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DETERMINANT OF CORPORATE SOCIAL RESPONSIBILITY: CASE FROM INDONESIA

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ABSTRAK

Tujuan penelitian ini adalah untuk memberikan bukti empiris pada faktor-faktor yang mempengaruhi tingkat indeks pengungkapan pertanggungjawaban sosial perusahaan. Indeks pengungkapan pertanggungjawaban sosial perusahaan dalam penelitian ini menggunakan indeks GRI G3.1, yang terdiri dari enam poin utama, yaitu pengaruh ekonomi langsung, hal-hal yang berkaitan dengan lingkungan, praktik ketenagakerjaan, hak asasi manusia, sosial, dan tanggung jawab untuk produk. Data penelitian ini menggunakan data sekunder, yang diperoleh dari laporan tahunan perusahaan yang terdaftar di Bursa Efek Indonesia. Sampel yang digunakan dalam penelitian ini adalah sebanyak 20 perusahaan yang dipilih menggunakan penyempelan acak. Pengamatan yang dilakukan selama periode 2007-2014. Hasil penelitian ini menunjukkan bahwa kepemilikan (saham) pemerintah, spesifikasi perusahaan, dan ukuran perusahaan menjadi penentuan terbaik untuk indeks CSR. Selain itu, teori regulasi yang memprediksi bahwa keterlibatan pemerintah dapat mendorong lebih banyak perusahaan mematuhi aturan yang berlaku, berhasil dikonfirmasi dalam penelitian ini.

Kata kunci: pengungkapan pertanggungjawaban sosial, pemerintah share, spesifikasi perusahaan, ukuran perusahaan, umur perusahaan

ABSTRACT

The purpose of research is to provide empirical evidence of the factors that influence the extent of disclosure index of corporate social responsibility. Index of corporate social responsibility disclosure in this study using the GRI G3.1 index, which consists of six main points; the direct economic influence, matters related to the environment, labor practices, human rights, social, and responsibility for the product. The data of this study using secondary data, obtained from annual reports of companies listed in Indonesia Stock Exchange. The sample used in the study were as many as 20 companies were selected using random sampling. Observations made during the period 2007-2014. In the observation period, the Indonesian government issued Act No. 17, 2007 that one of its content requires the company in Indonesia to allocate funds for the social and environmental responsibility. The results of this study indicate that the ownership (stocks) government, the specifications of the company, and the size of the company become the best determination for CSR index. In addition, regulatory theory predicts that government involvement will encourage more companies adhere to the rules prevailing, successfully confirmed in this study.

Key words: Corporate Social Responsibility Index (CSRI) Disclosure, government share, firm specification, size, age

BACKGROUND

Today, the people of the world try to find a solution to solve the problems of climate change due to global warming. The signing of the Kyoto Protocol (Japan) on December 11, 1997 is a testament to the commitment of countries to stabilize GHG emissions based on the principles of the industrial convention. The Convention was finally pushing states to reduction of emissions in each country. Through the complex ratification process, eventually the Kyoto Protocol effectively applied on 16 February 2005. Overall, the target of the

Kyoto Protocol is (in average) reduction emission 5% in 37 industrialized countries and the European community in the first commitment period, 2008-2012 (http://unfccc.int/kyoto_protocol/).

In Indonesia, the government issued Act No. 17/2004 in response to the Kyoto Protoko. In addition to Law No. 17 of 2004, there is no government policy which specifically regulate carbon emissions reductions. Act No. 40/2007 on Limited Company includes Article 74 (1) which says that the company which runs its business activities in the field or related to the natural resources required to implement the Social and Environmental Responsibility. Subsequently, implemented a program of Corporate Social Responsibility (hereinafter will be referred to CSR) in Indonesia has been strengthened with the issuance of Government Regulation No. 47/2012 on Social and Environmental Responsibility for Limited Company. Realization Government Regulation 47/2012 is beginning of the second quarter of 2012. This regulation was issued to complete the things which previously have not been regulated in Law No. 40 Year 2007 on Limited Company. Through this policy, the Indonesian state requires that the company, especially those in that the activities of exploration and exploitation of natural resources, to conduct social responsibility.

Although not specifically address the problem of carbon emissions reduction, but the Act and Government Regulations has been much awaited Indonesian society. Regulations governing corporate social responsibility are expected to improve the quality of life. Corporate social responsibility is expected to improve the quality of life and social environment, promote human rights and produce products that are friendly to the environment. The fulfillment of these aspects will ultimately lead to economic growth in the company directly. Harmonization between the activities of the company with the social, environmental and human rights will ultimately impact the decline in emissions (waste), one of which is carbon emissions. However, the lack of responsibility can disregard the rights of the needs of the most fundamental of human life, ie food, shelter, and clothing.

