Jurnal Ekonomi dan Bisnis Jagaditha
Volume 9, Nomor 2, 2022, pp. 185-192

EISSN 2579-8162
ISSN 2355-4150
https://ejournal.warmadewa.ac.id/index.php/jagaditha

Analysis of the Corporate Social Responsibility Disclosure on Manufacturing Companies

Putu Kepramareni*, Sagung Oka Pradnyawati and Luh Pasek Intan Rahmayani

Universitas Mahasaraswati, Denpasar-Indonesia
*pkepramareni@unmas.ac.id, sagungoka@unmas.ac.id

Published: 15/09/2022

How to cite (in APA style):

Kepramareni, P., Pradnyawati, S. O., & Rahmayani, L. P. I. (2022). Analysis of the Corporate Social Responsibility Disclosure on Manufacturing Companies. *Jurnal Ekonomi dan Bisnis Jagaditha*, 9(2), 185-192. doi: https://doi.org/10.22225/jj.9.2.2022.185-192

Abstract—The line of business cannot be separated from various responsibilities that must be fulfilled. The company is not only responsible to internal parties but also to external parties involving the environment and social (corporate social responsibility). The implementation of CSR can theoretically form a positive image and reputation from the community and shareholders for the company, this is also supported by the existence of CSR disclosures that can be submitted in the company's financial statements. The reality is that even though it is theoretically considered that way, not all companies are willing or able to carry out one of these responsibilities. The purpose of this study is to analyze how CSR disclosure and what can affect the disclosure by using one of the industrial sectors with the largest number in the capital market, namely manufacturing companies. Overall data obtained by literature study, in terms of determining the sample several criteria were used in order to obtain 112 companies and then analyzed using multiple linear regression. The results show that 112 companies used as samples disclose CSR in published financial statements, but this number is not the total number of manufacturing companies that have gone public on the capital market, so there are still many manufacturing companies that do not disclose CSR.

Keywords: corporate social responsibility disclosure; manufacturing companies; profitability

I. INTRODUCTION

The business field is not always focused on profit, there are many things that can shape a company to be big, grow, survive and have a good image. The bigger the company, the bigger the company's responsibilities which are clearly obligatory to be given to internal and external parties of the company. In 2020, Indonesia became one of the countries affected by the spread of the Covid-19 virus, various industrial sectors tried to survive and contribute voluntarily in the social and environmental spheres. In financial reports that are a source of information for various interested parties, disclosure of corporate social responsibility can be informed to users.

The company's operations are always related to the impact caused, in the concept of CSR or independent corporate social responsibility it states that the organization is clearly responsible to many parties such as consumers, employees, shareholders, the natural environment and various aspects and communities related to the impact on company activities such as waste, pollution, product safety and labor conditions. Disclosure of CSR in financial statements can clearly establish a positive reputation for the company. Indonesia has regulations that regulate CSR. In the Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies, article 74 paragraph (1) states "Companies that run their business in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibilities. Theoretically, CSR disclosure is very important for a business, but the reality is that many companies have not been able or have not been optimal in implementing CSR. This phenomenon is based on data taken on the capital market using one of the industrial sectors with the largest number, namely manufacturing companies. In total there are 182 manufacturing companies but only 112 companies that can access financial statements and make CSR disclosures.

According to Munsaidah et al. (2016) CSR disclosure can be influenced by the size of the company that can be assessed based on the assets/assets owned by the company using the logarithmic value. Logically, large companies are considered to be able to provide social and environmental responsibility with better financial capabilities than small companies, although Rindawati & Asyik (2015) in her research results states that company size does not affect CSR disclosure. In contrast to the assessment of disclosure based on the size of the company, a company's profit or not is also believed to be able to influence the company in making decisions on the implementation of CSR. The ability of a business to make a profit is often measured using profitability.

