



**THE INFLUENCE OF COMPANY SIZE, PROFITABILITY, LEVERAGE,
AND FOREIGN OWNERSHIP ON CORPORATE SOCIAL
RESPONSIBILITY DISCLOSURE AMONG MANUFACTURING
COMPANIES**

Herman Ruslim,

Tarumanagara University

Andi Wijaya,

Tarumanagara University

Agustin Ekadjaja,

Tarumanagara University

Martha Yanti,

Tarumanagara University

ABSTRACT

The aim of this study is to acquire the empirical evidence that the firm size, profitability, leverage, and foreign ownership do affect the corporate social responsibility disclosure among manufacturing companies partially and simultaneously. The population in this study is all manufacturing firms listed in Indonesia Stock Exchange (IDX) during the year 2011-2015. The samples in this study consist of 31 companies with total observation of 5 years, therefore the total samples equal 155 manufacturing companies along with secondary data selected through purposive sampling technique. The method used in this study is regression analysis on panel data using Eviews 9.0 with Robust Regression. The result of this study shows that the company size, profitability, leverage, and foreign ownership simultaneously have significant influence on corporate social responsibility disclosure among manufacturing companies. Meanwhile, the company size and profitability partially have positive and significant influence on corporate social responsibility disclosure, but foreign ownership has negative direction. Surprisingly, there is no evidence showing that leverage influences the corporate social responsibility disclosure.

Key Words: Corporate social responsibility, disclosure, company size, profitability, leverage, foreign ownership

INTRODUCTION

Public awareness on social responsibility recently has become an emerging issue in the development of global business. Social responsibility is considered important to the success of a company, in which the company's profitability and growth is no longer the only benchmark of

success, but also involves the process and corporate responsibility in achieving it (Wibisono, 2007: 33). Companies are required to show its sense of responsibility and concern on social issues, both within the company and in the surrounding environment, as well as those emerging in the surrounding communities. CSR is an integrated concept that connects the business and social aspects in line, in which the company does not only have the economic and legal obligations to its shareholders, but also the obligation to the stakeholders as well.

CSR can no longer be viewed as a cost center in a company, but can also be a profit center, in which CSR becomes the company's commitment to support the sustainable development. The implementation of CSR is no longer considered as a cost, but it can be considered as an investment to the company, although it happens in long-term (Erni, 2007: 112). Based on the 100 companies with the highest level of sustainability performance in Asia gathered by *Channel News Asia's Sustainability Ranking*, it is known that in 2015 Indonesia was the country with the fewest companies entering into the rank of sustainability disclosure. This phenomenon proved that the companies' awareness on CSR was still low and less competitive compared to those in other Asian countries.

Mc Williams and Siegel (2001: 117) defined CSR as an action which appears as an advancement of social act, beyond the interests of the company and required by the constitution. In Indonesia, social responsibility has been regulated in Constitution No. 40 Year 2007 on Limited-Liability Companies regulating the obligation to conduct CSR. Many cases occurred in Indonesia, such as PT Freeport Indonesia, Tbk., which is engaged in mining in Papua, which is damaging the environment. At the end of 2015, there was also a case on salaries suppression conducted by PT Pan Brothers, Tbk. to their employees, so that the payment of employees' salaries was under the amount of district minimum wage (UMK). Those cases prove that the implementation of CSR was simply regarded as a willingness of the company (corporate philanthropy), in which the company was less concerned on the environment and employees' welfare, and still more concerned about its financial condition. Various problems faced by companies in Indonesia occurred due to the lack of regulations regarding social responsibility. The existence of regulations are not balanced with firmness and sanctions implemented in Indonesia. The constitutions created only seem as requirements without clear sanctions. Various studies related to the disclosure of social responsibility show various results which can be seen as follows:

Table 1. Results from Previous Studies

No	Author's Name (Year)	Research Title (in English)	Variable	Previous Results
1.	Grigoris Giannarakis (2013)	The Determinants Influencing The Extent of CSR	$X_1 = \text{Company Size}$ $X_2 = \text{The Size of CEO}$	Company size, the size of CEO, and the company's profile significantly affect

