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Corporate Social Responsibility Disclosure on Companies Listed in IDX Index

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Abstract

The research is to analyze the affect of Profitability, Leverage and Industry Age, on CSR disclosure in industries listed in the IDX index. The information on the amount of industry research using purposive sampling procedures, obtained from 12 unchanged industries, is listed in the IDX index for the period 2014-2019. The research used is multiple linear regression analysis as well as panel information approach tested through Eviews 10 with fixed effect model to test hypotheses. The results of the research show profitability as well as leverage, most do not affect the CSR disclosure, as well as the age of the industry affects CSR disclosure.

INTRODUCTION

The industry is responsible for creating profits and increasing shareholder value. As Friedman said in 1970, it's a profit-maximizing view where the industry is obliged to operate on a profit-orientation basis. Over time, understanding becomes widespread, natural energy sources, social inequalities that continue to grow, as well as the development of the business world. Sustainability refers to economic development that generates wealth and meets the needs of the current generation while preserving the environment and society so that future generations can meet their needs as well (Daft, 2016). With the concept of sustainability, the measure of success of an industry based on the triple bottom line 3P namely, people, planet, profit. CSR has been part of a business for a long time. This kosep together with the continued sophisticated technology and increasing knowledge of citizens.

CSR responsibility in an industry is to bridge the assumption of citizens about the industry as a business that is carried out as an obligation that should be carried out by the industry. The implication is that CSR as corporate citizenship means that the industry must act as a responsible subject to citizens due to the consequences of industrial activities ranging from labor, suppliers, customers, shareholders, communities, and areas (Khandelwal and Bakshi, 2014). Corporate social responsibility in Indonesia is regulated in UUPT No. 40 of 2007 obliging industries natural energy sources to carry out social responsibility zones. In article 15 letter b of Law No. 25 of 2007 concerning Investment, it is also mentioned that each investor has to carry out industrial social responsibility. Based on the provision, if social responsibility and zones must be carried out by industries that invest their capital in Indonesia to protect the harmony of zones, cultures, and norms applied by the community adjacent to the position of industry.

The application of social responsibility has been tried by the industry in Indonesia. In its annual report, the industry includes aspects of social accountability even in a relatively simple form. The industry reserves the right to sort

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out forms of disclosure that suit the needs and complexities of its organization. CSR disclosure is useful not only to report industrial activities in protecting the welfare of the community and zones also to correct each industry implement and commit in carrying it out.

In this research, CSRD is measured by indicators of universal disclosure standards of Global Reporting Initiatives (GRI) which is the basis that has been adjusted by Article 6 of the Financial Services Authority Regulation No. 29 / PJOK. 04/ 2016 on Annual Report of Issuers or Public Industry. GRI is an international guideline for structuring sustainability reports that initiates the reporting of social activities as well as organizational zones that refer to the triple bottom line or 3P. GRI guidelines were raised to help the industry share its economic, social, and environmental performance and increase accountability. GRI guidelines provide disclosure standards broken down into 2, which are universal disclosure standards as well as privileged disclosure standards. The study, titled Influence of Industrial Size. In this research, the objects used are industries listed in the IDX index in the period 2014-2019. The alibi for object selection, namely the IDX index, is an index that uses sustainability, finance, and good governance, and concern for the living zone as the benchmark.

There are 25 issuers in the IDX index selected 2 periods each in a year, namely in April and October. The mechanism of selecting IDX index issuers is carried out through 3 select sessions, namely negative select, financial aspects, and fundamental aspects. Idx Index helps investors in correcting which public industries perform well in carrying out their business in terms of economic, zone, and social governance that can be inferred from the selection process.

As well as the performance of IDX tested along with the development of " green stock" which has a very large return among other stock indices in 2016-2017. It can be concluded that the research object used matches the research topic is corporate social responsibility disclosure. The independent variables used in this research are profitability, leverage, industry age, and Good Corporate Governance. Observers create gaps in information and previous research into the influence of independent variables on dependent variables is CSRD. Profitability illustrates the industry's expertise in profiting through all available expertise and sources of funds and allows management to freely say CSR to shareholders (Wulandari, 2018).

Overriding this means that the profitability of an industry continues to be a big social data disclosure. But there is a Gap phenomenon in profitability variables as measured by ROA. In 2015 PT Astra Internasional Tbk. shrank from 0. 09 to 0.06 but his CSRD is growing. In previous research gap, Wulandari (2018) profitability to positively influence corporate social responsibility disclosure. By contrast Rofiqkoh and Priyadi (2016), formulated profitability as not affecting. Leverage is used as a means of measuring how much the industry depends on creditors in financing the legacy of the industry (Wulandari, 2018). Octarina and Muslih (2018), state the industry that has a large laverage is considered to have a large financial impact, therefore the industry tends to say the social responsibility of the industry. In 2016 DAR PT Indofoof Tbk. shrank from 0. 53 to 0. 47 instead his CSRD is growing. Samsiyah (2014) and Wulandari (2018), formulated leverage to positively influence corporate social responsibility disclosure. By contrast Robiah et al. (2017) formulated the opposite.

