



ANALYSIS OF COMPANY SIZE, FINANCIAL LEVERAGE, AND PROFITABILITY AND ITS EFFECT TO CSR DISCLOSURE

Suskim Riantani, [✉] Hafidz Nurzamzam

Faculty Business and Management, Widyatama University, Bandung, Indonesia

Info Artikel

Sejarah Artikel:
Diterima Juni 2015
Disetujui Juli 2015
Diterbitkan September 2015

Keywords:
Company Size;
Financial Leverage;
Profitability;
CSR Disclosure

Abstract

This study aims to analyze and recognize the effect of financial performance measured through company size, financial leverage and profitability to Corporate Social Responsibility Disclosure (CSR). The research was done in Tobacco Company listed in Indonesia Stock Exchange during period of 2007-2011. Descriptive analysis and verification method was used as the research method. The purposive sampling method was used to obtain the sample and there are three cigarette companies as the sample. Multiple linear regression and correlation analysis using t test and F test were applied as a technique of analysis. The test of the classical assumption such as the normality, multicollinearity, heteroscedasticity, and autocorrelation applied before the multiple linear regression. The result shows that the company size had positive and significant effect to the CSR disclosure, financial leverage does not show significant effect to the CSR disclosure, profitability does not have significant effect to the CSR disclosure during the investigation.

ANALISIS COMPANY SIZE, FINANCIAL LEVERAGE, DAN PROFITABILITAS SERTA PENGARUHNYA TERHADAP CSR DISCLOSURE

Abstrak

Penelitian ini bertujuan untuk menganalisis dan mengenali pengaruh kinerja keuangan yang diukur melalui ukuran perusahaan, leverage keuangan dan profitabilitas untuk Pengungkapan *Corporate Social Responsibility*. Penelitian ini dilakukan di perusahaan rokok yang terdaftar di Bursa Efek Indonesia selama periode 2007-2011. Metode analisis deskriptif dan verifikasi digunakan sebagai metode penelitian. Metode purposive sampling digunakan untuk memperoleh sampel, dimana ada tiga perusahaan rokok sebagai sampel. Regresi linier berganda dan analisis korelasi menggunakan uji t dan uji F diterapkan sebagai teknik analisis dalam penelitian ini. Pengujian asumsi klasik seperti normalitas, multikolinearitas, heteroskedastisitas, dan autokorelasi diterapkan sebelum regresi linier berganda. Hasil penelitian menunjukkan bahwa ukuran perusahaan memiliki pengaruh positif dan signifikan terhadap pengungkapan CSR, leverage keuangan tidak menunjukkan pengaruh yang signifikan terhadap pengungkapan CSR, dan profitabilitas tidak berpengaruh signifikan terhadap pengungkapan CSR selama penyelidikan.

JEL Classification: G3, G3,2

INTRODUCTION

The development of the business world is often accompanied by social inequalities and environmental degradation due to uncontrolled business activities done by the company and the businesspeople. The effect of operational activities of the company is not only felt by those who have an interest directly to the company but also by the people and the environment around the company. Company as one of the parts of society and environment should be aware that the success of it is not merely influenced by internal factors but also influenced by the society and the environment or the community around the company (Rahman, 2009). Success of business world is generally determined by how the business contribution to the welfare of the society in general (stakeholders), not only to the parties interested in the company, therefore creating a positive mutual relationship between the community and the company.

Being in line with the statement above, a paradigm proliferates into the emerging of some kinds of hopes from the stakeholders. They demand the company to take action which more concerned about the people and the environment (Saleh et al., 2010). One of the forms of responsibilities made by the company to the stakeholders is by rising CSR disclosure in its annual report. Considering the importance of CSR (Corporate Social Responsibility), hence the company should incorporate company's CSR activities as a credible form of a routine that must be implemented. Kotler and Lee in Solihin (2009) state that CSR activities are merely voluntarily commitment of the company to contribute to improving the welfare of the community and it is not a business activity that is required by law and regulations such as the obligation to pay taxes or to obey with laws of employment.

As the development of the concept of Triple-P Bottom Line proposed by Elkington (1997) in Solihin (2009) requires companies to direction to three concepts which are profit, people and planet. The sustainability of

the company will be assured if the company orientation shifted from the starting points which only on the work performance into environmental balance and community effects with considering the implication to society. Accordingly, as an expression of concern and responsibility of companies, especially companies whose activities are related to the resource natural are required to disclose its social responsibility (Corporate social Responsibility/CSR).

