

EFFECT OF QUALITY OF CSR DISCLOSURE ON FINANCIAL PERFORMANCE OF MINING COMPANY LISTED IN INDONESIA STOCK EXCHANGE

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Abstrak

This research was conducted on mining companies listed in Indonesia Stock Exchange in 2012-2015, using qualitative measurement of CSR disclosure. This study aims to examine the effect of CSR disclosure quality on the financial performance of mining companies in BEI through web.IDX. Sampling method in this research is purposive sampling method 100 Mining company. Analyzes used include instrument test data (validity test, reliability test), multiple linear regression analysis, classical assumption test (normality test, multicollinearity test, heteroscedasticity test), and hypothesis test (F test, t test, coefficient of determination). Research Results the quality of CSR disclosure positively affects the accounting performance (ROA) of mining companies in BEI period 2012-2015.

Keywords:

Quality of CSR Disclosure, ROA

Introduction

Corporate Social Responsibility (CSR) is a concept within an organization or company that shares responsibility for various stakeholders such as employees, shareholders, consumers, communities, and the environment. Therefore, CSR is closely related to sustainable development, where companies are required not only to concentrate on the level of profit or dividend rate, but also to consider the risks of production impact (Daniri, 2008). Increased CSR activities in the company mainly because the company faced with "green investors" are increasingly responsive with the issue of CSR. CSR is no longer a charity for the company, CSR is now beginning to be seen as an integral part of the company's competitive strategy (Choi et al., 2010 and Flammer, 2015). In addition, one of the benefits the company expects from CSR activities is to improve its financial performance that will ultimately encourage the viability of the company (Sayekti, 2011).

Disclosure of CSR programs in Indonesia, can be judged from the report presented separately from the financial statements, namely sustainability reporting (sustainability reporting). In accordance with SFAS No.1 2007, the Sustain Report is positioned as an additional report on the Financial Statements. Companies should disclose transparently from their vision, mission, policies, strategies and work programs and environmental, social and economic performance (Anggraini, 2006)

The work of previous studies that discusses the influence of CSR on the financial performance of the company results vary. Some research: Wijayanti et al. (2011); Kusuma (2014); Rahmawati et al. (2014); Kafa (2016); Fauziah (2016); Found a negative influence. Research Wijayanti et al. (2011) found no influence (neutral). Research Choi et al. (2010); Sun (2012); Nahda (2011); Simanjuntak (2013); Son (2013); Kafa (2016) found a positive influence. This study adopted previous Hasseldine, Salama and Toms (2005) research; Baretta and Bozzolan (2004); Beest, Braam, and Boolens (2009); Chakroun and Hussainey (2007); Zahller, Arnold and Roberts (2015); Alotaibi and Hussainey (2016) about the disclosure of CSR quality. This research develops previous research by using measurement based on KDPPLK (basic framework of preparation and presentation of financial report and test its impact to financial performance of mining company in BEI year 2012-2015. The measurement of quality of CSR disclosure uses four qualitative character of financial report principal that is: Reliability, comprehensibility and comparability.

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The contribution of this research is that CSR disclosure research with qualitative measurement based on disclosure quality based on KDPPLK (basic framework of preparation and presentation of financial statements), using four qualitative character of financial statement principal ie relevant aspect, reliability, Understood and comparable has not been done in Indonesia Previous research on the quality of CSR disclosure is done abroad The results of research in Indonesia are still dominated by CSR disclosure with quantitative measurement based on Global index reporting initiative (GRI), this is the research idea (the phenomenon of research).

Based on the background that has been stated previously, then the formulation of the problem in this research is whether the quality of CSR disclosure affect the financial performance of mining companies listed on the Indonesia Stock Exchange in 2012-2015

Sutedi (2015) defines the stakeholders approach as the view that the existence of a company is not solely aimed at serving the interests of shareholders, but also serving the interests of other stakeholders including the people in it. In essence, stakeholder theory is used to predict or explain CSR actions against corporate stakeholders (shareholders, creditors, employees, customers, suppliers, community interests, and government agencies) that can influence CSR decisions (Roberts, 1992, Freeman, 1996)

In accordance with the stakeholder theory which states that the better the company discloses the corporate social responsibility, the investor will know the information about the concern of the company related to the environment (Degan, 2002). The environmental condition of the company will be better in the future and the company is willing to increase its investment to make the company's market value better.