		Disclosure	$X_3 = \text{The Composition of Female in The Board of Directors}$ $X_4 = \text{Directors' Age}$ $X_5 = \text{The Company's Profile}$ $X_6 = \text{Leverage}$ $Y = \text{Social Responsibility Disclosure}$	<p>social responsibility disclosure.</p> <p>The composition of female in the board of directors, directors' age, and leverage do not significantly affect social responsibility disclosure.</p>
2.	Khan (2010)	The Effect of Corporate Governance Elements on Corporate Social Responsibility (CSR) Reporting – Empirical Evidence from Private Commercial Banks of Bangladesh	$X_1 = \text{The composition of non-executive directors}$ $X_2 = \text{Composition of Female Director}$ $X_3 = \text{Foreign Ownership}$ $X_4 = \text{Company Size}$ $X_5 = \text{Profitability}$ $X_6 = \text{Leverage}$ $Y = \text{Social Responsibility Disclosure}$	<p>The composition of non-executive director, foreign ownership, company size, and profitability significantly affect social responsibility disclosure.</p> <p>The composition of female director and leverage do not affect social responsibility disclosure.</p>
3.	Eddy Rismanda Sembiring (2005)	Corporate Characteristics and Social Responsibility Disclosure: Empirical Study Among Companies	$X_1 = \text{Profitability}$ $X_2 = \text{Company Size}$ $X_3 = \text{Company's Profile}$ $X_4 = \text{The size of the Board of Commissioners}$ $X_5 = \text{Leverage}$ $Y = \text{Social Responsibility Disclosure}$	<p>Company size, company's profile, and BoC size significantly affect social responsibility disclosure.</p> <p>Profitability and leverage do not significantly affect social responsibility disclosure.</p>
4.	Fr. Reni. Retno Anggraini	Social Information Disclosure and Influencing Factors	$X_1 = \text{Percentage of Managerial Ownership}$	<p>Managerial ownership and industry type significantly influence social responsibility</p>

	(2006)	in Annual Financial Report (An Empirical Study Among Companies Listed in Indonesia Stock Exchange)	X ₂ = Leverage X ₃ = Company Size X ₄ = Industry Type X ₅ = Profitability Y = Social Responsibility Disclosure	disclosure. Company size, profitability, leverage do not significantly affect social responsibility disclosure.
5.	Sitepu and Siregar (2009)	Factors Influencing Social Information Disclosure in Annual Report Among Manufacturing Companies Listed in Indonesia Stock Exchange	X ₁ = The size of Board of Commissioners X ₂ = Leverage X ₃ = Company Size X ₄ = Profitability Y = Social Responsibility Disclosure	BoC size and profitability significantly affect social responsibility disclosure. Leverage and company size do not significantly affect social responsibility disclosure.
6.	Cynthia Dwi Putri (2013)	The Effect of Coporate Governance and Corporate Characteristics on Corporate Social Responsibility Disclosure in Sustainability Report	X ₁ = Proportion of Independent BOC X ₂ = Proportion of Foreign Ownership X ₃ = Company Size X ₄ = Company's Age Y = Corporate Social Responsibility Disclosure	Company's age significantly affect corporate social responsibility disclosure. Proportion of foreign ownership negatively significantly affect corporate social responsibility disclosure. Proportion of independent BoC and company size do not significantly affect corporate social responsibility disclosure.
7.	Susilatri, Restu Agusti, and Deri Indriani (2011)	The Effect of Company's Leverage, Profitability, Size, Age, and Board of Commissioner on Corporate Social Responsibility Disclosure (A Study on Mining	X ₁ = Leverage X ₂ = Profitability X ₃ = Company Size X ₄ = Company's Age X ₅ = The size of Board of Commissioners Y = Corporate Social Responsibility Disclosure	Company's profitability, size, age, and BoC significantly affect corporate social responsibility disclosure. Leverage do not significantly affect corporate social responsibility disclosure.

		Companies Listed in Indonesia Stock Exchange in 2004-2008)		
8.	Nurainun Bangun, Juwita Oktavia, and Krisnawati Br Tarigan (2012)	The Effect of Managerial Ownership, Institutional Ownership, and Profitability on Corporate Social Responsibility Disclosure Among Companies Listed in Indonesia Stock Exchange	$X_1 = \text{Managerial Ownership}$ $X_2 = \text{Institutional Ownership}$ $X_3 = \text{Profitability}$ $Y = \text{Corporate Social Responsibility Disclosure}$	<p>Managerial ownership has negative and significant effect on corporate social responsibility disclosure.</p> <p>Institutional ownership and profitability have no significant effect on corporate social responsibility disclosure.</p>
9.	Marzully Nur and Denies Priantinah (2012)	Factors Affecting Corporate Social Responsibility Disclosure in Indonesia (An Empirical Study on High Profile Companies Listed in Indonesia Stock Exchange)	$X_1 = \text{Profitability}$ $X_2 = \text{Company Size}$ $X_3 = \text{Public Shareholding}$ $X_4 = \text{Board of Commissioners}$ $X_5 = \text{Leverage}$ $X_6 = \text{Media Disclosure}$ $Y = \text{Corporate Social Responsibility Disclosure}$	<p>Company size has positive and significant effect on corporate social responsibility disclosure.</p> <p>BoC and leverage have negative effect on corporate social responsibility disclosure.</p> <p>Profitability, public ownership, and media disclosure have no effect on corporate social responsibility disclosure.</p>
10.	Naila Karima (2014)	The Effect of Managerial Ownership, Institutional Ownership, and Foreign Ownership on Corporate Social Responsibility Disclosure	$X_1 = \text{Managerial Ownership}$ $X_2 = \text{Institutional Ownership}$ $X_3 = \text{Foreign Ownership}$ $Y = \text{Corporate Social Responsibility Disclosure}$	<p>Managerial ownership significantly affect corporate social responsibility disclosure.</p> <p>Foreign ownership and institutional ownership do not significantly affect corporate social responsibility disclosure.</p>
11.	Ni Putu Marni Sepian	The Effect of Profitability and Foreign Ownership	$X_1 = \text{Profitability}$ $X_2 = \text{Foreign Ownership}$	<p>Foreign ownership has positive and significant effect on corporate social</p>