CSR implementation that demands responsibility from companies to society as well as environment is spreading around the world of business environment globally. A guideline for the implementation of CSR as an international standard is ISO 26000: Guidance Standard on Social Responsibility, where CSR is implemented not only for extractive companies whose activities exploit nature, but also on sharing any type of companies. The enactment of laws such as Regulation number 40 year 2007 on Limited Companies Article 74 paragraph 1 which states that Ltd. Companies which carries on business in the field and/or concerned with natural resources must carry out social and environmental responsibility as well as Regulation number. 25 year 2007 about Investment stuff on article 15 (b) which states that every investor is obliged to carry out corporate social responsibility, the implementation of CSR in Indonesia which was originally voluntary become a responsibility of that must be carried out by any company.

The concept of CSR has been actually introduced since the beginning of 1970, however from the data of thousands of mining companies in Indonesia only 10 companies that seriously and sustainably carrying out CSR activities (Sutianto, 2012). Some studies results mention that only 60% of manufacture companies listed in Indonesia Stock Exchange in 2006 who disclosed its CSR activities and gradually increased up to 90% right after the implementation of Regulation number 40 year 2007 (Fairuzza, 2011). A study for about 59 annual reports of State-Owned Enterprises,

national and multinational private companies which represent the most promising industries in Indonesia according to their annual report (AR) and sustainability report (SR) showed that companies' profits had been increasing from 2009 from 971 trillion to 1.585 trillion on 2011. Nevertheless, not all companies disclosed their CSR budget allocation in AR and SR bluntly. From 59 companies, only 13 companies in 2009, 17 companies in 2010 and 16 companies in 2011 who disclosed the budget of CSR activities which in details is 1.6% of their profits; State-Owned Enterprises allocated their budgeting averagely 2.7% whereas private companies averagely 0.53% (Endra, 2014). These data show that not all companies disclose CSR in their financial reports which are able to be accessed by public. This fact is completely important since CSR belongs into companies' commitment and awareness to public issues such as poverty, environment and form of obedience upon law and regulations.

CSR is a company's commitment to provide long-term contribution towards a particular issue in the public or the environment in order to create a better environment. CSR is an ongoing program and it aims to create a public independence. Ultimately, companies that consistently implementing CSR will acquire good judgment in the eyes of public and it will certainly affect their business continuity in the future. In general CSR is defined as a set of policies and practices associated with stakeholders, values, and compliance of legal requirements, awards to society and the environment, as well as the commitment of business world to contribute to sustainable development. CSR is a concept that is not limited only to the fulfillment of the rule of law as well as companies' creative activities. CSR does not provide results reporting on profit in short term, but will surely have an impact, either directly or indirectly to finance the company in the future. Thus, if companies do CSR programs on an ongoing basis, the company will be able to run well. Therefore, CSR activities are

more appropriate if classified as an investment and should become the business strategy of a company (Siregar, 2007).

Kok et al. 2001 (in Saleh, et al., 2010) states that CSR is a general statement that indicates the company's obligation to use economic resources owned in each companies' business activities which are carried out in order to provide contributions to stakeholders. The existence of a company in the long term needs support of stakeholders. This shows that the social responsibility of the company is aimed at stakeholders in all activities of the company in order to realize the harmonization of economy, social, and environmental balance. Disclosure of CSR in Indonesia is regulated in some provisions of PSAK Number 1 2009 Revision; the regulation is issued by *Bapepam*, as well as Article 66, paragraph 2 *UUPT* Number. 40 - 2007 which also contains a report on the implementation of corporate social responsibility (Purwanto, 2011).

Corporate Social Responsibility (CSR) by Howard R. Bowen in Carroll (2004) is "it refers to the obligations of businessman to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society"

That businesses have an obligation to align business goals with the goals and values of society. The concept of CSR disclosure is based on the following theories. The first theory is the Stakeholders theory. In the stakeholder theory, management is required to describe clearly what is to be taken in managing the company more specifically related to the company's plans which are going to do, it relates to the stakeholders in order to meet the interests of the company. Stakeholder theory says that company is not an entity that only operates for its own sake but must provide benefit of its stakeholders. Thus, the existence of a company is strongly influenced by the support provided by the stakeholders to the company (Ghozali, 2006; Chariri, 2007).

