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THE EFFECT OF STOCK OWNERSHIPS STRUCTURE ON THE DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY (CASE STUDY ON MINING COMPANY LISTED IN INDONESIA STOCK EXCHANGE)

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Abstract. *Corporate social responsibility is The expression as one of the media to show concern and corporate social activities for the people in the area. So that the people feel safe havens in use production companies. This will affect corporate image so that indirectly will have an effect on to benefit that will be obtained. Based on this matter this research examines the influence company ownership structure that reflected on the institutional ownership, management ownership, and foreign ownership of extensive corporate social responsibility is the expression. Samples in this research is 30 mining companies listed in Indonesia Stock Exchange period of 2008-2012 by using purposive sampling. The method of analysis is quantitative analysis. The results of this study indicatethat the variable that affect disclosure of corporate social responsibility is institutional ownership and Foreign ownership. While variables that did not affect disclosure of corporate social responsibility are management ownership.*

Keywords: *Disclosure of corporate social responsibility, Institutional ownership, Managemen ownership, and Foreignownership*

Abstrak. Pengungkapan tanggungjawab sosial perusahaan sebagai salah satu media untuk memperlihatkan kepedulian dan aktifitas sosial perusahaan terhadap masyarakat di sekitarnya. Sehingga masyarakat merasa aman dan tentram dalam menggunakan hasil produksi perusahaan tersebut. Hal ini akan mempengaruhi citra perusahaan sehingga secara tidak langsung akan berpengaruh terhadap keuntungan yang akan diperoleh perusahaan. Berdasarkan hal tersebut penelitian ini menguji pengaruh struktur kepemilikan perusahaan yang diproksikan pada kepemilikan institusional, kepemilikan manajemen, dan kepemilikan asing terhadap luas pengungkapan tanggung jawab sosial perusahaan. Sampel dalam penelitian ini adalah 30 perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia periode 2008-2012 dengan menggunakan *purposive sampling*. Metode analisis yang digunakan adalah analisis kuantitatif. Hasil penilitian ini menunjukkan bahwa variabel yang mempengaruhi luas pengungkapan tanggung jawab sosial perusahaan adalah kepemilikan institusional dan kepemilikan asing. Sedangkan kepemilikan manajemen tidak berpengaruh terhadap luas pengungkapan tanggung jawab sosial perusahaan.

Kata Kunci: Pengungkapan Tanggung Jawab Sosial Perusahaan, Kepemilikan Institusional, Kepemilikan Manajemen, dan Kepemilikan Asing

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INTRODUCTION

The practice of disclosing social responsibility information plays an important role for companies because companies live in a community environment and their activities may have social and environmental impacts. Corporate social responsibility (CSR) is an idea that makes companies no longer faced with responsibilities that are based on profit aspects, but must also pay attention to social and environmental aspects (Novita and Djakman, 2008). The development of CSR can not be separated from the concept of sustainable development (sustainability development). According to the United Nations Conference on Environment and Development (UNCED) in Nurhidayati (2008), sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their needs. Meanwhile, according to Soemarwoto (2006) sustainable development is a positive socio-economic change that does not ignore the ecological and social systems on which the community depends. If it is associated with the concept of CSR in the company, it can be interpreted that the company's responsibility is not only to its owners or shareholders but also to stakeholders who are related or affected by the company's existence (Rustiarini, 2010).

Disclosure of social responsibility is one of the media chosen to show the company's concern for the surrounding community. Companies that carry out CSR activities will pay attention to the impact of company operations on social and environmental conditions and strive for positive impacts. So with the CSR concept, it is hoped that environmental damage that occurs in the world, ranging from deforestation, air and water pollution, to climate change can be reduced. The various impacts of the company's existence in the midst of society have made people around the world aware that natural resources are limited and therefore economic development must be carried out in a sustainable manner, with the consequence that companies in running their business need to use resources efficiently and ensure that these resources not exhausted, so that it can still be used by future generations (WCED, 1987 in Nurhidayati, 2008). With the concept of sustainable development, CSR activities become more focused, at least companies need to try to implement the concept (Nurhidayati, 2008).