The previous study conducted by Lindrianasari and Asmaranti (2016) tested separately three times (2004, 2007, and 2012) the enforcement of laws relating to the environment in Indonesia. Three times is predicted to have the power relations at the level of adherence to the environment. Results of tests performed by using a sample of 246 years of the company's 11 years of observations show that the disclosure of environmental information on food and beverage companies in Indonesia has increased significantly and better after legislation was issued. This finding suggests that since the Indonesian government to ratify the Kyoto Protocol in 2004, Indonesian companies more transparent in informing the environmental conservation activities that they do.

Corporate Social Responsibility (CSR) is a concept that describes that an entity have broad responsibilities for all stakeholders in all aspects of corporate activities that include economic, social, and environmental (three bottom line). Stakeholders such entities among which is the consumer, government, employees, shareholders, communities and the environment, and the wider community in the area of country. CSR is a balancing between operational company in that particular area to make profits with the community around the the company that will be impacted by the company's operations. The impact of the company's operations is the waste in the form of litter, air pollution, water pollution, odor, and also vibration. CSR is given by the company aimed at reducing the negative impact of the the company’s waste.

Activity and nature of CSR is wide and uncertain, making it difficult to define it better. However, Crowther and Aras (2008) describes the three principles that should be the focus in CSR activities, namely sustainability, accountability, and transparency. *Sustainability* is concerned with the current selection of activities taking into account the sustainability of the resources used in the future. Furthermore, as far as possible not to use resources that can not be regenerated.

Accountability refers to the true meaning of that accountability, and or the conditions that must be accounted for. In addition, the terms of accountability also means the state for the requested accountability to the parties that manage the resources of entities, both private and public. In other words, accountability associated with the demand to account for the obligations entrusted to individuals or institutions. Accountability also be interpreted as a measure to control the actions to achieve a predetermined result.

In the social and environmental issues, accountability requires the development is done using the appropriate measurement and reporting on the environmental performance of each operation in the company. *Transparency* is a principle, which means that the external impact of corporate action can be ensured through the information reported to the company and all the facts needed nothing is hidden in the report (Crowther and Aras, 2008).

Gray (2002) conducted research for 25 years on literature (journal) *Accounting, Organizations and Society.* The journal presents a lot of research and also implementation of CSR conducted by researchers and companies. Gray argues that social accounting is not a part that is fully accepted and well established for the company. In practice, companies are not enthusiastic about adopting social and environmental accounting. This is because these issues are not admired and expected by many industries. The results of a review conducted Gray is further described as follows.

First, accountants concern about the social and environment must be literate and demonstrate awareness of the cognizant of the theoretical critiques of social accounting. This is the first step to make sure that we've started to talk more about what is important to our own.

Second, we can see considerable momentum derived from the freedom of of society to voice their rights. This momentum gives an opportunity for social and environmental accounting to step away, because of pressure from of society be the impetus as well as a support for the environmental changes that have not been consistently among the community.

Third, now it's time for an accountant as an observer of social and environmental issues to start writing about their understanding and share their vision of the concept of "new accountings". This is not an easy task, but this movement should be at the heart of any substance accounting social activities.

There are many number of issues that can not be found and described by Gray in this essay. However, it is important for accountants to continue the study, even when the opinions of some people judge this activity something strange.

Although this study is already over 10 years ago conducted Gray, but until now, the Indonesian step towards obedience to the rules of CSR is still halting. The role of accounting in the current CSR issues increasingly challenging. The financial statements provide elements that provide the accountability of management to manage the company's assets as well as their compliance with the existing regulations. Accounting numbers contained in the financial statements, conventionally, it has the interpretation that can be understood by some stakeholders. Therefore, accounting articulating in the issue of CSR is something that is more interesting and challenging.

This research is important to be done in developing countries (Jamali and Mirshak, 2006; Barkemeyer, 2007) such as in Indonesia because of two things. First, it was the end of the first commitment period (2008-2012). Second, in the Master Plan for the Acceleration of Indonesian Economic

Development, has formulated an agreement on the National Action Plan for Greenhouse Gases, because Indonesia is one country which committed to global climate change program. Although Indonesia is a group of countries Non-Annex I (developing country contributor to lower carbon emissions), but it needs to be shown to the world how the efforts made by Indonesia to support in the reduction of GHG emissions at the first commitment period.

Clarkson is one of the beginner researcher in the study that investigates the issue of CSR. Clarkson (1995) argued that CSP can be analyzed and evaluated more effectively by using an approach based on relationship management with the company's stakeholders. This explanation is supported in the research Meehan *et al.* (2006) which reviews the three main approaches of Corporate Responsibility: Corporate Social Responsibility (CSR), Corporate Social Performance (CSP), and Corporate Citizenship (CC), and found that each of these approaches can not be the only tool for managers to embed CR orientation within their organizations. The three approaches should be carried out simultaneously and supported by the commitment, connection and consistency of the company. Roles together of these three approaches will lead to limitations of the approaches that can be covered by other more capable approach towards accountability.