Second of all, the Legitimacy Theory which confirms that the company continues to strive and to ensure that they operate within the framework and norms that exist in the community or the environment in which the company is; they seek to ensure that the activities of the company can be accepted by outsiders as "legitimate" (Kiswanto, 2011). According to the legitimacy theory, companies should consistently operate in parallel to the values of society. The company can use disclosure to show the management's attention to the values of society, or to divert societies' attention of the negative effects of corporate's activity.

Third, Signaling Theory discussed the urge of companies to provide information to external parties both related to financial and non-financial information. One is them is the information disclosure of corporate social responsibility (CSR disclosure). This information may be contained in an annual report or a separate corporate social report. The company carries out CSR disclosure with hope to increase the reputation and value of the company (Rustiarini, 2010).

The next theory is Agency Theory which focuses on the agency conflict that occurs when managers (agents) who is being empowered by the owner of the company (the principal), namely the shareholders to make decisions triggering conflict of interest. The company managers often have goals and other interests that conflict with the main purpose of the company and often ignore the interests of shareholders. The conflict of interests between managers and shareholders will lead to conflict (agency conflict).

This happens because managers prefer a personal interest, otherwise the shareholders do not like the personal interests of the managers because things done by the manager will add costs for businesses and lead to profit loss. To reduce these conflicts, the management as an agent will conduct operations as what desired principal (Retno & Priantinah, 2012).

Social activity of the company is one of the components reported in the company's annual reports. CSR disclosure format in the

report does not have any basic standards. Each company has different policies regarding social disclosure in accordance with the characteristics of the company. This creates a problem in the measurement of social disclosure. Therefore, measurement of social disclosure is done by using the research instrument in the form of a list of social disclosure item that refers to research conducted (Sembiring, 2005).

There are many factors that can affect the social responsibility of companies such as company size, profitability, commissioner board size, and the profile which is considered as predictor variables in the social responsibility disclosure. Research conducted by Anggraini (2006) reveals that the factors suspected to affect CSR among others leverage, political costs, and profitability. While research done by Sembiring (2005) theorized that the factors suspected to influence CSR include company size, profitability, company profiles, commissioner board size and financial leverage. Results study by Purwanto (2011) and Indrawati (2009) stated that the size of the company has significant positive effect on CSR, but based on the results of research by Rawi and Muchlish (2010) stated that total assets as a proxy of the size of the company does not have any significant effect to CSR disclosure.

Research results by (Lamia, 2014; Retno & Priantinah, 2012) stated that there is a significant leverage effect on the disclosure of CSR. This makes contrary to the results of research done by Sembiring (2005) and Wijaya (2012) which stated that the leverage does not have any significant effect on the disclosure of CSR. The research findings by Rosiana (2013), Ward and Veronica (2013), as well as the Fauzi et al. (2007) states that there is a correlation and significant influence between profitability and CSR disclosure. However, these results were contrary to the findings of research done by Wijaya (2012) and Purwanto (2011) which state that profitability was not significant influenced on the disclosure of CSR.

Based on the above explanation and referring to the gap of results of previous studies, this research is conducted to reconnected and analyze the influence of the variables of financial performance that includes company size, financial leverage, and profitability on the disclosure of CSR in the period of observation as well as the different research object.

The company's financial performance is one of the indicators which can be used as a material consideration in decision making by investors. Financial performance in this study is measured by the size of the company which are proxy by total assets, financial leverage proxy by the Debt to Equity Ratio (DER), and profitability which proxy by Return on Assets (ROA). Furthermore, these variables will be analyzed and measured its relationship and its influence on the disclosure of corporate social responsibility either partially or simultaneously.

Company size is an important variable in the disclosure of CSR and acts like a barometer which explains why the company is involved in the implementation of CSR (Gardiner et al., 2003 & Seifert et al., 2003 under Saleh, et al., 2010). Company size is widely used by companies to explain the social responsibility disclosure in the annual report. In general, large companies will disclose more information than small firms because large firms face greater political risk than small firms. In theory the big companies will not be separated from political pressure which is the pressure to perform social responsibility.

Greater CSR disclosure is the efforts made by the company to reduce the political costs (Sembiring, 2005). With CSR disclosure through financial reporting, then in the long term the company can avoid enormous costs due to the society demands. Research done by Fauzi et al. (2007), Purwanto (2011) and Djakman and Machmud (2008) mention that there was a significant effect of company size on the CSR disclosure. Company size in this study is proxy by total assets (Purwanto, 2011; Retno & Priantinah, 2012). According to the description above, the first hypothesis tested in this study is:

H1: there is significant effect of company size on the CSR disclosure

Financial leverage illustrating the company's ability to meet its financial obligations is a comparison between the funds received from external companies with funding provided by the owner of the company (Lamia, 2014). Fahmi (2011) explains that leverage is often interpreted as the company booster performance and it is associated with debt. Leverage gives an overview upon capital structure of the company, so it can be seen the level of risk of uncollectible debts. Sembiring (2005) says that the higher the leverage is, the more likely the company experiences a breach of contract debts; the manager will try to report the current profits higher than the future profits.