	Dewi and I G. N. Agung Suaryana (2015)	on Corporate Social Responsibility Disclosure	Y = Corporate Social Responsibility Disclosure	responsibility disclosure, while profitability do not.
--	---	---	--	---

Source: Processed Data

Due to the inconsistencies among those previous studies and referring to cases that occurred in Indonesia, the social responsibility disclosure is considered necessary to be conducted by companies. Based on the description in previous sections, the objective of this study is to acquire the empirical evidence about the influence of company size, profitability, leverage, and foreign ownership on corporate social responsibility disclosure among companies listed in Indonesia Stock Exchange during 2011-2015, both partially and simultaneously.

THEORETICAL REVIEW

The Agency Theory. Agency theory describes the company as a conjunction point between the owners of the company (principal) and the management (agent). According to Anthony and Govindarajan (2005: 269), agency theory is the relationship between principal and agent, in which the principal employed the agent by delegating decision-making process to the agent to carry out the interests of the principal. Conflict of interest arises when two parties (principal and agent) have different interests, while the agent has a reason for not acting in accordance with the interests of the principal. The core of this agency theory is a right depiction of the contract to align the interests of principal and agent, in the event when a conflict of interest exists (Moeljono, 2005: 28). Companies that disclose information about their performance on social responsibility, has a goal to build a positive image of them in order to get attention from the stakeholders.

The Stakeholders Theory. Freeman (1984: 25) defined stakeholders as individuals or groups who can affect or be affected by a specific purpose, which includes employees, customers, suppliers, communities, government as regulator, shareholders, creditors, competitors, and others. The existence of these stakeholders becomes one of the considerations for the management to disclose information in a financial statement. Stakeholder theory is imperative in explaining the disclosure of social responsibility as stakeholders have the right to know all information held by the company, both mandatory and voluntary information, as well as financial and non-financial information. Companies have responsibility to their stakeholders about the activities represented in financial and non-financial information stated in financial reports. Social responsibility disclosure contained in the annual report will provide an overview to the investor, who became one of the stakeholders, in monitoring the company's performance and assess the extent to which the company is doing its role in accordance with the will of stakeholders.

The Legitimacy Theory. According to Suchman (1995: 574), legitimacy is a generalized perception or assumption that the actions taken by a company is the desired action, proper and in accordance with the system of norms, values, beliefs, and social boundaries. A company gains legitimacy when there is an alignment between the company's existence and social values applied in the society. Legitimacy can be beneficial or potential resource to a company in its effort to survive (going concern) (Nor Hadi, 2011: 87). The fundamental of this theory is that a company can be going concern if its operations are in accordance with the values prevailing in the society and accepted by the community itself. A company can use its annual report as the evidence of accountability of its activities to the community and social environment in order to manage its legitimacy.

The Signaling Theory. Signaling theory assumes that any information received by each party is not the same, or in other word, it's called asymmetric information. Information is an important element for investors because it presents an overview of the company's condition in the past, today, and in the future, related to the company's going concern. Information published as an announcement will give a signal to investors in making informed decision (Jogiyanto, 2000: 392). The annual report can be a type of information released by the company that can be a signal to outsiders. The right social responsibility disclosure and in line with stakeholders' expectations, can be used as a signal of 'Good News' provided by the management to public, that the company has good prospects in the future and to ensure that the sustainability development can be created.

Company Size. The size of company is a scale in which a company can be classified in various ways, which can be through total assets, log size, market price of share, and etc. Company size affects how large the disclosure can be done, in which large companies would reveal more information than do small companies. Company size is related to the agency theory, in which a large company will reveal information more widely to reduce the agency costs (Sembiring, 2005: 381). The bigger the company size, the stronger the attraction and attention can be gained from market and public. Large companies tend to disclose more information than do small companies, due to large companies receive more political pressure than do smaller companies, which cause the impact on the extent of disclosure contained in the companies' annual reports.