Industry age is the length of time the industry was established (Arjanggie and Zulaikha, 2015). Continued to be the long standing industry data disclosed along with the increasing knowledge and guidance of citizens. But CSRD PT Unilever Indonedia Tbk. shrank in 2016 despite its increasing age. In research that Wulandari (2018), and Dewi et al. (2017), formulating the age of industry positively influenced corporate social responsibility disclosure. In contrast, Arjanggie and Zulaikha (2015) formulated that the age of the industry did not affect corporate social responsibility disclosure.

Agency Theory

Rofisa and Setyawati (2013) reported that the concept of agency theory is a bond or contract that is entwined between the principal and agent. Principal hires agents to carry out tasks for the interests of the principal, listed delegation of authority return decisions from the principal to the agent. In industries whose capital consists of shares, shareholders act as principals and CEOs (Chief Executive Officers) as their agents. Shareholders hire CEOs to play a role in the interests of the principal. Theory agency has the assumption that each person is motivated by his own self-interest so as to create a conflict of interest between the principal and the agent. The principal is motivated to enter into a contract to prosper himself with the profitability of his company is always increasing.

Jensen and Meckling (1976) identified agency payments as 3 groups, namely: (a) the monitoring expenditure by principal is a supervisory fee that must be issued by the owner, (b) the bonding cost is a payment that must be issued due to monitoring that must be issued by 157 principals (owners) to the agent, (c) the residual cost is a sacrifice due to the reduced prosperity of the principal (owner) because of the comparison of decisions between the principal (owner) and the agent. Public industry owners face difficulties in directly regulating the industry because: (a) the dimension of the industry that continues to be large so that it is difficult to manage itself, (b) requires a special ability that environment in managing large organizations where usually the owner has limitations in this matter, (c) the ownership of the industry is determined by the number of shares owned, which means the owner can be more than one person or more in the organization.

Agency theory has the assumption that each individual is motivated solely by his own interests thus creating a conflict of interest between the principal and the agent. Conflicts between managers and shareholders can be mitigated by a supervisory mechanism that can align those relevant interests. But with the emergence of such mechanisms will incur costs called agency costs. According to Rachmad and Muid (2013), agency cost is a cost that includes supervision costs, bond costs, and residual costs. To reduce agency costs there are several alternatives that can be done by the company, namely first by increasing the share ownership by management. Secondly by using debt policy and the Third is through increasing dividend payout ratio, dividend payout ratio indicates that dividend payout will be a monitoring tool as well as bonding. Thus dividends will serve to control the behavior of managers within the company (Aryati, 2017).

Clientle Effect Theory

Paryanto and Sumarsono (2018) in this theory there are 2 groups of shareholders is a group that was originally a group with shareholders who love dividends this means shareholders are more fond when the company distributes a large dividend payout ratio, the second group is more fond of receiving capital gains regarding this means that shareholders are more fond if the industry withholds a portion of net profit. In this theory, the industry should be more focused because the industry wants to experience various characteristics of shareholders so as to minimize disappointment.

The comparison of taxes generated from each person can lead to delays in payment of taxes such as those who are elderly to be taxed less than other groups. Such groups would be more fond when the industry pays a small dividend. Thus, the group with large taxable shareholders is more fond of capital gains and this is the opposite (Syafitri et al., 2018).

For Rofikoh dah Priyadi, the industry says information relating to social organisations, community communities and zones is needed. The information can be disclosed in the sustainability report as accountability to the public to create community legitimacy and to maintain the social and zone consequences posed by the industry. It can be concluded if the industry needs validation from the community to get human and natural resources offered by the local community. CSR disclosure helps in providing transparency on how the industry operates and its influence on communities and zones.

Corporate Social Responsibility Disclosure

The interpretation of social responsibility was inaugurated article 1 paragraph (3) of Law No. 40 of 2009 on Limited Liability Companies (UUPT), saying, social and zone responsibility is the Company's commitment to participate in sustainable economic development in order to improve the quality of life and useful zones, both for the Company itself, the local community, and the community at large. Corporate social responsibility (CSR) is management's obligation to make choices and take actions that will contribute to the welfare and interest of the society, not just the organization (Daft, 2017)

According to Pratiwi and Ismawati (2017), Corporate social responsibility is a form of cooperation between the industry with everything and everything about which is directly or indirectly related to the industry to ensure the existence and sustainability of an industry. Sourced on the above understanding CSRD is disclosure by the industry to know the performance of the industry, covering social responsibility economically, zones, and socially.