This paper aims to provide empirical evidence about the factors that become determination disclosure of corporate social responsibility. Corporate social responsibility disclosure index refers to the index of the Global Reporting Initiative (GRI), which consists of six main points; The direct economic influence, matters related to the environment, labor practices, human rights, social, and responsibility for the product. This index is used because some companies in Indonesia has been using the GRI index since the third generation. We use CSR index disclosure as a proxy for assessing the company's actions related to social responsibility. The better the CSR index disclosure by the company, the better the social responsibility of the company. Because, companies tend to report all positive measures undertaken in the current year to give a positive signal for market participants (investors).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theories

Agency theory is the theory underlying the studies that discuss the policy and management of the company. Agency theory introduced by Jensen and Meckling (1976) explains that since the separation between the owners and managers, the owner and agent conflict of interest arises. Management tend to have more extensive information on the company compared with the owner, has led to asymmetric information between the two parties. To overcome the problems which arise because of this information gap, the policy of disclosure to be one way out to minimize the gap between the owner and the management of information. Extensive disclosures will determine the cost of capital of the company, and if the lower cost of capital stock of the company will be more attractive to investors and the stock price will rise. in other words, the disclosure of which contains a positive signal will provide benefits for the owner, therefore disclosure policy is needed.

Williams and Siegel (2001) using agency theory to explain the factors that affect the level of CSR. McWilliams and Siegel stated that the agency theory to be a challenge in many studies, such as a previous study conducted Preston (1978) and Carroll (1979), and Wright and Ferris (1997).

Another theory which relevant to the issue described in this is the theory of stakeholders. Stakeholder theory is a theory which very challenging in the study of CSR, since the period of the early development of CSR has been the attention of many scholars (see Freeman, 1984; Clarkson, 1995; and

Mitchell, Agle, and Wood, 1997) until the end of the period (Agle, Donaldson, Freeman, Jensen, Mitchell, and Wood, 2008; and Parmar, Freeman, Harrison, Wicks, Decolle, and Purnell, 2010). From the early period of development, stakeholder theory is state of the art in CSR issues and until now the idea of CSR is still alive, useful, and relevant to use.

The term stakeholder is the parties that have relevance and interest to a particular object. In the field of management and organization, stakeholders are the people that have relevance and interest to a particular entity. Stakeholder theory (developed by Freeman, 1984) describes an approach to stakeholder model, and identify those that become stakeholders of an entity. Neither approach is a model and the identification of stakeholder approach, both to explain and recommend management model to be able to give attention to their company's stakeholders. That is, this theory have moral message of the management the company to pay attention and prioritize the rights of the company's stakeholders. One of the rights of stakeholders is have a decent environment to live. In this context, the company must be able to manage the environment around them, in order to guarantee the quality of the environment (value of life) better.

Others relevant theory to explain this issue is the theory of legitimacy. It is also a theory which can explain the issue of CSR. In a study, Clarkson (1995) found that there was no definition of CRPerformance, CS-Responsibility, or CSResponsiveness which able to provide a framework or model to collect, organize and analyze data systematically related to CSR issues. Clarkson argues that CSP can be analyzed and evaluated more effectively by using an approach based on relationship management with enterprise stakeholders.

Legitimacy theory explains that in order to ensure the company can execute its business activities on an ongoing basis, the company must be carry out activities of the company in accordance with the norms and rules prevailing in the community (Deegan, 2004). Lindrianasari (2007) found that many companies in Indonesia has voluntarily undertake environmental disclosure even though the situation there is no obligation on the part of the authorities. This is done to maintain the reputation of the company so that the company can maintain their (survive) and protected from various forms of public rejection. This explanation is supported by the theory of legitimacy which can be used as an alternative reason why companies are motivated to do. Arguments Lindrianasari (2007) is confirmed through studies Barkemeyer (2007) which explains that legitimacy theory is a theory which important to consider in developing countries.

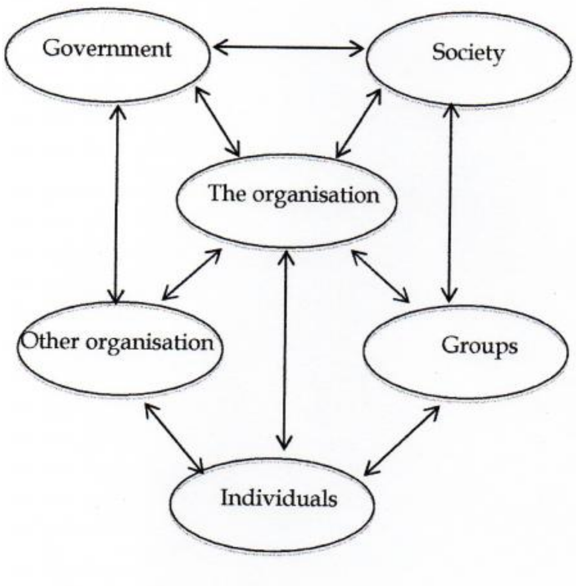
Previous studies conducted by Dina *et al.* (2016) showed that the cost of acquiring the best technology that companies use when performing exfoliating ground at the beginning of production activities to encourage a positive performance for the company. Similarly, environmental management implemented in the company, also had a positive impact on the survival of the company. The results of their study indicate that companies that implement best activities in environmental management, impact on improving corporate performance. The consequence of all this is the sustainability of the enterprise more secure.