Profitability. Profitability is the end-result of a series of policies and management decisions, in which these policies and decisions are related to the source and use of funds in order to run the company's operations that have been summarized in the balance sheet and its elements represented by financial ratios (Brigham and Weston, 2001: 89). Profitability ratios assess the ability of a company to gain profit and also to provide a measurement about the management's effectivity (Kashmir, 2010: 115). This study uses Return on Assets (ROA) in calculating the companies' profitability. Companies that have high level of ROA will have sufficient funds to be allocated to social and environmental activities, so that the level of social responsibility disclosure conducted by the company will be high.

Leverage. Leverage is used by a company to measure its ability to fulfil the financial obligations when liquidated. Brigham and Houston (2010: 140) disclosed the leverage ratio as a ratio that measures the extent to which a company acquires debt-financing (financial leverage). Companies with high leverage are more likely to violate credit-agreement, so the company will strive to report current profit higher in order to reduce the possibility of such phenomenon to happen in the future, by reducing company's expenses, including those to disclose social responsibility. Companies with high leverage level will also get strict monitoring from debt holders, therefore according to the agency theory, the company will reduce the social responsibility disclosure in order not to be highlighted by them. The leverage ratio used in this study is the Debt-to-Equity Ratio (DER).

Foreign Ownership. Foreign ownership constitutes the number of shares held by foreigners, either by individuals or by organizations in public companies in Indonesia (Rustiarini, 2011: 9). The level of public awareness of environmental responsibility by foreigners is far greater than that by Indonesian people, as evidenced by more number of foreign companies who have already conducted and reported about social responsibility in their annual reports compared with local companies in Indonesia. Foreign ownership in a company can create a legitimacy gap whenever the culture applied by such foreign companies is on contrast to the norms prevailing in the environment surrounding the company. Foreign ownership could also create an enhancement in company's performance due to a variety of experiences, ideas, and innovations that are brought into the company.

Company Social Responsibility. CSR is a commitment on sustainable economic development conducted by organizations, specifically by the company to improve the quality of customers, employees, social environment and community in all aspects of company's operations in accordance with the applicable laws and norms that are consistently prevailing in society. A company is expected not to be based on a single bottom line concept, in which the value of the company only focuses on the financial aspects, but it should also be switched into the triple bottom line concept, in which the company is responsible for the company's profit, community, and environment. Financial condition is not sufficient to guarantee that the value of the company develops sustainably. The company's sustainability will be ensured when the company has focuses on social and environmental aspects. The company's obligation to conduct CSR in Indonesia is regulated in several constitutions, such as Constitution No. 40 Year 2007 regarding the Limited-Liability Company on social and environmental responsibility.

Social Disclosure in Annual Report. Disclosure is the distribution of useful information to stakeholders who have concerns on it. Financial report is a tool that can provide information about the picture of a company's condition. Disclosure of social responsibility or social disclosure is a notification on financial and non-financial information related to the interaction of the company and its environment, especially about the company's activity responsibility towards the environment, community, employees, and consumers (Mohamed, 2014: 211). Social

responsibility disclosure in annual reports in Indonesia is mandatory to be conducted by companies as stipulated in Constitution No. 40 Year 2007 on Limited-Liability Companies Article 66 Paragraph 2 and Indonesia Financial Accounting Standard Regulations No 1 (Revised in 2009) Paragraph 12.

