listed on Indonesia Stock Exchange. According to Sugeng cited in Amalia (2005), the older companies have better understand what kind of informations should be disclosed in the annual report. Thus, companies doesn't need to disclose all of the informations and only disclose informations that will provide a positive influence on the companies. This result is inconsistent with the prior research conducted by Delaney & Huselid, (1996) and Bayoud, et al. (2012) who found positive and significant relationship between CSR disclosure and company age.

d. The Influence of Auditor Reputation on Corporate Social Responsibility Disclosure

The result of multiple regression analysis in Table 2 shows that the $t_{statistic}$ value of auditor reputation variable is greater than the value of t_{table}. The test result shows that, partially, auditor reputation has a positive and significant influence on Corporate Social Responsibility Disclosure. Therefore, the hypothesis which states that there is a positive significant influence of auditor reputation on CSR disclosure of non-financial companies listed on Indonesia Stock Exchange is accepted.

The causal relationship between auditor reputation and Corporate Social Responsibility Disclosure show that the higher level of auditor reputation, then the higher level of CSR disclosure index of non-financial companies listed on Indonesia Stock Exchange. This result is consistent with the previous research conducted by Ahmed and Nicholls (1994), Raffournier (1995) and Xiao, et al. (2004).

e. The Influence of Type of Industry on Corporate Social Responsibility Disclosure

In order to answer the hypothesis of this study which is to find out the positive and significant influence regarding type of industry variable on Corporate Social Responsibility Disclosure, it is necessary to test the hypothesis based on the results of first multiple regression analysis. According to the result summary of first multiple regression analysis in Table 2, it could be see that the $t_{statistic}$ value of industry type variable is greater than the value of t_{table}. The test result shows that, partially, type of industry has a positive and significant influence on Corporate Social Responsibility Disclosure. Therefore, the hypothesis which states that there is a positive significant influence of type of industry on CSR disclosure of non-financial companies listed on Indonesia Stock Exchange was accepted.

5. CONCLUSION AND IMPLICATION

5.1. Conclusion

1. There is a positive and significant influence of profitability, auditor reputation and type of industry on CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.
2. There is no significant influence of leverage and company age toward CSR disclosure of non-financial companies listed on Indonesia Stock Exchange.

.

5.2. Implication

According to the several conclusions above, it could be concludes as efforts to increase the CSR disclosure index, the non-financial companies listed on Indonesia Stock Exchange needs to considers on the return on assets, auditor reputation and type of industry. The ways could be done by using the powerful sales techniques to increase sales, consider in implementing the product differentiation strategy, business expansion then giving more attention to capital management that was sourced from third-party funds efficiently. Those efforts could help companies in widening the access to the new markets and achieving better financial results. The use of high reputation for audit commitee is to play a role in providing advices to the companies regarding the implementation and improvement on companies CSR reporting. Those are relevant to secure internal quality of companies also to provide credible information to stakeholders and enhance the relationship with them as the external parties.

The total 48 surveyed representatives of the manufacturing business that listed on IDX from 2009 – 2011 acknowledge the importance of relationship between companies and stakeholders. Those manufacturing companies disclosed on average 56.36 % from 25 items of social responsibilities. Those conditions shows manufacturing companies are already implement the goverment regulation which is law No. 40 2007. Companies that compliance with the regulation are intend to have good performance and better values in stakeholders perspective especially the investors. So it can be conclude, investors should be pay attention to companies CSR activities and disclosures to assess companies performance and as a considerations in making the investment.

5.3. Limitation

Limitations of this study are expects to be the considerations for future research. This research only categorizes the companies base on manufacture and non manufacture industries, so that result could not representative for all type of industry. The next research should specify sector types, such as mining sector, agriculture sector, information & technology sector and wholesale & retails sector. From those specific sectors it would be determining more specific in the result regarding CSR activities and disclosure. This research tends to analyze internal factors. For the next research, it is expects to use external factors that may influence CSR disclosure such as government regulation and media exposure.