Previous research results such as; Choi et al. (2010); Sun (2012); Nahda (2011); Simanjuntak (2013); Son (2013); Kafa (2016) found that CSR with measurement quantitatively has a positive effect on financial performance. While the research of CSR with qualitative measurement Khaled Alotaibi and Khaled Hussainey (2016) gives influence to various impacts beyond financial performance that is: Company Reputation, Managerial Ownership, Market Performance, and Corporate Value. Based on positive influence between CSR and accounting-based financial performance with ROA measuring instrument, supported by stakeholder theory and theory of legitimacy and supported by previous research, the researcher proposed the first hypothesis:H1: The quality of Corporate Social Responsibility Disclosure (CSR) disclosure has a significant positive effect on accounting-based performance (ROA) in mining companies listed in BEI 2012-2015.

Research Method

Quality of CSR Disclosure, This Research Using Quality Disclosure Measures The qualitative characteristics of corporate financial statements are based on KDPPLK and examine their impact on the financial performance of mining companies in BEI in 2012-2015. The annual report data of mining companies listed on the BEI is used as a source of data, then weighted by Likerts scale, 1 to 5 scale (Beest et al, 2009) based on Hasseldine CSR disclosure quality concept, Salama and Toms (2005); Baretta and Bozzolan (2004); Beest, Braam, and Boolens (2009); Chakroun and Hussainey (2007); Alotaibi and Hussainey (2016). The disclosure quality variables of CSR use the relevant aspect indicators, reliability, comprehensibility and comparability in the annual report of mining companies in BEI 2012-2015. ROA (Return on Assets), As the measurement of accounting performance, in this study using the ROA variable. The formula used to calculate ROA in this study is as follows (Brealey et al., 2007)

$$ROA = \frac{\text{Net income} + \text{interest}}{\text{Average total Assets}} \times 100\%$$

Table.1 Sample Mine Companies Listed Bei 2012-2015

INFORMATION	2012	2013	2014	2015	TOTAL
Mining companies listed on the BEI during 2012-2015	43	43	43	43	172
Less: Mining companies that do not consecutively report annual 2012-2015 report	(9)	(5)	(7)	(6)	(27)
Less: Companies that are not Generate profit in 2012-15	(7)	(7)	(13)	(12)	(39)
Less: Use of data outlier Data used	-	(3)	(2)	(1)	(5)
	27	28	21	24	100

Result and Discussion

Result Research

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	100	16,00	40,00	29,94	5,53
ROA	100	,01	57,70	6,0197	8,12
SIZE	100	21,00	8986,00	1671,57	2090,53
LEVERAGE	100	,06	14,30	1,35	2,028

Source Data processed

Based on descriptive statistic analysis conducted on CSR disclosure quality variables, the samples of 100 mining companies indicate that on the CSR disclosure quality the minimum value of 16 is contained in CTTH company code period 2015. While the maximum value of 40 contained in the company code ELSA period 2012, ANTM 2012 period, TINS period 2012, MEDC for the period of 2013, TINS for 2013, PTBA for 2014 and ELSA period 2015. This indicates that companies with high quality CSR disclosure tendency to have CSR reporting report indicator in annual report. Full disclosure), CSR activities events presented honestly, presentation of reports CSR representative activities (graphical visual aspects), and able to provide information about time and organizational trend to potential investors. Based on the ROA variable shows that the average value of ROA of 6.01 while the ROA of the minimum value of 0.01 contained TOBA company code for 2012 period, ROA Value from Toba Bara Sejahtera, Tbk. Which is well below average, indicating that the company's return on assets is low.