Every policy taken by the company will prioritize the owner of the company. Company ownership can be owned by an institution, the presence of institutions as investors is considered to have a positive influence (Ananda, 2020). The existence of institutional supervisors will encourage companies to always be close to the company's social environment, but Utami (2019) stated the results of his research which show institutional ownership does not always focus on CSR but current profits so that it does not affect CSR disclosure. Apart from the institutional side, companies that are owned by the public (outsider ownership) can also affect CSR disclosure, the public as one of the owners will give a positive response to companies that consider CSR implementation as the company's contribution to the environment. This is supported by Soejoto's research (2017) although it is not in line with the results revealed by Rivandi (2020) that CSR disclosure is not influenced by public ownership. Whether or not a company is able to implement CSR is also related to the age of the company, the age of the company is a measure of whether a company has been established for a long time or is new. The longer the company has been established, the more responsibility to the environment that should be given by the company. Company age is a measure of whether a company has been around for a long time or is new. The longer the company has been established, the more responsibility to the environment that should be given by the company. Company age is a measure of whether a company has been around for a long time or is new. The longer the company has been established, the more responsibility to the environment that should be given by the company.

The previous related studies had showed some results related to Corporate Social Responsibility Disclosure. The results study conducted by Finthariasari et al. (2020) showed that environmental performance and company size has positive effect to CSR disclosure. Audit committee and profitability has not effect to CSR disclosure, while Leverage has negative effect to CSR disclosure. In addition, Kusumawati et al. (2021) in their study revealed that profitability as well as leverage, most do not affect the CSR disclosure, as well as the age of the industry affects CSR disclosure. Based on the background and the previous studies above, the purpose of this study is to analyze how CSR disclosure and what can affect the disclosure by using one of the industrial sectors with the largest number in the capital market, namely manufacturing companies.

II. CONCEPT AND HYPOTHESES

Stakeholder Theory

Stakeholder theory basically states that the company is an entity that does not only operate for its own interests but is obliged to provide benefits to its stakeholders or stakeholders. Stakeholders here include creditors, suppliers, shareholders, consumers, communities, government, and other interested parties (Harmoni, 2013: 204-210).

Stakeholder theory is that which describes to whom (stakeholders) the company is responsible. Companies must maintain relationships with stakeholders or stakeholders by accommodating their wants and needs, especially stakeholders who have power over the availability of resources used for company operational activities, such as workers, customers and owners (Hörisch, 2014:328-346). One strategy to maintain relationships with company stakeholders is to implement CSR. With the implementation of CSR, it is hoped that the wishes of stakeholders can be accommodated so that it will produce a harmonious relationship between the company and its stakeholders. A harmonious relationship will enable the company to achieve its corporate sustainability (sustainability).

Corporate Social Responsibility Disclosure

The World Business Council for Sustainable Developmentdefines CSR as a business commitment to contribute to sustainable economic development through collaboration with employees and their representatives, their families, local communities or the general public to improve the quality of life in a way that is beneficial for both the business itself and for development (Anggraini, 2012). Wahyuningtyas & Nugrahanti (2012) explains that the definition of CSR in Indonesia is matched with social and environmental responsibility in the Law on PT. 40 of 2007 is the company's commitment to participate in a sustainable economy in order to improve the quality of life and the environment that is beneficial for the company itself, the local community and society in general.

The implementation of the CSR program is one form of implementation of the concept of Good Corporate Governance. Good corporate governance is needed so that business behavior has direction in managing the relationships of all stakeholders (stakeholders). Basically CSR has a strategic function or role for the company, especially as part of risk management as the most important part of the company's strategy.

Corporate social reportingis the process of communicating the social and environmental effects of a company's economic actions on certain groups in society and society as a whole. The company's negative contribution to the surrounding environment has led to a loss of public trust. Therefore, by disclosing information regarding the company's operations in relation to the environment as a corporate responsibility, it is hoped that it can restore public trust.

CSR reporting and disclosure is also carried out as a strategic step because the company wants legitimacy and positive value from the community so that the company will get an increase in profits in the long term. Companies will be encouraged to practice and disclose CSR because they get several benefits such as increasing sales and market share, strengthening brand positioning, improving company image, reducing costs and increasing the attractiveness of the company in the eyes of investors and financial analysis.

CSR activities do not have certain standards or practices that are considered best. Every company has unique characteristics or situations that affect how they perceive social responsibility. The implementation of CSR carried out by each company is very dependent on the mission, culture, environment and risk profile. Although there are no certain standards or practices that are considered the best in carrying out CSR activities. However, a broad framework for implementing CSR can still be formulated based on experience and knowledge in areas such as environmental management.