Stakeholder theory in this research only offers an explanation of social accountability from the perspective of stakeholders. For further research, the examination of CSR disclosure could be extend with the application of legitimacy theory. Legitimacy theory provide theoretical motivations for social disclosure. By utilising these theories of managerial perspective and motivation, corporate social disclosures could be better explains by legitimacy theory and give broader result. Additionally, with the application of legitimacy theory and focusing only on a single industry where the corporate social activities could be demonstrates well, that is manufacturing industries, further research would obtain more specific result in the terms of CSR disclosure.

REFERENCES

Adams, C., Hill, W. and Robert, C. (1998). Corporate social reporting practices in Western Europe: legitimating corporate behaviour, *The British Accounting Review*, 30 (1), 1–21.

Ahmed, K. and Nicholls, D. (1994). The impact of non-financial company characteristics on mandatory disclosure compliance in developing countries: the case of Bangladesh, *The International Journal of Accounting*, 29, 62–77.

Amalia, D. (2005). Faktor-Faktor yang Mempengaruhi Luas Pengungkapan Sukarela (Voluntary Disclosure) pada Laporan Tahunan Perusahaan yang Tercatat di Bursa Efek Jakarta. *Jurnal Akuntansi Pemerintah* Vol. 1, No. 2, November 2005.

Bayoud, N. S., Kavanagh, M., & Slaughter, G. (2012). Factors Influencing Levels of Corporate Social Responsibility Disclosure by Libyan Firms: A Mixed Study. *International Journal of Economics and Finance. Vol 4 No 4, April 2012*. University of Southern Queensland (USQ).

Branco, M. C., & Rodrigues, L. L. (2008). Factors influencing social responsibility disclosure by Portuguese companies. *Journal of Business Ethics*, 83, 685-701. http://dx.doi.org/10.1007/s10551-007-9658-z

Cahaya, Porter, Brown. (2006). Nothing to Report? Motivation for Non-Disclosure of Social Issues by Indonesian Listed Companies. *The journal Of Contemporary Issues, Business & Government*, Vol 12. Number 1.

Cahya, B. A. (2010). *Analisis Pengaruh Kinerja Keuangan Terhadap Tanggung Jawab Sosial Perusahaan (Corporate Social Responsibility)*. Thesis. Universitas Diponegoro.

Delaney, J. T., & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39, 949-969. http://dx.doi.org/10.2307/256718

Fauzi, H., Mahoney, L., & Rahman, A. A. (2007). Institutional Ownership and Corporate Social Performance: Empirical Evidence from Indonesian Companies. *SSRN and Issues in Social and Environmental Accounting*, Vol. 1, No. 2, pp 334-347.

Freeman, R. E., dan R. A., Phillips, 2002, Stakeholder theory: a libertarian defense, *Business Ethics Quarterly*, Vol 12. No. 3, 333.

Ghozali, I. (2005). *Aplikasi Analisis Multivariat Dengan Progam SPSS*. Semarang: Badan Penerbit UNDIP.

Ghozali, I. (2006). *Analisis Multivariate dengan Program SPSS*. Semarang: Badan Penerbit Fakultas Ekonomi Universitas Diponegoro.

Gujarati, Damodar N. Porter, Dawn C. (2009). Terminology and Notation. *Basic Econometrics* (Fifth international ed.). New York: McGraw-Hill. p. 21. ISBN 978-007-127625-2.

Hackston, D., & Milne, M. J. (1996). Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing & Accountability Journal*, 9, 77-108. http://dx.doi.org/10.1108/09513579610109987

Hail, L. (2002). The impact of voluntary corporate disclosures on the ex ante cost of capital for Swiss firms. *European Accounting Review*, 11 (11), 741–73.

Harahap, Sofyan Safri. (2005) *Teori Akuntansi.* Edisi kelima, Jakarta : PT Grafindo Perkasa.