Based on the descriptive statistical analysis conducted on the SIZE variable indicates that the company's minimum value of 21 employees is contained in the company RatuPrabu Energy, Tbk. With the ARTI company code for the period of 2012. Maximum value of 8986 employees is found in Adaro Energy, Tbk. With the code of the ADRO company for the period of 2013. This shows the company with the size of the company proxied the number of employees that many will tend to do high disclosure to inform it to the stakeholders, especially to the creditors. Based on the leverage variable indicates that the minimum value of 0.06 is found in the company Cakra Mineral, Tbk. With the company code PKPK period 2013. Maximum value of 14.3 which is in the company Apexindo, Tbk. With APEX company code for the period 2015. This shows companies with high levels of leverage have poor financial performance (Scott, 2009). Furthermore, management of companies with high leverage levels will reduce the disclosure of social responsibility that made it not into the spotlight of the debtholders (Belkaoui and Karpik, 2012).

Multicollinearity Test

Table 3. Result test VIF & Tolerance

Model	Var	Var	Collinearity Statistics		Result
	Dependen	Independen	Tolerance	VIF	
	ROA	CSR	0,933	1,062	no multikoliner
		SIZE	0,942	1,074	no multikoliner
		LEVERAGE	0,942	1,062	no multikoliner

Sources: Data processed

Based on Table 3 in this study the VIF value is no more than 10 and the Tolerance value is no less than 0.10, thus indicating the absence of multicollinearity in this study

Heterocedasticity Test

Tabel 4 Result HeterokedastisitasGlejser test

VAR	VAR	SIG	RESULT
DEPENDEN	INDEPENDEN		
ROA	CSR	,199	No heterokedastisitas
	SIZE	,589	No heterokedastisitas
	LEVERAGE	,630	No heterokedastisitas

Source : Data processed

Based on the results of heterokedastisity test in table 4 on each equation in this study has a probability significance > 0.05. Test results indicate that there is no heterokedastisitas in this

Autocorrelation Test

Table 5. Autokorelasi Durbin-Watson Test

Equation	Durbin-Watson	$dU < d < 4-dU$	Result
1	1,781	1,694 < 1,756 < 2,306	Noautokorelasi

Sources: Dataprocessed

Normalitas Test

Table 6. Kolmogorov-smirnov (K-S) test

Equation	Asymp. Sig. (2-tailed)	Result
1	0,360	Data residual Normally distributed

Sources: Dataprocessed

From Table 6, it is seen that the value of Asymp. Sig. (2-tailed) in all variables in this study is greater than 0.05. This indicates that the residual data is normally distributed.

Multiple Linear Regression Analysis

This analysis is used to determine the effect of CSR disclosure quality on financial performance (ROA) with firm size as control variable.

$$ROA_{it} = \beta_0 + \beta_1.CSR_{Dit} + \beta_2.SIZE_{it} + \beta DER + e$$

Information

ROA_{it} = performance finance Accounting company i in period t

CSR_{Dit} = Quality of company CSR disclosure i in period t

SIZE_{it} = Variable number of labor period t

DER = Variable Leverage period t

E = Variables of error (error)

Regression Result: ROA = -6,699 + 1,702 CSR - 0,014SIZE - 0,1LEV

Table 7 Results of Multiple Regression Analysis

Variabel Independen	Unstandardized Coefficients B	sig	signifikasi	result
(Constant)	-6,699			
CSR	1,702	0,000	< 0,05	Sig
SIZE	-0,014	0,01	< 0,05	Sig
LEVERAGE	-0,100	0,623	> 0,05	No Sig

Sources: Data processed

Multiple Determination Coefficient Analysis.

Based on the SPSS output the model summary obtained adjusted R² of 0.344 in model 1a. This means that 34.4% ROA variables can be influenced by disclosure quality variables CSR While other 66.6% influenced by other variables outside the model.

Hypothesis testing

Simultaneous Regression Test (F test)

Based on Table 7 the results of regression model testing with F test test obtained F significance of 0.000 on the model. The significance value is less than 0.05. This means that independent variables of CSR disclosure quality and SIZE control variable simultaneously affect the ROA variable or regression model can be used to predict the ROA variable.

Partial Test (t test)

Based on Table 7, the influence of CSR disclosure quality variable on ROA with firm size and leverage control variables, tested partially obtained result that testing influence of disclosure quality of CSR to ROA obtained t value of CSR significance equal to 0.000 and SIZE 0,011 significance value. The significance value is less than 0.05. This means that the disclosure quality variables CSR and SIZE have a significant positive effect on ROA, while the leverage variable t value of CSR significance of 0,000 Value significance is greater than 0.05. This means that the leverage variable has an insignificant negative effect on ROA.