ISO 26000 is an international standard for social responsibility and is a guideline so that companies must develop CSR program strategies based on the company's internal and external objectives. The ISO 26000 standard provides a voluntary guiding standard on social responsibility regarding an intuition that covers all sectors of public and private bodies in both developing and developed countries. While not all parts of this international standard will be equally useful for all types of organizations, all core subjects are relevant for every organization.

Company Size With CSR Disclosure

According to Sunyoto (2016: 115), the size of the company can be seen in the grouping of companies, namely growth industry, defensive industry and cyclical industry. Although there are many definitions related to the meaning of company size, theoretically large companies will not be free from pressure, and larger companies with operating activities and greater influence on society may have shareholders who pay attention to the social programs made by the company, so disclosure Corporate social responsibility will be wider. In general, both from the stakeholder theory, politics, resources, activities and integration between parts of the company, large companies tend to disclose more and broader information than small companies.

H1: CSR disclosure is significantly affected by firm size

Profitability With CSR Disclosure

Profitability ratios in theory and reality can affect various aspects of the life of a company. This ratio is often used to predict and ensure the company's expertise in generating any coffers of profit that can be seen from various sides, both in terms of assets, equity or investment. Logically, when the company earns high profits, the company will disclose more information related to the condition of the company and high profits in the company should also indicate the existence of funds that can be used to carry out more responsibilities such as CSR, there is a positive relationship between increasing company profits and disclosure of CSR.

H2: CSR disclosure is significantly affected by profitability

Institutional Ownership With CSR Disclosure

Institutional ownership is the ownership of company shares by financial institutions. Institutional shareholders also have the opportunity, research and expertise to analyze performance and management actions. Investors as owners are very interested in building the company's reputation. Larger institutions are better able to monitor management performance. Institutional investors have the power and experience and are responsible for applying the principles of corporate governance to protect the rights and interests of all shareholders, so they demand that companies communicate transparently. Thus, institutional ownership can improve the quality and quantity of CSR disclosure.

H3: CSR disclosure is significantly affected by institutional ownership

Public Ownership With CSR Disclosure

According to Wartyna (2018), public ownership is the proportion or number of share ownership owned by the public or the general public who do not have a special relationship with the company. Public ownership is the percentage of share ownership owned by outsiders (outsider ownership). The general public can become one of the owners of the company publicly by buying company shares outstanding on the capital market, the existence of the public as one of the owners of the company gives various influences on the company both in terms of capital and also making various decisions.

H4: CSR disclosure is significantly affected by Public Ownership

Company Age With CSR Disclosure

The age of the company shows the company's ability to overcome difficulties and obstacles that can threaten the life of the company so that the longer the company is established, the more it strengthens the existence of the company itself (Limbong, 2019). The age of the company can also be seen from how long a company has been established, a company with a long enough business continuity of course has a reputation that must be maintained properly so that the company will show its social responsibility closer to the community or it can be said that the longer a company is established, the longer the company is established. the more disclosure of information that is given in general in the company's financial statements so that it is clear that the age of the company is related to CSR disclosure.

H5: CSR disclosure is significantly affected by the age of the company

III. METHOD

Manufacturing companies were selected as samples in this study with a population of 182 companies. Based on the total population, researchers can see how many companies have access to information about CSR disclosures in published financial statements. In determining the sample, the study sets various criteria so that the data obtained is more valid, the company must be registered in the capital market in the specified research period (2018-2020). Each data is obtained from various sources, mainly from www.idx.co.id and literature study methods to complement each theory in this research. CSR disclosure uses 6 indicators consisting of various aspects ranging from responsibility for products, society, the environment, human rights, labor and the economy. Based on the various requirements that have been set by the researcher, 112 manufacturing companies have met the requirements of the researcher to be used as samples. Testing in this study uses a series of tests that include multiple linear regression, descriptive statistics, classical assumptions and also testing the feasibility of the model and the following model of the researcher's thinking:

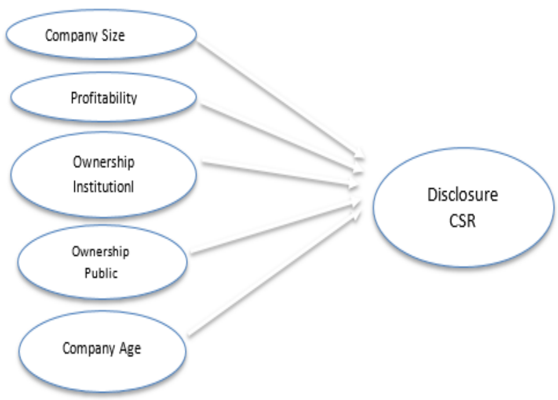

Figure 1
Research Model

IV. RESULT AND DISCUSSION

This study uses multiple regression analysis, in the first analysis is the interpretation of descriptive statistics related to the data obtained as a whole, the characteristics of the data can be seen in the table below:

Table 1
The characteristics of the data

	N	MIN	MAX	mean	Std. Deviation
SIZE	336	22.30	33.49	28.5175	1.61562
PRO	336	-1.4001	.9210	.039667	.1482627
IO	336	.00	1.00	.6492	.25601
OO	336	.0029	.9998	.256056	.1971166
AGE	336	.00	39.00	19.0625	10.86631
CSR	336	.01	.20	.0531	.03105

The number 336 in column N is the total observations obtained by researchers from 112 samples of companies for 3 years (2018-2020) each variable has a minimum, maximum and average number listed in each column. Table 2 is the test result of multiple linear regression, in this test it can be seen the influence of several variables used to see the impact and direction of CSR disclosure based on the significance obtained with the standard used generally as the limit of significance is (0.05) or 5 percent.

Table 2
The test result of multiple linear regression

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.109	.029		-3,729	.000
SIZE	.005	.001	.275	4.983	.000
PRO	.001	.011	.007	-124	.901
IO	.024	.009	.198	2,784	.006
OO	.030	.011	.191	2,754	.006
AGE	.001	.000	.208	3.879	.000

In the column there are several variables used in this study starting from company size (SIZE), Profitability (PRO), Institutional Ownership (IO), Public Ownership (OO) and also company age (AGE). Firm size does not show negative results so that it can be said that the direction of the influence of company size on CSR disclosure has a positive effect supported by a significance (0.000). So the first hypothesis is accepted.

The second line is profitability (PRO) which also shows a positive sign so that it can be said that there is a good influence of profitability on CSR disclosure, but the significance of profitability shows a number that is more than the limit of significance (0.901) so it can be said that profitability has no significant effect on CSR disclosure. and the second hypothesis in this study was not accepted.

Institutional ownership (IO) shows a positive sign so that it can be said that the influence and impact of institutional ownership on CSR disclosure in this study has a positive effect and is supported by a significance value (0.006) so that there is a significant effect and is in accordance with the third hypothesis in this study.

The next line is public ownership (OO) which if seen in the table shows a positive direction and a significant effect (0.006). This reflects that every increase in the company's public ownership will also have a significant impact on the company's CSR disclosure so that this is in accordance with the fourth hypothesis in this study.

Finally, the age of the company (AGE) in the table shows that there is no negative sign on the test results of the age of the company and also a very significant effect is seen in this variable (0.000) which means that the age of the company has a positive and significant effect on CSR disclosure made by the company and the hypothesis the last one in this study was accepted. The test results on the regression table as a whole show good results and most of the reality in the tested sample is in accordance with the theory.

Classic Assumption

Classical assumption test includes normality test, heteroscedasticity, multicollinearity and also autocorrelation. The results of the normality test must show that the model used in the study is normally and well distributed, the Kolmogorov-Smirnov test is used in this study with the results of the model used being well distributed and can be used further. For the heteroscedasticity test, the results can be seen in Table 3 below:

Table 3
The heteroscedasticity test

Variable	Sig
SIZE	.894
PRO	.686
IO	.904
OO	.341
AGE	.584

In contrast to the T test or multiple linear regression, to be able to say that a research model is free from heteroscedasticity, the resulting standard of significance must exceed 0.05 and it can be seen that all variables obtain a significance score that exceeds the standard. A research model must also be free from the existence of multicollinearity in Table 4 below are the results of the test:

Table 4
The multicollinearity test

	Tolerance	VIF
SIZE	.867	1.153
PRO	.925	1.081
IO	.522	1,917
OO	.548	1,824
AGE	.921	1.086

The standard for a model that is said to be free from multicol is the value generated in the Tolerance and VIF test results that are more than 0.10 but less than 10 and the test results in the table reflect that in this study there are no symptoms of multicollinearity. When a study uses a time period, an autorelation test is needed, in this study the results for the autocorrelation test are in Table 5 below:

Table 5
The results for the autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.360a	.129	.116	.02919	1975

The equation in the autocorrelation test must showdu < dw < 4-du and in this study the calculated value was obtained based on the 5 independent variables used and the amount of data observed for three years (112 samples x 3) obtained 336 data. For the equation in this study 1.8610 (du) < 1.975 (dw) < 2.1390 (4-du) so it is clear that there is no autocorrelation in the study.

Discussion

The size of the company shows a significant influence on CSR disclosure, logically it means that the bigger the company, the greater the possibility of CSR disclosure. The test results illustrate that the manufacturing company that is the subject of the study clearly shows that the size of the company measured by assets determines how much disclosure will be made. The size of the company is proven to be linear with the number of disclosures made in the sample in this study. Large companies will have a great sense of responsibility to stakeholders, the interest to build a reputation for stakeholders supports the implementation and disclosure of CSR.

Profitability in this study does not show a significant influence, this illustrates a new phenomenon that even though the company is experiencing profits it does not become a guarantee that the company will be open to any disclosures in the financial statements, different possibilities can also occur because this study uses the period in During the Covid-19 pandemic, the impact of the pandemic on almost every industrial sector in various countries including Indonesia so that the mobility of companies in carrying out CSR is very limited and even though the company is experiencing profits,The pandemic and economic conditions that have not yet fully recovered are certainly a consideration for companies to be very careful in the use of company profits so that in this study profitability does not have a significant influence on the company's CSR disclosures and it turns out that this is also in accordance with previous research references, namely Rahayu & Anisykurlillah's research (2015) which obtained similar results.

Institutional ownership based on the test results significantly affects CSR disclosure. This means that both in theory and in reality what happens in manufacturing companies is very appropriate. The existence of company supervisors from an institutional perspective clearly has greater power and experience in the company. Institutions are certainly a consideration for companies to show more corporate social responsibility, especially to the environment. The main manufacturing companies are very close to the community both in terms of products, employment and the economy so that the greater the institutional power, the more open the company is about company information, especially CSR. This supports the results of Adnyani's research (2017) which explains the results of similar research.

Public ownership in this study after being tested was proven to positively and significantly affect CSR disclosure. This result is clearly in accordance with the stakeholder theory that the greater the role of the public in a company, the greater the disclosure made by the company, especially information related to CSR. The community as one who can become a public shareholder can certainly provide a good view and reputation for companies that have great responsibility for the company's operational activities, especially manufacturing companies which of course have an impact on the business activities carried out, one way to adjust this is by providing social responsibility. A good reputation will help business continuity as well as increase the value of the company.

The age of the manufacturing company in this study was also shown to significantly and positively affect CSR disclosure. Companies that have survived and been established for a long time certainly have various things that must be maintained, one of which is public trust. A mature company is considered to have blended in well with the community. This is relevant to the theory of legitimacy which states that if the social system goes hand in hand with the goals and system of the company, the company will not pose a threat. Companies have the choice to be able to align these two things, one of which is the implementation and disclosure of CSR. This supports research that turns out to be in line with the Limbong's research (2019).

V. CONCLUSION

Based on research that has been fully implemented, the initial phenomenon that is the aim of the study is to analyze how CSR disclosure in manufacturing companies which is one of the influential sectors in Indonesia and also to analyze the factors that influence the disclosure using company size, profitability, institutional and public ownership and in terms of the age of the company itself. It can be concluded that CSR disclosure has been carried out by more than 50 percent of manufacturing companies in the capital market although not yet fully but another conclusion is that almost all of the variables used and tested have a significant effect on CSR disclosure except for profitability. The number of factors proven in this study that can affect CSR disclosure by the company can certainly be an additional theory that it turns out that the company and the social side must be in harmony. Social will shape the company's reputation and have an impact on the image and sustainability of the business and vice versa the company can be socially responsible for providing feedback on the trust that has been given by the community. This research was carried out in a Covid-19 situation so that the results can be influenced by this situation, there are many factors that can affect CSR disclosure from different sides of the variables used in this study so that this phenomenon can still be investigated further using a different point of view.