Hendriksen, Eldon S. (1997). *Teori Akuntansi*. (Terj.) Nugroho Widjajanto. Jakarta: Penerbit Erlangga.

Hussainey, K., Elsayed, M., & Razik, M. A. (2011). *Factors Affecting Corporate Social Responsibility Disclosure In Egypt*. Research Paper, School of Commerce and Law, Faculty of Arts, Business, Informatics & Education, Central Queensland University.

Kurniawansyah, D. (2013). *Analisis Hubungan Financial Performance Dan Corporate Social Responsibility.* Thesis. FEB Diponegoro University.

Patten, D. (1991). Exposure, Legitimacy and Social Disclosure. *Joumal of Accounting and Public Policy,* 10, 297-308. http://dx.doi.org/10.1016/0278-4254(91)90003-3

Raffournier, B. (1995). The determinants of voluntary financial disclosure by Swiss listed companies. *European Accounting Review*, 4 (2), 261–80.

Sari, R. A. (2012). Pengaruh Karakteristik Perusahaan Terhadap Corporate Social Responsibility Disclosure Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Nominal. Vol I No I, 2012*. Universitas Negeri Yogyakarta.

Sembiring, E. R. (2005). *Karakteristik Perusahaan dan Pengungkapan tanggung Jawab Sosial : Study Empiris Pada Perusahaan yang tercatat di Bursa Efek Jakarta*. Simposium Nasional Akuntansi VIII, Solo.

Untari, L. (2010). *Effect On Company Characteristics Corporate Social Responsibility Disclosures In Corporate Annual Report Of Consumption Listed In Indonesia Stock Exchange*. Undergraduate Thesis, Economy Faculty. Gunadarma University.

Veronica, Theodora Martina. 2009. *Pengaruh Karakteristik Perusahaan Terhadap Pengungkapan Tanggungjawab Sosial Pada Perusahaan Sektor Pertambangan yang Terdaftar di BEI*. Undergraduate Thesis, Economy Faculty. Gunadarma University.

ISSN 2962-2336

Vol. 1 No. 1 2022

Waddock, S. A., & Graves, S. B. (1997). The corporate social performance financial performance link. *Strategic Management Journal,* 18, 303-319. http://dx.doi.org/10.1002/(SICI)1097-0266(199704)18:4<303::AID SMJ869>3.0.CO;2-G

Xiao, J.Z., Yang, H. and Chow, C.W. (2004). 'The determinants and characteristics of voluntary internet-based disclosures by listed Chinese companies', *Journal of Accounting & Public Policy*, 23 (3), 191–225.

Yao, S., Wang, J., & Song, L. (2011). Determinants Of Social Responsibility Disclosure By Chinese Firms. *China Policy Institute Paper, School of Contemporary Chinese Studies*. The University of Nottingham.

Appendix 1. Output of First Multiple Regression Model

Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Type of Industry (X5), Auditor Reputation (X4), DER (X2), Company Age (X3), ROA (X1)[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CSRD (Y)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.682[a]	.465	.452	.11773

a. Predictors: (Constant), Type of Industry (X5), Auditor Reputation (X4), DER (X2), Company Age (X3), ROA (X1)

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.352	5	.470	33.941	.000[a]
	Residual	2.703	195	.014		
	Total	5.055	200			

a. Predictors: (Constant), Type of Industry (X5), Auditor Reputation (X4), DER (X2), Company Age (X3), ROA (X1)

b. Dependent Variable: CSRD (Y)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.286	.030		9.497	.000
	ROA (X1)	.222	.110	.124	2.014	.045
	DER (X2)	.008	.008	.059	1.044	.298
	Company Age (X3)	.000	.002	.012	.201	.841
	Auditor Reputation (X4)	.057	.019	.175	2.944	.004
	Type of Industry (X5)	.219	.021	.622	10.635	.000

a. Dependent Variable: CSRD (Y)