The test results of the influence of CSR disclosure quality towards ROA that significantly positive support the results of research Coi et.al (2010); Sun (2012); Kafa (2016); Alotaibi and Hussainey (2016). The results of research on testing between CSR and ROA (accounting performance) contrast with the results of research Wijayanti et al. (2011); Kusuma (2013); Rahmawati et al. (2014); Fauziah (2016) found a negative influence. The positive test results support the stakeholder theory of the relationship between the quality of CSR disclosure and ROA.

In accordance with the stakeholder theory which states that if the better the company discloses the corporate social responsibility, then the investor will know the information about the company's concern related to environment-friendly products, product sales increase, profitability of the company also increase, become competitive advantage for the company. In accordance with the theory of legitimacy, to gain legitimacy from society, the company engages in social responsibility activities (Scott in Murwaningsari, 2009).

The quality of CSR disclosures that exist in the company's annual report based on KDPPLK based on relevant, reliable, and easily understood and comparable principles is a manifestation of the implementation of Corporate Strategic Excellence (Porter and Kramer, 2006). Companies are required to apply sustainable principles. The company must be able to ensure the profit (profit) from the utilization of natural resources, should be accompanied efforts to maintain the natural environment around (the planet), and improve the welfare of people (people) with other stakeholders. The impact of sales increases, company profitability increases (High ROA).

The quality of CSR disclosure that is well executed by the company in relation to the accounting performance (ROA) indicator that the reporting of CSR activities in the annual report contains the responsibility of the company to the surrounding environment, K3 (employment, health and safety) run professionally, social development program And socialization of the realization of independent society, and responsibility to the product to the consumer is a form of corporate concern to the community. Implemetasi from reporting of CSR activity in annual report consists of full disclosure, CSR activity event presented honestly, presentation of CSR representative report (visual graphic aspect), and able to give information of time trend and organization to prospective investor.

The result of testing of firm size control variable to ROA is significant negative. This study strengthens research conducted by Wijayanti et al. (2011); Kusuma (2013); Kafa (2016) who argued that the size of the company does not affect the performance of the company. This may be the case because firms with large numbers of workers, identical to large corporate categories, are more concerned with government and society cost more political costs, greater agency costs than small firms. This does not support the stakeholder theory. Achieving the company's main goals will succeed by taking into account the needs of stakeholders. However, in reality there are companies with large numbers of employees who spend a lot of agency costs, political costs, and social and ethical responsibilities for stakeholder needs through CSR programs, but do not cause trade-offs, negatively insignificant impact on corporate accounting performance and can still Performing equally well with other companies that do not implement CSR.

The result of testing of control variable of firm leverage to negative ROA is not significant. This study strengthens research conducted by Wijayanti et al. (2011); Kusuma (2013); Kafa (2016) who argues that firms with higher leverage levels have no particular tendency to disclose a wider CSR. The absence of a significant effect of leverage on CSR is that firms with large leverage will be more striving to reduce their debt ratios and focus on improving the company's financial condition, rather than concentrating on corporate CSR activities.

Conclusions

There is a significant positive effect on the quality of CSR disclosure to ROA (accounting performance) in the Mining Company listed on the Indonesia Stock Exchange, while the firm's size control and debt ratio have a significant negative effect on the ROA (accounting performance) in the Mining Company listed on the Indonesia Stock Exchange The period 2012-2015.

Limitations of Research

There is an element of subjectivity in determining the disclosure index. This is because there is no standard provision or reference for social research indicator in Indonesia, so the determination of CSR disclosure quality index for indicators in the same research category can be different for each researcher. Dependent variable in this study there is only one that is, financial performance, and proxied company's accounting performance measured by ROA. This result shows the small influence of CSR variable in influencing variable of company's financial performance proxy with ROA and PBV the rest influenced by other factor which not in model. There are still many factors that affect financial performance in addition to corporate social responsibility

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