Framework and Hypotheses

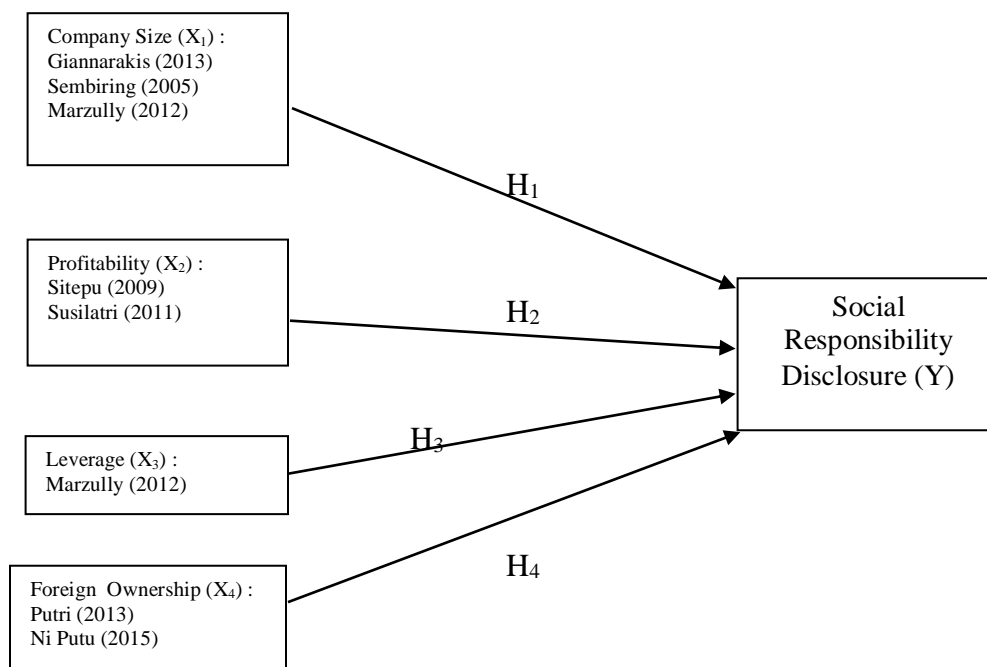


Exhibit 1. Research Framework

Based on the framework displayed in Exhibit 1, the hypotheses in this study are as follows: (1) Company Size partially influences the corporate social responsibility disclosure; (2) Company's Profitability partially influences the corporate social responsibility disclosure; (3) Company's Leverage partially influences the corporate social responsibility disclosure; (4) Foreign ownership in the company partially influences the corporate social responsibility disclosure; (5) Company size, profitability, leverage, and foreign ownership simultaneously influence the corporate social responsibility disclosure.

METHOD

Research Design. This study applies a quantitative research design, in which this research is used to examine the samples using statistical data in order to test the hypotheses that have been set previously (Sugiyono, 2013: 14). This research is a type of descriptive study, which is used to describe, explain, and answer the existing phenomena. The pattern of this descriptive research is a correlational comparative study, that compares two or more similar or nearly similar situations,

involves the elements its components, examines the relationship between two or more variables, and tests the hypotheses about the relationship among variables.

Population and Sample Selection Technique. The population in this research is manufacturing companies listed in Indonesia Stock Exchange during the year 2011-2015. The samples were collected by using purposive sampling method, in which the sample data was withdrawn under certain considerations (Sugiyono, 2013: 218). Purposive sampling is a sampling technique by defining the characteristics relevant the purpose of research, so the obtained samples are in accordance with the prescribed criteria based on research objectives. The sampling criteria in this research are as follows: (a) The company is listed in Indonesia Stock Exchange and published complete financial statements and annual reports within the period ended on December 31st during the year 2011-2015; (b) The company conducted re-statement of its financial statements for the year 2011; (c) The company was not delisted during the year of observation; (d) The company did not experience a deficit or negative earning during the year of observation; (e) The company had foreign shareholders during the year of observation; (f) The company's financial statements are denominated in Rupiah during the year of observation. The samples used in this research are 155 samples consisting of 31 companies for five consecutive years from 2011 to 2015.

Operationalization of Variables. This study uses five variables consisting of company size, profitability, leverage, foreign ownership, and disclosure of corporate social responsibility. The independent variables (X) in this study are: (X₁) **Company Size.** According to Suwito and Herawaty (2005: 138), company size is the scale at which the company can be classified according to a variety of ways, such as utilized capital, assets owned, or sales generated. In this study, company size is measured by total assets of the company; (X₂) **Profitability.** Profitability ratios assess the ability of the company for gaining profit and also provide a measure of management effectiveness of the company (Kashmir, 2010: 115). Profitability ratios that becomes the focus of this research is the Return on Assets (ROA), which can be calculated by dividing net profit after tax to total assets; (X₃) **Leverage.** The leverage ratios measure the company's ability to meet its financial obligations when being liquidated. The leverage ratio used in this study is the Debt to Equity Ratio (DER), with the formula of total long-term debt divided by total equity; (X₄) **Foreign Ownership.** Foreign ownership represents the number of shares owned by foreigners, either by individuals or by organizations, in a public company in Indonesia, which can be calculated by dividing the company's shares owned by foreigners by the number of outstanding shares. The dependent variable in the study (Y) is: **CSR Disclosure.** The measurement of this variable is performed by measuring social disclosure on annual report that can be conducted by observing whether there is any information item specified in the annual report or in the sustainability report. This measurement uses a dichotomous approach, i.e. each item of CSR in the research instrument will be given a score of 1 if the information is disclosed, and a score of 0 if the information is not disclosed. The instrument measuring social responsibility disclosure refers to Sembiring's study (2005: 395). The amount of item used in this disclosure is 78 in total. Next, the score of each item is totaled to acquire the overall score

for each company. The score of CSR disclosure can be obtained by dividing the score of the items to those of the overall existing items.