The development of CSR has conceptually only been packaged since the 1980s which was triggered by at least the following 5 things: (1) The rise of the phenomenon of "take over" between corporations which is often triggered by financial engineering skills, (2) The fall of the Berlin wall which is a symbol of the fall of communist ideology and the strengthening of the global capitalist empire, (3) Widespread operation multinational companies in developing countries, so they are required to pay attention to: human rights, social conditions and fair treatment of workers, (4) Globalization and the shrinking role of the public sector (government) in almost all parts of the world have led to the growth of NGOs (including professional associations) that focus on issues ranging from poverty to concerns about the extinction of various species, both animals and plants, resulting in increasingly unstable ecosystems, (5) There is awareness from the company about the importance of the brand and the company's reputation in bringing the company towards a sustainable business (Nurlela and Islahuddin, 2008).

The development of CSR practices and disclosures in Indonesia is also motivated by government support, namely the issuance of regulations on the obligation to practice and disclose CSR through the Limited Liability Company Law Number 40 of 2007, articles 66 and 74. In Article 66 paragraph (2) section c it is stated that in addition to submitting financial reports, companies are also required to report on the implementation of social and environmental responsibilities. Meanwhile, Article 74 explains the obligation to carry out social and environmental responsibilities for companies whose business activities are related to natural resources. In addition, the obligation to implement CSR is also regulated in the Investment Law no. 25 of 2007 article 15 part b, article 17, and article 34 which regulates that every investment is required to participate in corporate social responsibility.

The implementation of CSR activities cannot be separated from the implementation of good corporate governance. The General Guidelines for Good Corporate Governance in Indonesia state that the purpose of implementing corporate governance is to encourage awareness and corporate responsibility to the community and the surrounding environment. One of the corporate governance factors that influence the implementation of CSR is the ownership structure. Most studies provide sufficient evidence regarding the effect of ownership structure on CSR disclosure. This is in line with the principle of transparency, namely companies with high institutional and foreign ownership will have higher pressure to disclose their activities with reasons to market their shares (Rosmasita, 2007 in Rustiarini, 2010).

The regulations governing social responsibility in mining companies are contained in Law no. 4 of 2009 concerning Energy Minerals and Coal. In article 95, this law expressly states that IUP and IUPK holders are obliged to carry out the development and empowerment of local communities. Various examples of the implementation of social responsibility in mining companies include the construction of educational facilities, infrastructure development, and environmental conservation in the area around the mine (Retno, 2012). At a time when technology and information are developing, people are more critical of company activities, including corporate social responsibility. Companies are required to provide transparent information, good corporate governance forces companies to provide information about their social activities. The community's demand is to find out how far social responsibility has been carried out by the company so that people feel safe and at ease in using the products produced by the company. This study was conducted to re-examine the relationship between ownership structure and CSR disclosure. The inconsistent results of previous studies make this issue an important topic to be researched. This study uses institutional ownership, management ownership, and foreign ownership. The greater the managerial, institutional, and foreign ownership, the greater the pressure to disclose corporate social responsibility (CSR).

Several previous studies that have been conducted include Novita and Djakman (2008) which examined the effect of ownership structure on the extent of corporate social responsibility disclosures listed on the Indonesia Stock Exchange in 2006. This study shows that foreign ownership structure and institutional ownership have no effect on the extent of corporate social responsibility disclosure. The results of this study are also in line with the results of Kristi's (2011) research which states that public share ownership and institutional share ownership have no significant effect on CSR disclosure. This is due to the low level of CSR disclosure and the absence of national standards in the preparation of reports on corporate social responsibility activities in Indonesia. Contrary to research Nofandrilla (2008) in Utami (2010) which suggests that institutional ownership has a significant effect on corporate social responsibility disclosure.

Based on the description above, this study tries to examine the effect of corporate ownership structure on the extent of corporate social responsibility disclosure as proxied on institutional ownership, management ownership, foreign ownership in mining companies listed on the Indonesia Stock Exchange. The purpose of this study is to provide an overview of the practice of disclosing social responsibility information carried out by mining companies in Indonesia and to find out whether the ownership structure (foreign ownership, institutional ownership, and management ownership) affects the extent of disclosure of social responsibility information of mining companies. The reason for choosing the three independent variables is based on the suggestions put forward by Kristi (2011) and Novita and Djakman (2008) who only use two of the three variables above. In addition, previous researchers only used one or two years of observation. While this study uses five years of observation.