Companies that have a high leverage ratio will be less revealing their CSR so that they can report the current profits higher. Based on the agency theory, firms with higher leverage ratios will reveal more information because the cost of company agency with such capital structure is higher (Retno & Priantinah, 2012). Research conducted by Lamia et al. (2014) show that financial leverage influences some significant effects on CSR disclosure. In this study of financial leverage is seen proxy by debt to equity ratio (Mahoney & Roberts, 2007; Retno & Priantinah, 2012; Lamia et al., 2014). Based on the above explorations, the second hypothesis tested in this study is:

H2: there is significant influence of financial leverage to CSR disclosure

Profitability shows the company's capacity to generate profits from its own resources. Heinze (1976) in Lucyanda (2012) stated that profitability is the factor which gives freedom and flexibility to the management to disclosing social responsibility to the stockholders. The higher the level of profitability shows the company is able to get a greater profit, so the company will be able to increase the activity of social responsibility, and disclose CSR in the annual report broadly (Kamil

& Herusetya, 2012). Some research results indicate that there are significant relationships and influences between profitability and disclosure of corporate social responsibility, namely research Lamia et al. (2014), Indrawati (2011), Fauzi et al. (2007). In these researches, profitability is proxied by return on assets (Retno & Priantinah, 2012, Purwanto, 2011 & Rosiana et al., 2013). Based on the above explorations, the third hypothesis tested in this study is:

H3: there is a significant influence of the profitability to CSR Disclosure

METHOD

This research design used a descriptive-analytical method and verification method. The method was used to do descriptive analysis from the data taken, measure the relationship and test the effect of independent variable (company size, financial leverage, and profitability) to dependent variable (CSR disclosure). The data used was secondary data obtained from IDX in the form of company financial statement during period of 2007-2011. Those data was used to find out and measure the total amount of asset as proxy from company size, debt to equity ratio (DER) as proxy from financial leverage, and return of asset (ROA) as proxy from profitability.

Other sources were obtained from each of company annual report during period of 2007-2011. The data was used to detect CSR disclosure. The research was done in Tobacco Company listed in Indonesia Stock Exchange/IDX in the period of 2007-2011. Purposive sampling method was used as sample collection method. There are 3 companies as a sample in this research, PT Gudang Garam, Tbk, PT Bentoel Internasional, Tbk, serta PT HM Sampoerna, Tbk.

Multiple linier regressions were used as a technique of data analysis. Before the analysis, classical assumption test was done, including normality test, multicollinearity, heteroscedasticity and autocorrelation.

Coefficient of determination (R-squared) was used to calculate contribution each independent variable to dependent variable. Statistical testing used t-test for partial test and F test for simultaneous test, and goodness of fit test for suitability of research model. The developed model in this research is mentioned as follows:

$$\text{CSR}D : a + \text{SIZE} + \text{FLEV} + \text{PROF} + e$$

Where:

CSR D = Corporate Social
Responsibility Disclosure

a = constants

$\beta_1, \beta_2, \beta_3$ = regression coefficient

SIZE = company size

FLEV = financial leverage

PROF = profitability

e = error term

Independent variable in this research consists of company size, financial leverage and profitability. Company size is proxy by total of assets (current assets, fixed assets intangible assets, and etc.) and calculated by this following formula

$$\text{SIZE} = \log (\text{book value of total asset})$$

Financial leverage uses proxy of debt to equity ratio (DER), is calculated by this formula:

$$\text{DER} = \frac{\text{total liabilities}}{\text{stockholders' equity}}$$

Profitability is proxy by return on asset (ROA) is calculated by this formula:

$$\text{ROA} = \frac{\text{net income}}{\text{total assets}}$$

Dependent variable in this research is CSR disclosure. Content analysis method was used as an analysis method. It is done by observing whether or not the existence of information item disclosed in company annual report. Those

items include some themes of environment, energy, health and occupational safety and health, workforce, products, society involvement, and general topic, Sembiring (2005). If the item is disclosed in annual report, then the score will be 1, if the items are not disclosed, the score will be 0. After that, the score from all items is summed to get overall score for each company. CSR disclosure is reflected by Corporate Social Responsibility Disclosure Index (CSRDI) that is formulated as follow:

$$CSRDI_j = \frac{X_j}{n_j}$$

Where:

CSRDI_j = Corporate Social Responsibility Disclosure Index of company j

n_j = number of item to company j, total n_j = 78

X_{ij} = number of item to company (1 = if item i was disclosed ; 0 = if item i was not disclosed), Thus 0 ≤ CSRDI_j ≤ 1

RESULTS AND DISCUSSION

The following is the result description of data tabulation using statistical descriptive analysis about financial performance of Tobacco Company listed in IDX during research period (2007-2011) including total assets, debt to equity ratio, and return of asset. The average of total assets during research period from three sample companies is Rp 17.213.362.542.793. the highest total asset is Rp 39.088.705.000.000 from PT Gudang Garam. Tbk. In 2011 and the lowest total asset is Rp 3.859.160.000.000 from PT. Bentoel Internasional, Tbk in 2007.

Debt to Equity Ratio (DER) describing average company's debt during research period from the big company was 47,7%, the highest 64,5% in PT. Bentoel Internasional, Tbk in 2011 and the lowest 30,6% in PT. Gudang Garam, Tbk in 2010. Return of Asset (ROA)

describing company's ability to get profit, during research period reached approximately 14,89%, the highest 41,55% reached by PT. HM. Sampoerna, Tbk in 2011 and the lowest is 0,58% in PT. Bentoel Internasional, Tbk in 2009. CSR disclosure (based on CSR disclosures index) during period of 2007-2011 reached 0,398, that means 39,8% of CSR item can be disclosed by company from the expected total items. The highest CSR disclosure is 0,587 (58,7%) in PT. Bentoel Internasional, Tbk in 2011, the lowest is 0,286 (28,6%) in PT. HM. Sampoerna, Tbk in 2009 and PT. Gudang Garam, Tbk in 2007.

The result of classical assumption testing shows that the data has normal distribution; with value of *Kolmogorov-Smirnov* is 1,94E16 and value of *Asymp. is Sig (2-tailed)* 0,886, greater than α 0,05. There is no multicollinearity because VIF is under 10, for size variable VIF 1,675, leverage VIF 1,570, and ROA VIF 1,090. Free from indication of heteroscedasticity, using scatter plot, where data plot does not make any pattern and spreading. Free from autocorrelation, where value of Durbin Wastson (DW) is 1,816 and d_L = 1,53 ; d_U = 1,74 ; 4-d_U = 2,26 ; 4-d_L = 2,47, included into rejecting area.

The estimation result of multiple linier regressions, coefficient of determination, t test, and Ftest can be seen in Table 1. Base on Table 1, it is gained model of equation as follows:

$$CSR\ Disclosure = 0,402 + 0,077\ SIZE + 0,044\ FLEV - 0,001\ PROF + e$$

The result of model suitability testing shows that research model can be done as analysis tool to test the effect on independent variable to dependent variable. Based on the table p-value is 0,035 smaller than α 0,05, hence the regression model is feasible to be used in this research.

Coefficient of determination (*R-Squared*) as shown in table 1 is 0,072. It shows that 7,20% variation of CSR disclosure can be explained by the variable of company size, financial leverage,

Table 1. Estimation of Multiple Linier Regression, coefficient of determination, t test and F test result

Variable	Regression coefficients	Std Error	t-count	Sign	Conclusion
(Constant)	0,402	0,047	8,518	0,000	
SIZE	0,077	0,169	5,422	0,039	Significant
FLEV	0,044	0,206	0,215	0,834	Not significant
PROF	-0,001	0,002	0,500	0,627	Not significant
R	0,268				
R-Squared	0,072				
Adj.R-Squared	-0,181				
F- count	11,285				
Probability F	0,035				
α	0,05				

a. Predictors: (Constant) LogTA, DER, ROA

b Dependent Variable: CSR Disclosure

Source: data Processed (2014)

and profitability while the rest (92,8%) is explained by other variable that is not included in the model calculation of partial regression coefficient shown in table 1 indicates that each of independent variable has a weak correlation to dependent variable. The result of F test shows that independent variable (company size, financial leverage, and profitability) has significant effect to CSR disclosure with level of significance is 5%. It is as the research done by Retno and Priantinah (2012) and Sembiring (2005).