Data Collection Technique. The collection of data used in this study is done through library research. The theory and methodology are derived from books, journals, and articles related to the topic of this research, in order to obtain a deeper understanding about the theoretical base as a guide in conducting research. This study uses panel data, which is a combination of time-series and cross-section data. Data panel is a collection of cross-section data which is observed simultaneously over time (time-series). The data used in this research is secondary data acquired by tracking the financial statements and annual reports during the year 2011-2015 of the companies listed in Indonesia Stock Exchange (IDX). This quantitative data are collected through the official website of Indonesia Stock Exchange (IDX), of which the URL is: www.idx.co.id.

RESULTS AND DISCUSSION

Hypothesis Testing. The results of hypothesis testing using Eviews 9.0 are presented in the table below:

Table 2. The Results of Regression Test on Panel Data by Using Robust Least Square

Dependent Variable: CSR Disclosure				
Method: Robust Least Squares				
Date: 11/22/16 Time: 15:09				
Sample: 1 155				
Included observations: 155				
Method: M-estimation				
M settings: weight=Bi square, tuning=4.685, scale=MAD (median centered)				
Huber Type I Standard Errors & Covariance				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-1.492027	0.185334	-8.050492	0.0000
Size	0.069783	0.006683	10.44261	0.0000
Profitability	0.003947	0.000991	3.983132	0.0001
Leverage	0.000180	0.000527	0.342414	0.7320
Foreign Ownership	-0.001284	0.000462	-2.782013	0.0054
Robust Statistics				
R-squared	0.511899	Adjusted R-squared	0.498883	
Rw-squared	0.610253	Adjust Rw-squared	0.610253	
Akaike info criterion	139.3201	Schwarz criterion	156.6375	

Deviance	1.844842	Scale	0.118481
		Prob(Rn-squared	
Rn-squared statistic	179.5663stat.)		0.000000
Non-Robust Statistics			
Mean dependent var	0.456410	S.D. dependent var	0.174907
S.E. of regression	0.117549	Sum squared resid	2.072668

Source: Data Processed by Eviews 9.0 (2016)

According to Table 2, the regression equation of this research model on CSR panel data can be viewed as follow:

$$Y = -1,492027 + 0,069783X_{1it} + 0,003947X_{2it} + 0,000180X_{3it} - 0,001284X_{4it} + \varepsilon_{it}$$

Description: Y = CSR Disclosure; X₁ = Size; X₂ = Profitability; X₃ = Leverage; X₄ = Foreign Ownership

The intercept value in the regression equation is -1.492027 ,which is the value of social responsibility disclosure when the value of company size, profitability, leverage, and foreign ownership are 0 (zero).

Multiple Determination Coefficient (R²). The value of adjusted R² in this research model is equal to 0.498883, which indicates that as much as 49.89% variation in disclosure of corporate social responsibility can be explained by the variation in company size, profitability, leverage, and foreign ownership, and the remaining 50.11% variation can be explained by other variables that are not used in this study.

Significance Test (T-Test). First hypothesis. In the first hypothesis testing, the variable of company size has the probability value of 0.0000, of which this value is less than the value of significance ($\alpha = 0.05$). This indicates that the first hypothesis is accepted, so it can be concluded that company size has positive and significant influence on corporate social responsibility disclosure. **Second hypothesis.** The variable of profitability has the probability value of 0.0001. This value is less than the value of significance ($\alpha = 0.05$). This suggests that the second hypothesis is accepted, so it can be concluded that company's profitability has positive and significant influence on corporate social responsibility disclosure. **Third hypothesis.** In the third hypothesis testing, company's leverage has the probability value of 0.7320, which is greater than the significance value ($\alpha = 0.05$). This means that the third hypothesis is rejected, so it can be inferred that company's leverage does not significantly influence the corporate social

responsibility disclosure. **Fourth hypothesis.** The variable of foreign ownership has the probability value of 0.0054, which is less than the value of significance ($\alpha = 0.05$). This result means that the fourth hypothesis is accepted, so it can be concluded that foreign ownership has negative and significant influence on corporate social responsibility disclosure.

Simultaneous Test (F-Test). The value of significance for Probability (Rn-squared statistic) is 0.000000, which is less than the Alpha (0.05), concluding that company size, profitability, leverage, and foreign ownership simultaneously and significantly influence the disclosure of corporate social responsibility.

The Influence of Company Size on Corporate Social Responsibility Disclosure. The data analysis results show that company size has positive and significant influence on CSR disclosure. This phenomenon could happen due to large-size companies tend to provide more information than do small-size companies. This result supports the one concluded by Marzully (2012), in which large companies will be more easily observed by public, so they are considered able to spend the development costs for social responsibility disclosure, and by the presence of such disclosure, those companies are expected to reduce the political costs and avoid scrutiny from related stakeholders.