Branco and Rodrigues (2006) also uses the theory of legitimacy in their study that discusses social responsibility information disclosure on the Internet by Portuguese banks in 2003 and 2004. They found that legitimacy theory as a possible explanation of the disclosure of social responsibility by Portuguese banks that was awarded the from customers. Cases in Portugal indicate that legitimacy theory contains a social contract between the company with the community around a company run its activities. Deegan (2004) explains that the social contract is a public expectation for how the business operates. Thus, companies that carry out activities in line with the expectations of society, means the company has aligned with the social contract and got the legitimacy from the community.

Crowther and Aras (2008) explained that at present, the social contract has gained new prominence as it has been explained the relationship between the company and the community. But they mean the relationship is not simple, but is more complex and involves many parties (see Figure 1). In view of this, the next company (or other organization) has an obligation to other parts of society to obtain recognition of corporate existence in the community.

This can be described as below:

Figure 1
The Society Contract



Sumber: Crowther and Aras (2008: p. 26)

According to the EU Commission [(2002) 347 final: 5], CSR is a concept whereby companies integrate social and environment concern in their business operations and in their interaction with their stakeholders on a voluntary basis. This concept shows that CSR is actually the company's business operations that take into account social and environmental aspects without any coercion from any party. Thus, if the government issued a series of regulatory compliance while companies in implementing CSR remains low, it is really surprising to many parties.

Previous studies and hypothesis development

Government's share

KPMG (2011), in the international survey of corporate responsibility reporting in 2011, report on the quality of CSR world countries. In the first quadrant (Leading the Pack), the majority of European countries have been doing CSR record well in the past few decades. Leading the pack, measured from both of the power of communication and professionalism of these countries in the implementation of CSR. Countries in Asia are entered in the first quadrant is Taiwan. Japan and the UK both report near-unanimous adherence to CR reporting. Meanwhile, the United States and Canada is more concerned with process than with communicating CSR content. KPMG states that if conditions in developed countries that still do not show the balance of its CSR management, it seems to give clarification that in some developing countries and the poor, it will be more constrained in the implementation of CSR.

But sometimes, there is an exception to encourage compliance with the applicable rules. Sometimes, a centralized economy has the objective to protect the public interest. In theory regulatory, legislative create rules to protect users of financial statements to improve economic performance. This theory is needed in case of failure, if the information can not be conveyed by demand and supply. This theory argues that it takes the rules or provisions (including the accounting). The government takes its role to regulate the provisions to be complied with by many parties, to create the similarity of action on what to do for the company. Conditions necessary for all (user and presenter) to get the same information and balanced.

Research in Indonesia showed that the regulations issued by the government proved to be a reason for the company to increase the activity of their environmental and social responsibility. Lindrianasari and Asmaranti (2016), Asmaranti and Lindrianasari (2014) found that there has been a rise in the company's CSR disclosure since the Indonesian government to participate in the ratification of the Kyoto protoko 2004. Another study (Dina *et al.,* 2016) also indicates it has done best practice in the environmental management of mining companies in Indonesia during 2011 to 2014.

Encouragemen of leaders greatly influence the motivation of companies to "go green". This study uses a mixed method, secondary data and primary data obtained through interviews with company managers. Babiak and Trendafilova (2011) found that managers who practice overall responsibility for social and environmental (called a green manager), can have a positive impact on a company's bottom line. In other words, if the leadership intends to implement CSR well, the entire organization will implement CSR better as well.

England is one of the developed countries and strong, have shown their concern for social and environmental issues (Aaronson 2003; Moon, 2004). Concern from the British government was demonstrated in several documents (written rules) related to CSR. The government has identified CSR as a potential contributor to improve their communities. Therefore, CSR in the UK has grown better from in other countries that are comparable in this period (Aaronson 2003). Under the British Society believes the government's efforts in social issues reflected in the country at large market and will continue to grow hand in hand. Because of the demands of the new society and traditional institutions today to the development of the greater social impact, along with the British public administration struggled to bring together all stakeholders needs. Because CSR is strongly influenced by the rules from the government and or institutional (Moon, 2004; and Meehan *et al*. 2006), the shares in a company will also greatly affect the implementation of CSR in the company.

