Antecedents of CSR Disclosure in manufacturing companies in Indonesia

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A B S T R A C T

The objectives of this study are; firstly, to examine the effect of profitability on Corporate Social Responsibility (CSR) disclosure; secondly, to examine the effect of leverage on CSR disclosure; thirdly, to examine the effect of company size on CSR disclosure; fourth, to find out whether the effect of leverage on CSR disclosure will be more significant with the inclusion of the variable of majority ownership as moderating variable; fifth, to find out whether the effect of profitability on CSR disclosure will be more significant with the inclusion of the variable of majority ownership as moderating variable. The sample was taken using a purposive sampling technique with 50 manufacturing companies during the period 2011- 2012 which fulfilled the required criteria as the research sample. They were analyzed moderation regression analysis approach. It shows that, first, profitability has positive effect on CSR disclosure; second, leverage has no effect on CSR disclosure; third, company size has an effect on CSR disclosure; fourth, majority ownership moderates the effect of leverage on CSR disclosure; fifth, majority ownership does not moderate the effect of profitability on CSR disclosure. Some limitations stated in this study are expected to be used as references for the improvement of similar studies in the near future.

A B S T R A K

Penelitian ini bertujuan, pertama, menguji pengaruh profitabilitas terhadap pengungkapan Corporate Social Responsibility (CSR); Kedua, menguji pengaruh leverage terhadap pengungkapan CSR; Ketiga, menguji pengaruh ukuran perusahaan terhadap pengungkapan CSR; keempat, mengetahui apakah pengaruh leverage terhadap pengungkapan CSR akan lebih signifikan dengan masuknya variabel kepemilikan mayoritas sebagai variabel moderasi; kelima, untuk mengetahui apakah pengaruh profitabilitas terhadap pengungkapan CSR akan lebih signifikan dengan masuknya variabel kepemilikan mayoritas sebagai variabel moderating. Sampel diambil dengan menggunakan teknik purposive sampling dengan 50 perusahaan manufaktur selama periode 2011 - 2012 yang memenuhi kriteria yang dipersyaratkan sebagai sampel penelitian. Mereka dianalisis pendekatan analisis regresi moderasi. Temuannya menunjukkan bahwa, pertama, profitabilitas berpengaruh positif terhadap pengungkapan CSR; kedua, leverage tidak berpengaruh terhadap pengungkapan CSR; Ketiga, ukuran perusahaan berpengaruh terhadap pengungkapan CSR; keempat, kepemilikan mayoritas memoderasi pengaruh leverage terhadap pengungkapan CSR; kelima, kepemilikan mayoritas tidak memoderasi efek profitabilitas pada pengungkapan CSR. Beberapa keterbatasan yang dinyatakan dalam penelitian ini diharapkan dapat digunakan sebagai acuan untuk perbaikan studi serupa selanjutnya.

1. INTRODUCTION

Environmental uncertainty is a strategic issue in the ever-expanding business world. In that situation, the company's survival is determined by how well it can respond to the uncertainty. The raising of the issue has made the corporate social responsibility (CSR) issue become more and more popular as it is considered to be an alternative solution to over-

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come the social and environmental problems. The increasingly popular issue of CSR has forced companies, especially large companies, to start paying attention to social and environmental aspects. It is expected that the more strategic the environmental issues are for the company, the greater the environmental awareness exposure undertaken by the company. It is therefore interesting to examine what factors, which are able to predict the company's concern for the environment.

CSR program is one of the company's concerns to the environment. Recently CSR has evolved not only to protect its customers, but also to pay attention to all related to the company, or stakeholders. CSR is a voluntary mechanism or action of a company that seeks to integrate social and environmental issues into its operations and its interaction with stakeholders (Swandari & Sadikin 2016). In addition, CSR can also be seen as a strategic step and competitive program of corporate management in today's business competition. In addition to accommodating the needs of the community and stakeholders, CSR is also expected to maximize profits through increased corporate value.

The underlying idea of CSR program is that the company has responsibilities not only to shareholders, but also to stakeholders. The stakeholders of a company consist of customers, employees, communities, owners or investors, suppliers and competitors (Rika and Islahuddin 2008). The great responsibility to those parties is the reason for the company to develop CSR program in the face of today’s business competition.