Profitability

Profitability Ratios according to: "Measure the income or operating success of a company for a given period of time. Income, or lack of it, effects the company's ability to obtain debt and equity financing" (Weygandt et al., 2013). Which means Measuring the company's revenue or operating success for a certain period of time. Income, or lack thereaness, affects a company's ability to obtain debt and equity financing. Profitability affects dividend policy because dividend is a portion of the net profit earned by the company. Therefore, dividends will be distributed if the company earns a profit. Every company in carrying out its business activities, will strive to generate profit or profit. In relation to dividend policy, the amount of profitability will affect the small amount of dividend payment.

According to Gitman and Zutter (2015), Profitability is the relationship between revenues and costs generated by using the firm's assets-both current and fixed-in productive activities. Wulandari (2018), Profitability is the ability of the industry to generate profit so as to increase the value of industry shareholders. Rofiqkoh and Priyadi (2016), Profitability is a performance indicator that management tries to manage the industry's wealth indicated by the profit generated. From the above interpretation can be concluded that profitability is the effectiveness of the industry in using relics to earn profit. As well as in this research profitability is measured by return on assets.

H1: Profitability affects corporate social responsibility disclosure

Leverage

For Gitman and Zutter (2015), The effects that fixed costs have on the returns that shareholders earn; higher leverage generally results in higher but move volatile returns. Octarina and Muslih (2018) state that leverage reflects the financial effects of the industry because it can describe the structure of industrial capital and identify the uncollectible effects of a debt. Wulandari (2018) state that leverage is a situation that is intertwined when the industry has a fixed payment to bear. Based on the above definition can be concluded if leverage is how much industry legacy funded by debt. As well as in this research leverage is measured by debt to asset ratio. According to Kasmir in (Hasana et al., 2017) Leverage is a ratio that reflects the company's ability to meet all of its obligations indicated by the share of its own capital used to pay debts.

H2: Leverage affects corporate social responsibility disclosure

Company Size

Business opportunities in an economy (Yularto and Chariri, 2003 in Istanti, 2009). By knowing the age of the company, it will also be known the extent to which the company can survive. The longer life the company will provide broader disclosure of financial information than other companies with shorter lifespans on the grounds that the company has more experience in the disclosure of annual reports.

The age of the company is one of the important variables in a company's journey. The age of the company can reflect how big the company is. How big a company can be described in the maturity of the company. Maturity of the company will make the company concerned understand what stakeholders and shareholders want. Long-established companies will certainly get more attention from the public. Thus, of course, a long-standing company will always maintain the stability and image of the company. To maintain stability and image, the company will strive to maintain and improve its performance. The measurement of the company's age is calculated from the establishment of the company until the observation data (annual report) is made (Latifah et al., 2011). From the annual report published by the company will reveal how good the company's ability in maintaining stability and image.

According to Wulandari (2018), the age of the industry is the length of time an industry is established that is calculated since the establishment of the industrial year. Ratnasari and Meita (2017) state that the age of the industry shows how long the industry has been able to survive from the early start of the industry until this time. Arjanggie and Zulaikha (2015) state that the age of the industry illustrates the length of time the industry was established and carried out its business activities." Sourced in the above definition can be concluded if the age of the industry is calculated early on the industry stands.

H3: Age of industry affects corporate social responsibility disclosure

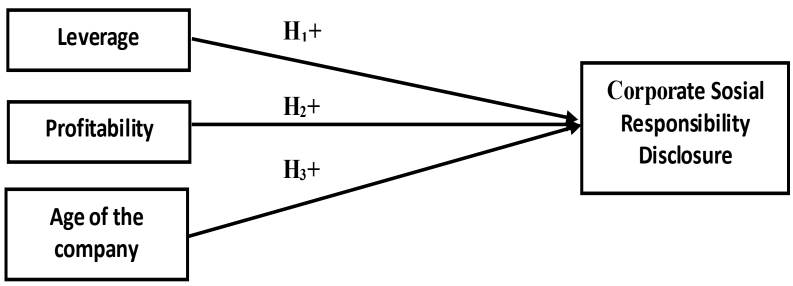

Figure 1. Research Framework

METHODS

The research object used is an industry listed in the IDX Index for the period 2014-2019. The illustration retrieval method is to be tried using the non probability sampling method. For Sugiyono (2014, 120) "Non probability sampling is a method of taking illustrations by not providing the same opportunity / opportunity for each factor of population members to be selected as illustrations." With this, observers put on a purposive sampling procedure, which for Sugiyono (2014)." Sampling Purposive is the procedure of determining illustrations with certain considerations." The criteria used are industries listed unchanged in the IDX Index as far back as 2014-2019 and publish financial statements as of December 31 as well as annual reports. Each item on each disclosure indicator in the checklist is rated 1. Until when the industry says all items of the type of social responsibility disclosure the maximum score to be obtained is 108.