Previous studies conducted in developing countries to investigate the relationship between government ownership with CSR has been carried out in China (Li and Zhang, 2010), Malaysia (Ali, Esa and Zahari, 2012), and Indonesia (Lindrianasari, 2007). Government ownership is still common in developing countries (see Claessens *et al.,* 2000). These studies demonstrate the importance of considering the government's share in the issue of CSR. It is because some investors pro-CSR such as government and institutional investors will do more pressure to companies in which they invest to generate the value of the investment that is economically, environmentally and socially responsible (Ndemanga and Koffi, 2009). Furthermore, we formulated hypotheses associated with the above explanation is as follows.

H_1 : Government's share has a positive relationship with CSR Index

Firm specification

There are three reasons why the role of government is needed to encourage CSR practices in a country. Moon (2002; see Moon 2004) identify three things (in rank pattern) business motivation in the development of CSR: firm-specific; collective business interest; and the interests of the collective interest in society. For reasons that are implemented CSR development in each company will be greatly influenced by the specifications, business interests, businesses and community groups, government should provide policy direction of CSR that can accommodate the three patterns.

Many scholars provide evidence through research surveys (McWilliams, Siegel, and Wright, 2005; Battaglia, Bianchi, Frey and Iraldo, 2010) and experimental (Sen and Bhattacharya, 2001) that the extent of disclosure of CSR-related activities carried out also depends on the company specifications. This is done for each type of industry has a specification of activities and production processes. So that kind of disclosed index of CSR information will vary according to the firm specificity.

Branco and Rodrigues (2006) conducted a study to ascertain whether a Portuguese bank using their website as media to disclose social responsibility information. In addition, their research to try to identify what are the types of information that the banking spread. Further disclosure Branco and Rodrigues comparing it with similar disclosures in the company perbeda in the annual report. By investigating the disclosure of social responsibility information on internet banking in Portugal in 2004 and 2003, Branco and Rodrigues compares the level of disclosure media by using content analysis.

Branco and Rodrigues research results showed that the Bank with greater visibility among consumers seem to indicate a greater concern to improve the company image through social responsibility information disclosure. The results of their study showed that the theory of legitimacy may be the explanation of social responsibility disclosure by a Portuguese bank.

Branco and Rodrigues (2006) argues that research contributions in the field of CSR in the literature is still small, especially on social responsibility disclosure by financial institutions. This can happen because of the sensitivity of the banking terjadap CSR issues is relatively small. Therefore, the company's specifications need to be examined in further studies.

It is important to examine how social responsibility performed by sensitive companies to nature. This is due to the impact of the company's activities were a great effect on the environment. Pollution generated by sensitive companies that are as varied as water pollution, odor pollution, vibration pollution, and garbage pollution. The greater the negative impact given by companies to the environment, the greater the public's attention to the company.

Many researchers have conducted studies related to the company's CSR sensitive. Dashwood (2007) conducted a study on the two mining companies in Canada in adopting social accountability norms. Dashwood explains the mining company as one of the companies that are sensitive to the environment, has CSR rules are more complex than generally accepted assumptions.

In developing countries, studies the sensitivity of the company and CSR also conducted by Kapelus (2002), Asmaranti and Lindrianasari (2014), Lindrianasari and Asmaranti (2016), and Dina *et al.* (2016). Kapelus find the social responsibility of the company can determine the harmonious relationship between the company and the surrounding community. Meanwhile, the success of the company to achieve its objectives is highly dependent on its relationship with the community. Therefore, companies must demonstrate their awareness on the social and environmental communities around the company, particularly in developing countries. Meanwhile, Asmaranti and Lindrianasari (2014), Lindrianasari and Asmaranti (2016), and Dina *et al.* (2016) found mining companies in Indonesia has been carry out best practice in environmental management of mining companies along with the application of the principle that became the basis of their obligations towards CSR.

The case of mining companies in South Africa and Zambia showed that there is still a gap between the CSR activities of the company with the accountability and equity felt by society (Hamann, 2004). Yakovieva and Brust (2012) introduced a corporate social responsibility orientation (CSRO) in his study, using samples in Argentina. Using the survey interview to four groups of stakeholders, Yakovieva and Brust reported that there is a different perception of society with CSRO adoption by the company. It occurs because the understanding of social responsibility is not communicated between the manager and the branch. Thus, although the concept of

"Philanthropy" social responsibility has been designed by the company, but the message is not accepted by society.

Ha$_2$ **:** Firm specification has a positive relationship with CSR Index

Firm Age

Although many variables could determine the level of CSR, McWilliams and Siegel (2001) consider the stages of the life cycle (age) companies in the model studies, whileBlombäck and Wigren (2009) explains that company age is an important factor in doing CSR. Both of these researchers explain that the firm age is an important determinant for the CSR.