This study uses Annual Report data between 2008-2012 in mining companies listed on the Indonesia Stock Exchange (IDX), on the grounds that mining companies are strongly required to be able to provide Corporate Social Responsibility (CSR) to the environment and the community for the company's operational activities that use natural resources on a large scale.

This study uses the research year from 2008 to 2012, because the researcher wants to get specific results by using a fairly long time span.

METHOD

The type of data used in this research is quantitative. Sources of data used in this study is secondary data. Secondary data is research data obtained by researchers indirectly through intermediary media (obtained and recorded by other parties) (Indriantoro and Supomo, 2008). Secondary research data is generally in the form of published evidence, notes or historical reports (documentary data), besides that secondary data is obtained from electronic media. The use of secondary data guarantees that there is no data manipulation that can affect the results of the study. The data used in this study is data in the form of annual reports issued by mining companies listed on the Indonesia Stock Exchange.

The sample was determined using purposive sampling method, with the following criteria Mining companies listed on the Stock Exchange Indonesia (IDX) 2008-2012, 2) The company publishes an annual report for the period ended December 31, 2008-2012, 3) Complete data is available in the company's annual report, 4) The company publishes financial statements in rupiah. The dependent variable used in this study is corporate social responsibility disclosure which is stated in the index. The index is obtained by comparing the number of scores found with the maximum score. The list of CSR disclosures used refers to the list of items according to Sembiring's (2005) research. The checklist of the list of corporate social responsibility disclosure items is measured using a dichotomous approach using a dummy variable, namely a score of 0 if the company does not disclose social responsibility disclosure items on the research instrument, and a score of 1 if the company discloses the social responsibility disclosure item on the research instrument. Next, the scores of each item are summed for each company. The independent variables in this study include institutional ownership, management ownership, and foreign ownership of mining companies. Institutional ownership is measured by the percentage of share ownership by foundations, banks, insurance companies, investment companies, pension funds, limited liability companies (PT), and other institutions. Management ownership is measured by the percentage of the number of shares owned by management who are active in making company decisions. Foreign ownership is measured by the percentage of foreign share ownership within the company. The data analysis technique used is multiple linear regression. Prior to the regression analysis, the classical assumption test was performed using normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Descriptive statistical analysis was conducted to determine the dispersion and distribution of the data. While the classical assumption test is carried out to test the feasibility of the regression model which will then be used to test the research hypothesis.

RESULTS

Descriptive Statistics

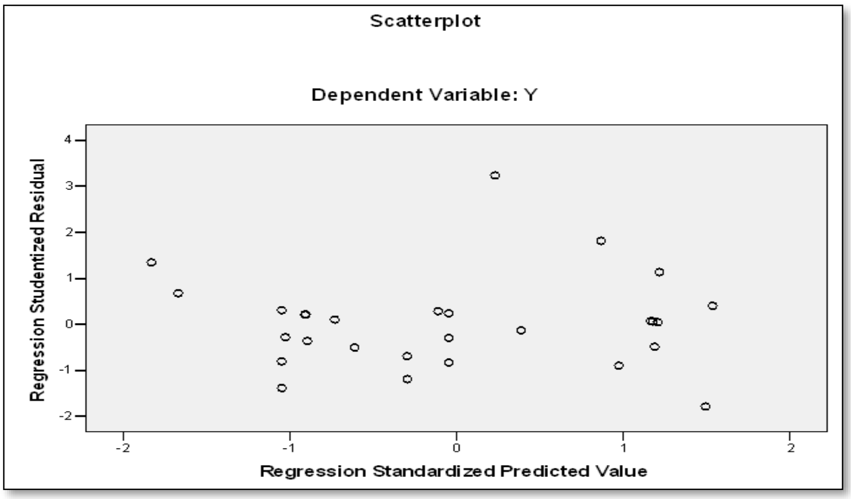
After selecting the sample using purposive sampling method, a sample of 6 companies was obtained. The number of samples is very small, namely 6 companies, so for the purposes of analysis the researcher uses pooling data (pooled) by increasing the number of observations, namely by multiplying the number of samples by the observation period (5 years) so that the number of observations in this study becomes 30 observations, it is already enough to meet the requirements for the number of samples to be processed by regression analysis, where the minimum requirement for the number of samples with regression analysis is 30 observations (Ghozali, 2006). Descriptive statistics of research variables are shown in the following table:

		minim	**max**	**median**	**Std. deviasi**
CSRD	30	0,3720	0,5000	0,417833	0,0275469
KI	30	0,0000	0,7935	0,506750	0,2758974
KM	30	0,0000	0,0620	0,002293	0,0113332
KA	30	0,0000	0,7701	0,281577	0,2537841

The results of the multicollinearity test show a tolerance value of more than 10% and a VIF value of less than 10, so it can be said that there is no multicollinearity in the regression model used in this study. As shown in the following figure:

Independent Variable	**Tolerance Value**	**VIF value**	**Information**
Institutional Ownership	0,105	9,565	Multicollinearity does not occur
Management Ownership	0,847	1,181	Multicollinearity does not occur
Foreign Ownership	0,100	9,983	Multicollinearity does not occur

The results of the heteroscedasticity test with analysis of the scatter plot graph show that the points spread above and below the number 0 on the Y axis and the distribution of the data does not show any particular pattern. As shown in the following figure:



The results of the Autorelation test using the Durbin Watson test obtained a value of 1.941. Decision making has no autocorrelation if du < d < 4-du. Based on the DW table with a significance value of 5%, the number of samples (n) 30, and the independent variable (k) 3. Then the value of du = 1.6498 is obtained, so that the DW value of 1.941 lies between du<d<4-du, namely 1 ,6498<1,941<2,3502. This shows that in the regression model there is no autocorrelation problem

Variabel	t	Nilai Signifikansi	Keterangan
KI	2,696	0,012	Ha diterima
KM	0,734	0,470	Ha ditolak
KA	2,098	0,046	Ha diterima

The general conclusion is that the classical assumptions have been met and the regression equation is feasible to use in the study. Based on the results of the calculation of the coefficient of determination (R2) gives a result of 0262 or 26.2% so that it can be seen that the dependent variable that can be explained by the independent variable is 26.2% while the remaining 100% - 26.2% = 73.8 explained by other causes outside the model or other variables not examined. The R value of 0.512 indicates that the level of correlation between the independent variable and the dependent variable is 51.2%. This means that the ownership structure variable has a strong relationship with the CSR disclosure variable because the correlation coefficient value is greater than 0.5.

DISCUSSION

This study was conducted to examine the effect of share ownership structure as a proxy for institutional ownership, management ownership, and foreign ownership on the extent of disclosure of social responsibility of mining companies. Institutional ownership variables affect the extent of social responsibility disclosure. This is indicated by a regression coefficient of 2.696 and a significance value of 0.012 which is below 0.05 (0.012 <0.05). A positive coefficient means that the greater the number of institutional ownership in the company, the greater the disclosure of corporate social responsibility will be. These results are as expected, so the first hypothesis in this study is accepted. According to Jensen and Meckling (1976) in Wahidahwati (2002), one way to reduce agency costs is to increase institutional ownership which functions to supervise agents. This will encourage optimal monitoring of management performance. The existence of institutional investors in the company is considered capable of being an effective monitoring mechanism in making decisions made by managers. This is because institutional investors are involved in strategic decision making so they do not easily believe in earnings manipulation.

Monitoring carried out by institutions is able to substitute for other agency costs, so that agency costs decrease and firm value increases (Hastuti, 2005). With the acceptance of the first hypothesis, the results of this study are consistent with the results of research by Waddock and Graves (1994) in Anggraini (2006). The management ownership variable has no effect on the extent of corporate social responsibility disclosure as indicated by a regression coefficient of 0.734 and a significance value of 0.470 which is above 0.05 (0.470 > 0.05). The positive coefficient indicates that the higher management ownership in a company, the greater the extent of corporate social responsibility disclosure. This result is not as expected means that the second hypothesis of this study cannot be accepted. The rejection of the second hypothesis in this study shows that the results of this study are inconsistent with the results of research from Anggraini (2010) which states that management ownership has a significant effect on company policy in disclosing social information. Thus, management ownership has not been able to become a mechanism to increase the disclosure of social information.