Profitability:

$$\text{Return on Assets} = \frac{\text{Net Profit After Tax}}{\text{Total Asset}}$$

Leverage:

$$\text{Debt to total asset ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

Age of company:
The length of a company's establishment is calculated since the establishment of the company year.

Company Size:
SIZE = ln (total asset)

RESULTS AND DISCUSSIONS

Table 1. Descriptive Statistic

Variable	Average	Maximum	Minimum	Standard Deviation
CSRD	90.33	104	65	9.25
ROA	0.11	0.46	0.01	0.10
DAR	0.52	0.89	0.15	0.21
AGE	58.77	162	18	34.38

Probability value 0.00 smaller than padaα(0.05). The value of chi-square statistic is 242. 27 is greater than the table value of chisquare with α (0.05) and degree of freedom(df) = 5 (242.275080>11.07050). This subject means that a good model is used is a fixed effect model.

The value of Jarque-Beta 3.65, the opposite value of chi-squares with α (0.05) and df = 2 is 5.99. Regarding this convinces the value of Jarque- Beta is smaller than the value of chi-squares, and the probability value is 0. 16 is larger than α (0.05), it can be concluded H0 can not be rejected, so the data is normally distributed. Not only that skewness and kurtosis meet the criteria of normality i.e., skewness is close to 0, and kurtosis is close to 3. Thus, it can be concluded that the data is normally distributed.

Profitability has a correlation with leverage of 0.17, it means that there is no multicolinearity between profitability and leverage. Profitability has a correlation with the age of the industry of 0.21, meaning that there is no multicolinearity between profitability and industry life.

Leverage has a correlation with profitability 0.17, it means that there is no multicolinearity between leverage and profitability. Leverage has a correlation with Good Corporate Governance -0.23, it means that there is no multicolinearity between leverages. The age of the industry has a correlation with profitability 0.21, it means that there is no multicolinearity between the age of the industry and profitability. The age of the company has a correlation with leverage 0.09, it means that there is no multicolinearity between the age of the industry and leverage. The age of the industry has a correlation with Good Corporate Governance 0.01, it means that there is no multicolinearity between the age of the industry and Good Corporate Governance. Good Corporate Governance has a correlation with profitability -0.23, it means that there is no multicolinearity between Good Corporate Governance and profitability. Good Corporate Governance has a correlation with leverage 0. 02, it means that there is no multicolinearity between Good Corporate Governance and leverage.

It can be known if profitability has a probability value of 0.37, leverage has a probability value of 0.98, the industry age has a probability value of 0.79, the industry size has a probability value of 0.89, it can be known that the overall probability value is greater than that of□ (0.05), which can be interpreted if the data is homoskedascity.

Tabel 2. Multiple Regression Analysis

Variable	Coef-ficient	Std. Error	t-Sta-tistic	Prob
C	39.37	15.24	2.58	0.01
ROA	7.83	18.28	0.42	0.66
DAR	-1.07	8.55	-0.12	0.90
AGE	4.03	0.26	15.12	0.00

The t-statistic value is 0.42 which is located in the area of hypothetical zero can not be denied is t≥- tα/ 2 (0.42 ≥- 1.98) so it can be concluded that Ha was rejected. This conclusion is supported by the probability value of profitability of 0. 6692 is larger thanα (0.66>0.05). Regarding this means Ha rejected, so it is concluded that there is no impact of profitability on corporate social responsibility disclosure in the industry listed in the IDX index for the period 2014-2019.

T-statistic value of 0.12 which is located in the area of Ha rejected is t≥- tα/2(- 0.12≥- 1. 987). This conclusion is supported by the probability value of leverage of 0.90 is larger thanα (0.90>0.05). This means that there is no leverage influence on corporate social responsibility disclosure in the industries listed in the IDX index for the period 2014-2019.

The t-statistic value is 15.12 which is located in the ha area is accepted, is t≥ tα/2 (15.12≥ 1.98) so it can be concluded if Ha is accepted. This conclusion is supported by the probability value of the industry age of 0.00 is smaller than α (0.00 < 0.05) Regarding this means Ha accepted, so it is concluded that there is an influence of industry age on corporate social responsibility disclosure on the industry listed in the IDX index for the period 2014-2019.

CONCLUSSIONANDRECOMMENDATION

The conclusion obtained from the results of this study is that pofitability does not affect corporate social responsibility disclosure. The results of this study did not change, compared to the studies tried by Situmorang (2015) and Rofiqkoh and Priyadi (2016). Leverage does not affect corporate social responsibility disclosure. The results of this study did not change. The age of the industry influences corporate social responsibility disclosure. The results of this study did not change. Good Corporate Governance does not affect corporate social responsibility disclosure, the results of this study are unchanged.

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