Brown and Fraser (2006) explains that in earlier studies conducted by O'Dwyer (2003) found that business cases tend to ignore, reject or ignore conflicts of interest in business-community relations. But on the other hand, the World Business Council for Sustainable Development (2003, p.15; in Brown and Fraser, 2006) identifies several advantages that will be achieved by the company when they carry out sustainable development. The advantages is as follows:

a) creating financial value
b) attracting long-term capital and favorable financing conditions
c) raising awareness, motivating and aligning staff, and attracting talent
d) improving management systems
e) risk awareness
f) encouraging innovation
g) continuous improvement
h) enhancing reputation
i) transparency to stakeholders
j) maintaining license to operate

Husted and Allen (2011: p.2) state that: "Competitive advantage and fortune apparently await those who can provide products and services to "the bottom of the pyramid." As firms address environmental and social problems via social action projects, the message of business opportunity and reputation building appears to be unbeatable; who would not want to do well by doing good and reap praise for it? "

But is it true that the companies involved in social action will be rewarded with a good name, a competitive advantage, superior profits, and the company's sustainability? This question is answered back by Husted and Allen (2011: p.14) that: "…the firm's social projects allow it to achieve measurable social objectives as well as improve corporate financial performance in those cases where the social action is linked to product and service innovation, process innovation, or corporate reputation"

So far, they also state that: "…business strategies first measure financial performance (ROI and ROE) as well as secondary benefits of activities (trust, reputation, commitment, values, identity). Proponents of the benefits of social action cite as the key beneits what business strategies consider secondary (trust, reputation, commitment, values, identity) while arguing that these lead to improved performance (Husted and Allen, 2011: p.21)"

This statement indicates that many advantages to be obtained by the company when they implement CSR. One of the advantages of it is financial performance. Because of many advantages achieved by companies when they conduct CSR well, it is supposed drive corporate performance. Therefore, it is logical that many researchers suspect the positive relationship between CSR and company performance, both financial performance and market performance. However, the benefit obtained by the company on CSR they do only be felt in a relatively long time horizon.

The longer the life cycle of the company should the company be more concerned about the social and environment around the company operates. The duration of the company's life cycle can also be assessed in the legitimacy context. Robert (1992) uses the age of the company as determinant on CSR disclosure. Robert found age was positively related to the significance <0.001. Robert study is preliminary research in accounting study found that age plays a role in the company's CSR disclosure. Companies that have long standing will provide sizeable disclosure. Hypothesis formulated from the above are as follows.

Ha_3 : Age has a positive relationship with CSR Index

Firm Size

Some researchers seem to have the opinion that size is an important determinant of CSR. Model of supply and demand on CSR offered in the study of McWilliams and Siegel (2001), give the other side of looking at CSR in the company.

The idea of their study was based on the assumption that the level of CSR will depend on many things, including the size of the company. Study Blombäck and Wigren (2009) explain that company size is an important factor in doing CSR. This study use size of the company (proxied by lnTotal Asset) as determinant of CSR.

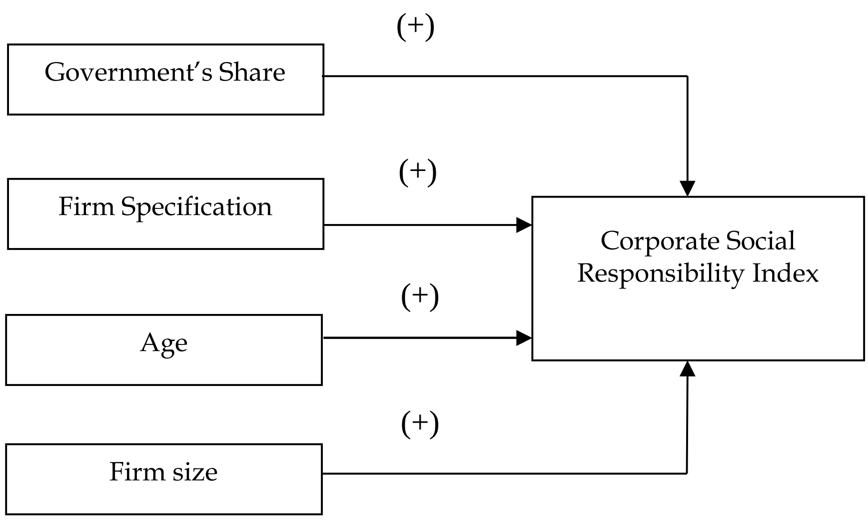
Blombäck, A. and Wigren (2009) explains that many of the features and characteristics of the company (such as local embeddedness, corporate governance, and individual motivation) that can be a determinant of CSR, but the size is a determinant that is challenging the importance. Godfrey and Merrill (2009) theorized that company size plays an important role in to value of CSR activities. The size of the company can influence the level of risk faced by the company. In simple terms, the company with greater value will have a greater risk that the market will get a higher pressure, than smaller firms.

Hypotheses are formulated for both variables are as follows.