Table 1 also shows the result of partial hypothesis testing with t test. The first hypothesis testing shows that in partial, company size has significant effect to CSR disclosure with positive relation (p-value is 0,039). It indicates that the total assets owned will give effect to CSR disclosure. The bigger company size or the higher total assets owned the bigger CSR disclosure. Generally, big company will disclose more information about CSR the small company because big company has people's attention and face political risk, pressure to do more CSR comparing to small company. The more CSR disclosure is an effort to reduce political cost.

The finding is as same as the result of descriptive statistical calculation. When company reached average of the highest total asset (natural logarithm of total asset is 13, 592), average score of CSR index is 0,481, it means company can disclose 48, 1% items respectively from the expected item in annual report. When company had average of the lowest total assets (natural logarithm of total asset is 12, 586), average score of CSR index decreased 0,375 (37,5%) item can be disclosed. It shows that CSR disclosure in small company is fewer. The result is as theory of stakeholder, company is not entity operated for own interest but it should give benefit for its stakeholder. It is also as theory of agency, management as an agent will run the company as what principal wants that has been spread to a whole of interest group including employees and society (Retno & Priantinah, 2012).

The result is similar to the finding of Machmud (2008), Fauzi et al. (2007), Wijaya (2012) and Purwanto (2011) that remarked company size has positive significant effect to CSR disclosure. The result is alike as finding

of Indrawati (2009) that stated company size as proxy of political visibility has positive significant effect to CSR disclosure. However, the result is not same as the research of Rawi and Muchlish (2010) found empirical data that total asset does not have significant effect to CSR disclosure.

Table 1 shown second hypotheses that in partial, financial leverage does not have significant effect to CSR disclosure with p-value is 0,0834. The result indicates that debt to equity ratio (debt ratio to capital) by company does not have significant effect to CSR disclosure. When the capital structure changing happens, increasing or decreasing of debt, does not have effect to increasing or decreasing of CSR disclosure. The result of this research contradicts theory of agency, the higher leverage ratio will disclose more information because agency cost in that type of company is higher. The result of this research is also different to signaling theory, when the capital structure changing happens, especially in debt increasing, company will use CSR disclosure as a sign to build image in order to influence investors.

The result of research is in line with finding of Sembiring (2005) and Wijaya (2012) that stated that leverage does not have significant effect to CSR disclosure. It happens due to good relationship has been made between company and debtholders, it makes debtholders do not take care of company leverage. Company that has high leverage assumes that it is needed to give CSR disclosure so there is "good news" about company performance. The result of research clashes with research of Lamia (2014) that stated leverage has positive significant effect to CSR disclosure. It also clashes with Retno and Priantinah (2012) that remarked leverage has negative significant relation to CSR disclosure.

The third hypothesis testing as shown in the table 1 shows profitability, in partial does not have significant effect to CSR disclosure with p-value is 0,627. It indicates that company's ability to gain profit indicated by return of asset ratio (ROA) does not have effect to CSR

disclosure. It caused by when company has high level of profit, manager does not need to report things that can interfere the interests of the company to allocate the profit as manager interest purposes. It triggers conflict of agency. As Agency Theory, conflict of agency will happen if manager's interest contradicts with stakeholders' interest.

It happens because manager has other purpose and interest contrasting to the main purpose of company. More, it is often manager ignores stakeholders' interest. Information about the company's financial success should be balanced with company position towards stakeholders in general; one of the ways is through CSR disclosure. The findings contrast to legitimacy theory, company should consistently operate in parallel to society value. Lindblom (1994) in Kiswanto (2011) stated companies can use disclosure to show the management's attention to the values of society, or to divert societies' attention of the negative effects of corporate's activity, considering the findings of this study occurred in the tobacco industry.

On the contrary, when profitability is low, company expects the report readers will read about "good news" about the performance. The result of this research shows that company with high ROA, has enough money to be allocated in social and environment activities, and does not mean allocate the money in social and environment activities. It means CSR disclosure done by company is low. It is similar to the study done in 59 State-Owned Enterprises (SOEs), national and foreign private represent important industrial sectors in Indonesia.

Increasing of profit during 2009-2011 does not mean making company discloses CSR funding allocation in AR and SR clearly (Endra, 2014). The results show the same thing in tobacco companies. The result contradicts to signaling theory stating that company should pushed to give information to external parties about profit achievement, through CSR disclosure to improve reputation and value of company (Rustiarini, 2010).