The Influence of Profitability on Corporate Social Responsibility Disclosure. The data analysis results show that company's profitability has positive and significant influence on CSR disclosure. This is consistent with the studies conducted by Sitepu (2009) and Khan (2010), of which company's profitability influences CSR disclosure. This could happen because companies with high level of profitability may have sufficient funds to be allocated into social and environmental activities, so that their level of CSR disclosure will be high and also to demonstrate their role in society that aims to affirm their presence in the community.

The Influence of Leverage on Corporate Social Responsibility Disclosure. The data analysis results show that company's leverage does not influence the CSR disclosure. This may happen because companies with high level of leverage tend to reduce the CSR disclosure in order to reduce the spotlight from stake holders about the risk of credit agreement violation in the future. The result of this study supports the one conducted by Sembiring (2005), in which the high and low leverage do not affect the company's comprehensive disclosure of corporate social responsibility.

The Influence of Foreign Ownership on Corporate Social Responsibility Disclosure. The data analysis results show that foreign ownership has negative and significant influence on CSR disclosure. The result of this study supports those conducted by Putri (2013) and Machmud and Djakman (2008), in which there is a possibility for foreign ownership, if consolidated with parent company in its home country, will have small percentage, so that investors will pay less attention to such disclosure. The negative relationship between foreign ownership and CSR disclosure in this study is also an anomaly, in which foreign investors are supposed to be more caring and

attentive to environmental and social issues that can affect the increase in CSR disclosure. One thing that can explain the result of this study is that there is a possibility that foreign investors currently working in companies in Indonesia are generally not concerned with social and environmental problems as important issues to be widely expressed in the reporting. Besides, the law and regulation in Indonesia seem indecisive and it is possible that the samples of company used in this study are not companies that are directly related to natural resources, so the pressure to perform activities and social responsibility disclosure is not so significant.

Conclusions. Based on the analysis and discussion above, it can be concluded that: **First.** Company size positively influences the corporate social responsibility disclosure, among manufacturing companies for the period of 2011-2015. Large-size company tends to disclose more information about the company as a form of corporate responsibility to stakeholders while reducing agency costs that may arise in the future. **Second.** Company's profitability positively influences the corporate social responsibility disclosure, among manufacturing companies for the period of 2011-2015. A company with high profitability has sufficient funds to be allocated to social and environmental activities, so that the level accountability will also be high, as well as its role in society to affirm the company's presence in the community. **Third.** Foreign ownership has negative influence on corporate social responsibility disclosure among manufacturing companies during the period of 2011-2015. Foreign ownership, when consolidated with parent company in home country, will have smaller percentage, so investors will pay less attention to such disclosure. Foreign investors in companies in Indonesia generally are not concerned with social and environmental problems as important issues to be widely expressed in the reporting considering that Indonesian laws and regulations are not strictly implemented.

Suggestions. For academics, this study can be input for the science of management accounting, particularly in terms of CSR and may become the basis and reference for developing further research related to CSR. Regarding the social responsibility and its disclosure, companies may consider these kinds of activity as a reason for their going concern. This result can also be input for the government as regulator to force the companies to design the regulation on CSR and conduct it better in the future. For further research, the research scope should be widened by increasing the number of samples include in got her sectors listed in Indonesia Stock Exchange, as well as considering other independent variables.

=====

REFERENCES

Anggraini, Fr. Reni Retno.(2006). Pengungkapan informasi sosial dan faktor-faktor yang mempengaruhi pengungkapan informasi sosial dalam laporan keuangan tahunan (Studi empiris pada perusahaan-perusahaan yang terdaftar di Bursa Efek Indonesia), *Simposium Akuntansi Nasional IX*, Padang

Anthony, R. N. and Govindarajan.(2005). *Management Control System*. Jakarta: Salemba Empat