According to Utama (2007), the development of CSR is also linked to the increasingly severe environmental damage occurring in Indonesia and the world, ranging from deforestation, air and water pollution, resulting in climate change. In line with this development, Law no. 40 of 2007, on Limited Liability Companies, requires companies whose fields of business are linked to the natural resources sector to carry out social and environmental responsibilities.

According to Baron (2003) in Budiarsi (2005), there are three motives for CSR strategy: the first motive is that if the company implements CSR, the company has a motive to increase profits; the second motive is that the company implements CSR to reduce threats or pressure from government or NGO activists; the third motive is that, due to moral awareness and unconditionally for financial gain, the company consciously responds to the need for the importance of attention to the environment.

Leverage is a tool used to measure the extent to which the company depends on the creditor in financing the company's assets. Companies that have high leverage level will rely heavily on external loans to finance their assets. Meanwhile, the companies that have low leverage level will finance their assets with their own capital. The levels of corporate leverage, therefore, describe the company's financial risk. Agency theory predicts that firms with higher leverage ratio will disclose more information, as the cost of corporate agencies with such capital structures is higher (Jensen and Meckling 1976).

The use of solvency ratio (leverage) is usually adjusted to the company's objectives, which means that the company can use the leverage ratio in whole or part of each type of the existing leverage ratio. However, the measurement variable used for this research is Debt to Assets Ratio (Debt Ratio). Debt ratio is the ratio used to measure the ratio of total debt to total assets. In other words, the magnitude of the company's assets financed by debt or the amount of corporate debt affects the management of assets (Kasmir 2013). According to Sari (2012), leverage reflects the company's financial risk because it can describe the company's capital structure and know the risk of uncollectible debt.

The majority stockholding structure is projected by the percentage of common stock owned by the majority stockholder which is used to measure the strength of the majority stockholder in the company's equity structure (Nurhayati et al. 2006). Majority stock ownership is the ownership of more than 50% stocks in companies owned by one party (either an individual or an institution). Institutional ownership is the ownership of the company's stocks by the institution (agency). A high degree of institutional ownership will result in greater oversight efforts by institutional investors in order to impede opportunistic behavior of the manager (Machmud and Djaman 2008). The greater the institutional ownership, the more efficient the utilization of company assets. And this is also expected to act as a deterrent to extravagant behavior carryout by the management.

Company size is an estimator variable widely used to explain variations of disclosure in the company’s annual statements. Public companies often become the spotlight of many parties due to their CSR program. Research conducted by Nofandrilla (2008) finds that company size has a significant influence on CSR disclosure. However, this is not in line with the results of the research conducted by Anggraini (2006) and Roberts (1992) that company size has no effect on CSR disclosure.

Research related to profitability, leverage, company size, CSR disclosure, and majority ownership is interesting to be re-examined, given previous research provides different results. This research is conducted to provide empirical evidence of the effect of profitability on CSR disclosure and also to expand previous research which examined the effect of profitability on CSR (Sembiring 2003).

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

The theories underlying this research are Agency theory and Stakeholder theory. Agency theory assumes that all individuals act on their own interest. Therefore, a conflict of interest between the owner and the agent occurs because the agent does not always do in accordance with the interests of the principal, thus triggering agency costs. Stockholders, as principals, are assumed only interested in increased financial results or their investment in the company. Meanwhile, the agents are assumed to receive satisfaction in the form of financial compensation and accompanying terms in the relationship.

Eisenhardt (cited by Ujiyantho and Scout 2008) uses three assumptions of human nature to explain the agency theory: (1) human beings are generally self-interested, (2) human beings generally have bounded rationality), and (3) human beings are generally risk averse. Based on the assumptions of human nature, managers as human beings are likely to act on the nature of opportunistic, that is, prioritizing their own personal interests.

Stakeholder theory is a theory that describes to whichever company is responsible. The company is not only responsible for the owners (stockholders) as it happens so far, but also to social and community (stakeholders), or called social responsibility.