The result supports Wijaya (2012), profitability has insignificant effect to CSR disclosure. The result is same as Purwanto's research (2011) that remarked profitability does not have significant effect to CSR disclosure. However, the result of research contrasts to Lamia's research (2012), Rosiana (2013), Retno and Priantinah (2012), Wardoyo and Veronica (2013), and Fauzi et al. (2007) declared that there is significant correlation and effect between profitability and CSR disclosure.

CONCLUSIONS

Based on the result and discussions, it can be concluded as follows. First, company size measured by variable of total asset has significant effect to Corporate Social Responsibility (CSR) Disclosure of companies listed in Indonesia Stock Exchange in the period of 2007-2011. Second, financial leverage measured by variable of Debt to Equity Ratio (DER) does not have significant effect to CSR disclosure of companies listed in Indonesia Stock Exchange in the period of 2007-2011. Third, profitability measured by variable of Return on Assets (ROA) does not have significant effect to CSR disclosure of companies listed in Indonesia Stock Exchange/IDX in the period of 2007-2011. Fourth, based on simultaneous testing result, it shows that company size (total assets), financial leverage (DER), and profitability (ROA), all of them have effect to CSR disclosure in tobacco companies listed in Indonesia Stock Exchange/IDX in the period of 2007-2011.

The result shows that ability of independent variable in influencing dependent variable has a very small value of R-square. It indicates that there are other factors influencing CSR disclosure not included in research model. Therefore, it is better to add other independent variable that may give effect to CSR disclosure. Other suggestion is to add unit of observation, add amount of sample, extend period of observation by different period.

REFERENCES

- Anggraini, F. R. R. 2006. Pengungkapan Informasi Sosial dan Faktor-Faktor yang Mempengaruhi Pengungkapan Informasi Sosial dalam Laporan Keuangan Tahunan (Studi Empiris pada Perusahaan-Perusahaan yang terdaftar Bursa Efek Jakarta). *Simposium Nasional Akuntansi IX*. Padang.
- & Chariri, A. 2007. *Teori Akuntansi*. Badan Penerbit Universitas. Semarang: Penerbit Diponegoro.
- Carroll, A. B. 2004. Managing Ethically with Global Stakeholders: A Present and Future Challenge. *Academy of Management Executive*. 18 (2): 114-119.
- Djakman, C. D & Machmud, N. 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.
- Endra. 2014. Pola Kecenderungan Memetakan Potensi CSR di Indonesia. Available at: <http://lingkarism.com/pola-kecenderungan-memetakan-potensi-csr-di-indonesia/>, diunduh pada 30 Maret 2015.
- Fahmi, I. 2011. *Analisis Laporan Keuangan*. Lampulo: Penerbit Alfabeta.
- Fairuzza, A. 2011. *Analisis Perbandingan Jumlah Perusahaan yang Melakukan Pengungkapan Corporate Social Responsibility (CSR) dalam Laporan Tahunannya Sebelum dan Sesudah Adanya UU NO. 40 TAHUN 2007 (Studi pada Perusahaan Manufaktur yang Listing di Bursa Efek Indonesia Periode 2006-2008)*. Under Graduates thesis, Universitas Negeri Semarang (UNNES). <http://lib.unnes.ac.id/7710/>, diunduh pada 30 Maret 2015.
- Ghozali, I. 2006. *Analisis Multivariat dengan Program SPSS. (Edisi Ke-4)*. Semarang: Penerbit Universitas Diponegoro.
- Hasan, F., Mahoney, L & Rahman, A. A. 2007. Institutional Ownership and Corporate Social Performance: Empirical Evidence from Indonesian Companies. *SSRN and Issues in Social and Environmental Accounting*. 1 (2): 334-347.