The variable of foreign ownership (KA) has a positive effect on the extent of corporate social responsibility disclosure as indicated by a regression coefficient of 2.098 and a significance value of 0.046 which is below 0.05 (0.046 < 0.05). A positive coefficient means that the greater the number of foreign ownership in the company, the greater the disclosure of corporate social responsibility will be. Foreign countries tend to pay more attention to all activities related to CSR disclosure. In other words, if the company has a contract with foreign shareholders, the company will get more support in the context of disclosing corporate social responsibility (Haruman, 2012).

In accordance with stakeholder theory, the more and stronger the stakeholder position, the greater the tendency of the company to adapt itself to the wishes of its stakeholders. This is realized by carrying out social and environmental responsibility activities for the activities carried out by the company. Foreign-based companies are likely to have more stakeholders than national-based companies so that the demand for information is also greater and is required to make greater disclosures as well (Sembiring, 2005). These results are as expected, so the third hypothesis in this study is accepted. The results of this study are consistent with the results of research by Rustiarini (2010) which states that foreign ownership has an effect on CSR disclosure. In addition, the results of this study are also supported by the research of Putra (2011) which says that foreign ownership has a positive effect on CSR disclosure

CONCLUSION

This study aims to examine the effect of share ownership structure as a proxy for institutional ownership, management ownership, and foreign ownership on the extent of disclosure of social responsibility of mining companies. Based on the sample used in this study, 30 mining companies are listed on the Indonesia Stock Exchange (IDX) with an observation period of five years and determined using the purposive method. sampling, the analysis results obtained are as follows: a) Testing the first hypothesis shows that institutional ownership variables affect the extent of corporate social responsibility disclosure. This reflects that institutional investors have considered social responsibility as one of the criteria for making investments. b) Testing on the second hypothesis, namely management ownership, shows that management ownership variable has no effect on the extent of corporate social responsibility disclosure. This may be due to the relatively small number of managerial shareholdings in companies in Indonesia so that management has not been able to maximize the value of the company through CSR disclosure. c) Testing on the third hypothesis, namely foreign ownership, shows that the foreign ownership variable has an effect on the extent of corporate social responsibility disclosure. This shows the high concern and responsibility of foreign investors on social and environmental issues in Indonesia. The results of this study are expected to contribute to companies related to the company's share ownership and its influence on CSR disclosures that they have done so far. This research is also expected to provide an overview to the government on the disclosure of social responsibility that has been carried out by the company so that the government can consider a CSR reporting standard that is in accordance with Indonesian conditions and make companies more concerned about CSR disclosure in the future.

RECOMMENDATIONS

This study has limitations, including the following: a) The selection of variables that affect the extent of social responsibility disclosure is only from the aspect of share ownership which is proxied by institutional ownership, management ownership, and foreign ownership. Thus, further research is expected to be able to add financial factors as an independent variable to the extent of corporate social responsibility disclosure, as well as add other sectors such as the natural resources and basic chemical company sector as research samples, so that the number of research samples can be more and the conclusions generated will be more strong, and it is expected that the coefficient value will increase. b) This study has limitations, it is possible that there is an element of subjectivity in determining the disclosure index. This is because there is no standard provision that can be used as a reference, so that the determination of the index for indicators in the same category can be different for each researcher. Thus, in future research it is recommended to use the sustainability reporting report that has been checked by the Global Reporting Initiative (GRI) so as to avoid subjective assessments of Corporate Social Responsibility (CSR) disclosures. In addition, in the sustainability reporting report, the company has coded every Corporate Social disclosure Responsibility (CSR) which can facilitate researchers in understanding and assessing Corporate Social Responsibility (CSR) as well as updating social responsibility disclosure items according to current conditions

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