Ha_4 : Firm size has a positive relationship with CSR Index

Furthermore, the research model presented in Figure 2.

Figure 2
Research model



Research Methodology

The population of this research is all the big companies in Indonesia that are listed in the Indonesia Stock Exchange. We did a random sampling method with the use of the facilities in SPSS. From the random method, come out 20 the companies name from the 7 types of industries. Table 1 describes the number and the origin industry company which is the object of this study.

In addition to the company that the research samples came from listed companies, the samples we select a company that

Table 1
Research Samples

No.	Industry	Number
1	Banking	7
2	Mining industry	3
3	Customer goods	2
4	Telecommunications	1
5	Services	1
6	Development and construction	4
7	Gas	1
8	Chemical	1
	Total	20

has used the GRI in the implementation of CSR policies.

A total of 20 companies selected for the observation period of 8 years, the period 2007-2014. Of the entire sample and the observations, as many as nine companies were excluded because of incomplete data. The final sample used in this study are as many as 160 firms years of observations. Statistical models used in this study of model of determination formu- lating CSR as follow.

$CSR_{Index}=\alpha + \beta_1 Gov\_Share + \alpha_2 Firm\_Spec + \alpha_3 Age + \alpha_4 Size + \varepsilon_i$

The operational definition of research variables

CSR Index is determined on how much of the company disclosure of CSR-related information they have done with the use of the GRI reference. Furthermore, the total check list obtained from observations in the company calls compared to the total points that should exist for each type of company. Data government share (Gov_Share) derived from the number of percentage of shares owned by the government in a particular company. Firm specification using criteria sensitive company and is not sensitive to social and environmental. Sensitive company (1) is a group company of the mining industry, development and construction, gas, and chemical. While this type of banking industry, telecommunications, services and customer goods grouped into non-sensitive industries (0). The data used nominal age of age of the company since listing on the Indonesia Stock Exchange and for the Size, this study uses Ln_Total Asset.

Results and Discussion

Table 2 shows the descriptive statistics of the variables used in this study. The total sample used in the study was 160 firms years. CSR_Index have a minimum value of 0.16 which is in 2007 at PT Bank Central Asia Tbk, and the highest was 1.00 (best perception) in 2010 for several companies, namely PT Bukit Asam Coal Mine, PT Perusahaan Gas Negara (Persero) Tbk, and PT Jasa Marga Tbk. But for the duration of observation, the mean of CSR_Index is at 0.6617. This value indicates that, on average, an index of perceptions of social responsibility of the company is pretty good.

Table 2
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR_Index	160	.16	1.00	.6617	.25774
Gov_Share	160	.00	100.00	43.3972	29.57953
Firm_Spec	160	.00	94.70	24.9789	26.81591
Age	160	-3.00	34.00	12.4875	8.88642
Size	160	4.34	13.08	10.2723	1.26043
Valid N (listwise)	160				

Table 3
Classical assumption test results

	Test	Test result	Decision
Normality	Jarque-Bera	Prob= 0,1798	Normality
Heteroskedasticity	No-White	Prob= 0,5082	Homokedastisity
Auto-correlation	LM-Test	Prob= 0,5195	.No-Autocorrelation
Multicolinierity	Estimate	R-squared= -12.447	No-Multicolinierity

Testing the hypothesis

Before carrying out testing the model using OLS, it will first be tested classical assumptions (as. The classical assumption made in the research model to obtain the value that gives reason to conclude that this research data is normally distributed, the data derived from a homogeneous, there is no auto-correlation and no experience multicollinearity.

The results of the model test (F-test) shows the F-statistic worth 11.4437, Prob (F-Statistics) worth of 0.00000, and R-Squared 0.2665. By doing so, the model in this study can say is good and can be continued testing of each independent variable on the dependent by using OLS as the rule of tumb applicable. Table 3 presents a summary of the results of the test classical assumptions of this study.

Determination Testing of CSR

There are four variables that are used as a determination of CSR in this study, namely Government Share (Gov_Share), specification of the company (Firm_spec), Age and Size. As we noted earlier, government ownership data (Gov_Share) is derived from the total percentage of shares held by the government in a particular company.

For firm specifications (Firm_Spec), we use the criteria of companies that have operational impact sensitive and not sensitive to social and environmental. Furthermore, we denote (1) for sensitive groups, which are companies of the mining industry, building and construction, gas, and chemicals, and (0) for the industry that is not sensitive industries such as banking, telecommunications, services and customer goods. The age variable is used nominal age of the company since listing on the Indonesia Stock Exchange. Size in this study using a Total Asset.

In the first hypothesis testing regression coefficient values obtained for 0.005, t-statistic of 6.649 and significance worth 0,000. With this value can be explained that the larger the government ownership, the greater the company's CSR index. These results support the previous argument that governments in countries that ratified the Kyoto Protocol to work together to reduce carbon emissions world.