- Hadi, N. 2011. *Corporate Social Responsibility*. Yogyakarta: Penerbit Graha Ilmu.
- Indrawati, N. 2009. Pengungkapan Corporate Social Responsibility (CSR) dalam Annual Report Serta Pengaruhnya Terhadap Political Visibility dan Economic Performance. *Pekbis Jurnal*. 1 (1): 1-11.
- Kamil, A & Herusetya, A. 2012. Pengaruh Karakteristik Perusahaan terhadap Luas Pengungkapan Kegiatan Corporate Social Responsibility. *Media Riset Akuntansi*. 2 (1): 1-17.
- Kiswanto. 2011 . Good Corporate Governance dan Market Capitalization dengan Variabel Moderating Corporate Social Responsibility Disclosure. (Studi Kasus Pada Perusahaan Manufaktur Yang Terdaftar Di BEI). *Jurnal Review Akuntansi dan Keuangan*. 1 (2): 97-106.
- Lamia, F. V., Zirman & Anisma, Y. 2014. Pengaruh Profitabilitas, Leverage, Porsi Kepemilikan Saham Publik, dan Ukuran Dewan Komisaris terhadap Pengungkapan Corporate Social Responsibility dalam Laporan Tahunan Perusahaan Food and Beverages yang Listing di Bursa Efek Indonesia. *JOM Fekon*. 1 (2): 1-15.
- Lucyanda, J. 2012. The Influence Of Company Characteristics Toward Corporate Social Responsibility Disclosure. *The 2012 International Conference on Business and Management*, Phuket, Thailand.
- Mahoney, L. S & Roberts, R. W. 2007. Corporate Social Performance, Financial Performance and Institutional Ownership in Canadian Firms. *Accounting Forum*. 31 (3): 233-253.
- Purwanto, A. 2011. Pengaruh Tipe Industri, Ukuran Perusahaan, Profitabilitas terhadap Corporate Social Responsibility. *Jurnal Akuntansi & Auditing*. 8 (1): 1-94.
- Rahman, R. 2009. *Corporate Social Responsibility: Antara Teori dan Kenyataan*. Yogyakarta: Penerbit Media Pressindo.
- Rawi & Muchlish, M. 2010. Kepemilikan Manajemen, Kepemilikan Institusi, Leverage dan Corporate Social Responsibility. *Simposium Nasional Akuntansi XIII*. Purwokerto.
- Retno, R. D & Priantinah, D. 2012. Pengaruh Good Corporate Governance dan Pengungkapan Corporate Social Responsibility terhadap Nilai Perusahaan (studi empiris pada perusahaan yang terdaftar di Bursa Efek Indonesia Periode 2007-2010). *Jurnal Nominal*. 1 (1): 84-103.
- Rosiana, G. A. M. E., Juliarsa, G & Sari, M. M. R. 2013. Pengaruh Pengungkapan CSR terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Pemoderasi. *E-Jurnal Akuntansi Universitas Udayana*. 5 (3): 723-738.
- Rustiarini, N. W. 2010. Pengaruh Corporate Governance pada Hubungan Corporate Social Responsibility dan Nilai Perusahaan. *Simposium Nasional Akuntansi XIII*, Purwokerto.
- Saleh, M., Zulkifli, N & Muhamad, R. 2010. Corporate Social Responsibility Disclosure and Its Relation on Institutional Ownership. *Managerial Auditing Journal*. 25 (6): 591-613.
- Sembiring, E. R. 2005. Karakteristik Perusahaan dan Pengungkapan Tanggung Jawab Sosial : Study Empiris pada Perusahaan yang Tercatat di Bursa Efek Jakarta. *Simposium Nasional Akuntansi VIII*. Solo.
- Siregar, C. N. 2007. Analisis Sosiologis Terhadap Implementasi Corporate Social Responsibility Pada Masyarakat Indonesia. *Jurnal Sosioteknologi*. 12 (6): 285-288.
- Solihin, I. 2009. *Corporate Social Responsibility from Charity to Sustainability*. Jakarta: Penerbit Salemba Empat.
- Sutianto, F. D. 2014. Ribuan Perusahaan Tambang di RI, hanya 10 yang Jalankan CSR. <http://finance.detik.com/read/2012/07/14/154959/1965426/4/ribuan-perusahaan-tambang-di-ri-hanya-10-yang-jalankan-csr>, diunduh pada 30 Maret 2014.
- Undang-Undang Republik Indonesia Nomor 40 tahun 2007 tentang Perseroan Terbatas pasal 74 ayat 1.
- Undang-Undang Republik Indonesia Nomor 25 Tahun 2007 tentang Penanaman Modal pasal 15 (b).
- Wardoyo & Veronica, T. M. 2013. Pengaruh Good Corporate Governance, Corporate Social Responsibility & Kinerja Keuangan terhadap Nilai Perusahaan. *Jurnal Dinamika Manajemen*. 4(2): 132-149.
- Wijaya, M. 2012. Faktor-Faktor yang Mempengaruhi Pengungkapan Tanggung Jawab sosial pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. *Jurnal Ilmiah Mahasiswa Akuntansi*. 1(1): 26-30.