- Bangun, Nurainun, Juwita Oktavia, and Krisnawati Br. Tarigan. (2012). Pengaruh kepemilikan manajerial, kepemilikan institusional, dan profitabilitas terhadap pengungkapan *Corporate Social Responsibility* pada perusahaan yang terdaftar di Bursa Efek Indonesia. *e-Jurnal Akuntansi UKRIDA* Vol. 12, No. 2. Hal: 717-738
- Brigham, Eugene F and Houston, Joel F. (2010). *Fundamentals of Financial Management, Book 1 (11th Edition)*. Jakarta: Salemba Empat
- Brigham, Eugene F. and J. Fred Weston. (2001). *Financial Management*. Jakarta: Erlangga
- Erni R. Ernawan. (2007). *Business Ethics*. Bandung: Alfabeta
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman
- Giannarakis, Grigoris. (2013). The determinants influencing the extent of CSR disclosure. *International Journal of Law and Management* Vol. 56 No. 5. pp: 393-416
- Hadi, Nor. (2011). *Corporate Social Responsibility*. Yogyakarta: Graha Ilmu
- <http://sustainability-ranking.channelnewsasia.com/top100-2016.html> Accessed in October 2016
- Jogiyanto, H. M. (2000). *Teori Portofolio dan Analisis Investasi*. Edisi Kedua. Yogyakarta: BPFE
- Karima, Naila. (2014). Pengaruh kepemilikan manajerial, kepemilikan institusional, dan kepemilikan asing terhadap pengungkapan tanggung jawab sosial perusahaan. *Universitas Sebelas Maret Surakarta, Widya Warta No. 02, Tahun XXXV III*, pp: 219-230
- Kashmir. (2010). *Pengantar Manajemen Keuangan*, Edisi Pertama, Cetakan Kedua. Kencana: Jakarta.
- Khan, Md. Habib and Uz Zaman. (2010) The effect of corporate governance elements on corporate social responsibility (CSR) reporting: Empirical evidence from private commercial banks of Bangladesh. *International Journal of Law and Management*, Vol. 52 Iss: 2, pp. 82-109
- Machmud, Novita and Chaerul D. Djakman. (2008). Pengaruh struktur kepemilikan terhadap luas pengungkapan tanggung jawab sosial (*CSR Disclosure*) pada laporan tahunan perusahaan: Studi empiris pada perusahaan publik yang tercatat di Bursa Efek Indonesia Tahun 2006". *Simposium Nasional Akuntansi XI*. Pontianak
- McWilliams, A. and Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26(1), pp: 117-127

- Moeljono, Djokosantoso. (2005). *Good Corporate Culture sebagai Good Corporate Governance*. Jakarta: Elex Media Komputindo
- Mohamed, Toukabri.,Olf, Ben Jeema., Faouzi, Jilani. (2014). Corporate social disclosure: explanatory theories and conceptual framework. *International Journal of Academic Research in Management (IJARM)* Vol. 3, No. 2. Hal 208-225
- Nur, Marzullydan Denies Priantinah. (2012). Analisis faktor-faktor yang mempengaruhi pengungkapan *Corporate Social Responsibility* di Indonesia (Studi empiris pada perusahaan berkategori *high-profile* yang *listing* di Bursa Efek Indonesia)", *Jurnal Nominal*, Volume 1, Nomor 1, Tahun 2012
- Putri, Cynthia Dwi. (2013). Pengaruh *corporate governance* dan karakteristik perusahaan terhadap pengungkapan tanggung jawab sosial perusahaan di dalam *sustainability report* (Studi empiris pada perusahaan-perusahaan yang terdaftar di Bursa Efek Indonesia). *E-Jurnal Akuntansi*, Vol. 1 No. 3, Universitas Negeri Padang
- Rustiarini, Ni Wayan. (2011). Pengaruh struktur kepemilikan saham pada pengungkapan *Corporate Social Responsibility*. *Jurnal Ilmiah Akuntansi dan Bisnis*, Vol. 6 No. 1. pp: 104-119
- Sembiring, Eddy Rismanda. (2005). Karakteristik perusahaan dan pengungkapan tanggung jawab sosial: Studi empiris pada perusahaan yang tercatat di Bursa Efek Jakarta. *Simposium Nasional Akuntansi VIII Solo*. Hal: 379-395
- Sitepu, Andre Christian dan Hasan Sakti Siregar. (2009). Faktor-faktor yang mempengaruhi pengungkapan informasi sosial dalam laporan tahunan pada perusahaan manufaktur yang terdaftar di Bursa Efek Jakarta. *Jurnal Online FE-USU*, Medan
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Journal* Vol. 20, No. 3, pp: 571-610
- Sugiyono. (2013). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Bandung : Alfabeta
- Susilatri, Restu Agusti, and Deri Indriani (2011). Pengaruh leverage, profitabilitas, *size*, umur perusahaan, dan ukuran dewan komisaris terhadap pengungkapan tanggung jawab social perusahaan (Studi empiris pada perusahaan pertambangan yang *listing* di Bursa Efek Indonesia tahun 2004-2008)". *Jurnal Pekbis*, Vol.3, No.1, Maret 2011. pp: 412-428
- Suwito, Edy dan Arleen Herawaty. (2005). Analisis pengaruh karakteristik perusahaan terhadap tindakan perataan laba yang dilakukan oleh perusahaan yang terdaftar di Bursa Efek Jakarta. *Simposium Nasional Akuntansi VIII Solo*. Hal: 136-146
- Wibisono, Yusuf. (2007). *Membedah Konsep dan Aplikasi CSR (Corporate Social Responsibility)*. Gresik: Fascho Publishing