The findings of this study also support the statement that previous researchers stated that CSR is strongly influenced by the rules of the government and or institutional (Moon, 2004; and Meehan *et al*. 2006). Therefore, government ownership of the shares in a company will also greatly affect the implementation of CSR in the company. These findings provide sufficient grounds to support the first hypothesis proposed research.

The second hypothesis of this study to predict the relationship between the specification companies with CSR disclosure index. The results of statistical testing showed regression coefficient of 9.3%, the t-statistics for 2.293 and the significance of 0.023. These results indicate that companies that have a sensitivity to the environment tends to give higher CSR compared with those not sensitive. From the results of this test may eventually be concluded that the second hypothesis of this study is supported.

The existence of a positive relationship between enterprise specification with CSR disclosure indices can be found from the results of previous studies using surveys conducted by McWilliams *et al*. (2005); Battaglia *et al*. (2010) and the experimental methods (Sen and Bhattacharya, 2001). Overall the results of their research supports the finding that the level of disclosure of CSR-related activities carried out also depends on the specifics of the company. Moon (2002) explains that there are three patterns that motivate business judgment in considering the broad disclosure of CSR. One of them is a specific company.

This study also confirmed the findings of the previous studies conducted by Kapelus (2002), Dashwood (2007), Asmaranti and Lindrianasari (2014), Lindrianasari and Asmaranti (2016), and Dina *et al*. (2016). As Dashwood study (2007) on the two mining companies in Canada and found that the mining company as one of the company sensitive to the environment, CSR already has rules that are more complex than generally accepted assumptions. Overall the study indicates that companies are sensitive to the environment has provided adequate disclosure of social responsibility than those who did not. Is it merely the fulfillment of obligations or are already based on the awareness of the company to conserve the environment? We still need more efforts to prove it.

The third hypothesis testing this study did not find support for previous studies conducted Robert (1992) and Blombäck and Wigren (2009) who found that age is an important factor that into the company's CSR disclosure determination. In this study, statistical results showed regression coefficient 0.004, t-statistics 2.047 with 0.042 significance. This result is the reason for the claim that the third research hypothesis is also supported.

Table 4
Statistics test results

	Coefficient	t-Statistic	Prob.
Gov_Share	.005	6.649	.000
Firm_Spec	.093	2.293	.023
Age	.004	2.047	.042
Size	-.026	-2.977	.003

Firm size are predicted to have a relationship with CSR disclosure formulated in the third hypothesis. Regression coefficient values obtained for -026, -2.977 for t-statistics and significance worth 0.003. These findings indicate that companies that have a relatively small asset proved more CSR disclosure, or in other words that companies that have a larger asset provide CSR disclosure relatively less. The results of this statistical test showed that the level of Sign <0.1 size effect on CSR disclosure. These findings as well as a sufficient reason to support the fourth hypothesis of this study.

The findings of this study support previous studies which argue that size is an important determinant of CSR. Robert (1992) and Blombäck and Wigren (2009) states that the size is a determinant of the disclosure. Most of the research findings indicate that the size of the firm sometimes negatively related to the broad disclosure. That is, companies that have a relatively low assets, disclosure broader than the companies that have large assets. Table 4 presents a summary of the results of research hypothesis testing.

Conclussion, Limitation and Suggestion

The study found that CSR disclosure index has multiple determinants of which are ownership (shares) government, enterprise specification, age and size of the company. This study has confirmed the theory of regulation (especially the public interest theory) which implicitly states that government involvement is needed to provide mandatory rules for companies.

The study also found that companies are more sensitive to the environment tend to provide higher disclosure than the companies that are not sensitive. As we understand that sensitive company is considered by many parties, NGOs, local communities, government, academia, trade unions, and others aimed at prosecuting the company remains in "social contact" is inherent in a particular environment. "The big concern" given the parties is what might be the reason the company is sensitive to disclosures more.

Other findings show that companies that have a long-standing disclosure found higher compared with a new company. These findings support the reason for that is consistent with disclosures made by companies sensitive. The image of a company that has a long standing demanded stronger and more legitimacy in the community. in addition, the existence of companies that have long amid its environment also proved that the company fulfill its social contract and legitimate in the community in an enterprise environment.

Another finding of this study indicate that the company has a long-standing disclosure of CSR higher than with a new company. These findings support the reason for that is consistent with disclosures made by companies sensitive. The image of a company that has a long standing demanded stronger and more legitimacy in the community. in addition, the existence of companies that have long amid its environment also proved that the company fulfill its social contract and legitimate in the community in an enterprise environment. However, the size of the companies found to have negative effects on CSR disclosure index which gives the sense that relatively small companies have a CSR index higher than the large enterprise assets.

Small sample felt to be limitations that dominate this study. In addition, there are many variables that can be a CSR index determination, but in this study we involves four variables only. Future studies should attempt to cover up the limitations of this research in order to contribute to better research.

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