Reference

Adnyani. (2017). *Pengaruh Good Corporate Governance dan Leverage terhadap Pengungkapan Corporate Social Responsibility (CSR) Pada Perusahaan Pertambangan yang Terdaftar di BEI Tahun 2014-2016*. Universitas Mahasaraswati.

Ananda, P. K. S. (2020). *Pengaruh Ukuran Dewan Komisaris, Dewan Komisaris Independen, Kepemilikan Manajerial, Kepemilikan Institusional dan Kepemilikan Terkonsentrasi terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek In*. Universitas Mahasaraswati.

Finthariasari, M., Febriansyah, E., & Pramadeka, K. (2020). Corporate Social Responsibility Disclosure: A Determinant Analysis (Case Study Manufacturing Companies Listed on the Indonesia Stock Exchange). *International Journal of Trends in Accounting Research*, *1*(1), 022–036. Retrieved from https://journal.adaindonesia.or.id/index.php/ijtar/article/view/8

Kusumawati, C. A., NSS, R. L. P., & Triyani, D. (2021). Corporate Social Responsibility Disclosure on Companies Listed in IDX Index. *Management Analysis Journal*, *10*(4), 369–375. doi:https://doi.org/10.15294/maj.v10i4.50935

Limbong, C. H. (2019). Analisis Faktor-Faktor yang Mempengaruhi Pengungkapan Corporate Social Responsibility pada Perusahaan Pertambangan yang Terdaftar di Bei. *ECOBISMA (JURNAL EKONOMI, BISNIS DAN MANAJEMEN)*, *6*(2), 114–128. doi:10.36987/ecobi.v6i2.11

Munsaidah, S., Andini, R., & Supriyanto, A. (2016). Analisis Pengaruh Firm Size, Age, Profitabilitas, Leverage, dan Growth Perusahaan terhadap Corporate Social Responsibility (CSR) pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia pada Tahun 2010-2014. *Jurnal Ilmiah Mahasiswa S1 Akuntansi Universitas Pandanaran*, *2*(2). Retrieved from https://jurnal.unpand.ac.id/index.php/AKS/article/view/471/457

Rahayu, P., & Anisykurlillah, I. (2015). Pengaruh Kepemilikan Saham Publik, Profitabilitas dan Media terhadap Pengungkapan Tanggung Jawab Sosial. *Accounting Analysis Journal*, *4*(3). doi:https://doi.org/10.15294/aaj.v4i3.8300

Rindawati, M. W., & Asyik, N. F. (2015). Pengaruh Profitabilitas, Ukuran Perusahaan, Leverage, dan Kepemilikan Publik terhadap Pengungkapan Corporate Social Responsibility (CSR). *Jurnal Ilmu & Riset Akuntansi*, *4*(6), 1–5. Retrieved from http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/3499

Soejoto, M. (2017). *Pengaruh Struktur Kepemilikan Publik terhadap Pengungkapan Corporate Social Responsibility pada Perusahaan - Perusahaan yang Terdaftar di BEI*. Universitas Atma Jaya Yogyakarta. Retrieved from http://e-journal.uajy.ac.id/11969/1/EA204080.pdf

Wahyuningtyas, R. W., & Nugrahanti, Y. W. (2012). *Pengaruh Mekanisme Corporate Governance terhadap Pengungkapan Corporate Social Responsibility*. In *SEMINAR NASIONAL DAN CALL FOR PAPERS* (p. 19). Semarang: Fakultas Ekonomi Universitas Stikubank. Retrieved from https://repository.uksw.edu/bitstream/123456789/375/1/PROS_Felicia Dwiputri Sutanto-Supatmi_Pengaruh Karakteristik Perusahaan Terhadap_Abstract.pdf