According to Rawi and Muchlish (2010), stakeholders are people or groups of people who can influence or be influenced by various decisions, policies, or company operations. In addition to financial performance, Corporate Social Responsibility (CSR) is part of information related the performance of the company provided by the company to the stakeholders.

Profitability is the company's ability to generate profits in an effort to increase stockholder value. According to Heinze (1976) and Grayetal (1995), profitability is a factor that makes management free and flexible to disclose social responsibility to stockholders. So, the higher level of company's profitability, the greater the disclosure of its social information. The purpose of the establishment of a company is to make a profit (profit), so it is reasonable if profitability becomes a major concern of analysts and investors. A consistent level of profitability will be able to survive in business by gaining an adequate return compared to the risks (Toto 2008).

Leverage is a tool used to measure the extent to which the company depends on the creditor in financing the company's assets. Companies that have high leverage levels will rely heavily on external loans to finance their assets. Conversely, companies that have lower leverage levels tend to finance their assets using their own capital. Therefore, the level of corporate leverage describes the company's financial risk.

Agency theory predicts that the company with higher leverage ratio will reveal more information, as the agency cost of the company, with such capital structures, is higher (Jensen and Meckling, 1976). Additional information is needed to remove the doubt of the bondholders on the fulfillment of their rights as creditors (Schipper, 1981 in Marwata 2001 and Meek et al. 1995 in Fitriany 2001).

Company size is a variable widely used for describing variations of disclosure in company's annual reports. Previous studies have suggested that company size has an impact on CSR disclosure. Most large companies have good CSR programs and are truly able to empower communities in the surrounding environment. Public companies are usually able to provide the best for the surrounding environment including improving its CSR program to a better direction. According to Siregar and Utama in Nofandrilla (2008), the larger the size of the company, the greater the availability of information provided to investors in decision-making with respect to tock investments. The results of the research conducted by Sembiring (2005) and Nofandrilla (2008) indicate that company size has a significant effect on corporate social responsibility (CSR) disclosure. However, this is not in line with the results of the research conducted by Anggraini (2006) and Roberts (1992) that firm size has no effect on corporate social responsibility disclosure.

In order to provide added value to the social and environment, the company embraces the stakeholders through social responsibility activities or CSR practices. In general, the company's operational activities bring an impact on surrounding communities, such as marine pollution, air pollution, social jealousy, and so on. This is what lies behind the emergence of the concept of CSR. CSR practices have a positive effect on the community and are highly dependent on the orientation and capacity of other institutions and organizations, especially the government.

Elkington (1998) organized CSR into three focuses, that is, profit, planet and people (3P). A good company not only pursues the economic profit, but also has a concern for the preservation of the environment (planet) and people's welfare (people). The synergy of these three elements is a key to the sustainable development concept. According to Kotler and Lee (2005), some of the benefits that companies can gain from this CSR implementation are strengthening brand positioning, increasing sales, company image and stock prices, developing partnerships with stakeholders, and reducing business risks and costs.

The majority stockholding structure is projected by the percentage of common stock owned by the majority stockholder, which is used to measure the strength of the majority stockholder in the company's equity structure (Nurhayati et al. 2006). Institutional ownership is the ownership of the company's shares by the institution (agency). A high degree of institutional ownership will lead to greater oversight efforts by institutional investors in order to impede opportunistic behavior of the manager (Machmud and Djaman 2008)

Nurkhin (2009) states that the ability of management with responsibilities in generating profits must be accompanied by the ability in carrying out social responsibility. Through social disclosure, the company communicates to the public that the company not only looks for the profit, but also care for the environment and social. In this case the higher the profitability of the company, the higher the corporate social disclosure.

Research conducted by Hossain (2006) indicates that profitability has a positive effect on CSR disclosure. Similar research done by Sudana and Arlindania (2011) also shows the same results. However, the results of the research conducted by Patten (1991); Hackston and Milne (1996); and Sembiring (2003) indicate that profitability has no significant effect on CSR disclosure. The hypothesis proposed is as follows:

H1: Profitability has a positive effect on CSR disclosure.

Leverage is a tool used to measure the extent to which the company depends on the creditor in financing the company's assets. Companies that have high leverage rates will rely heavily on outside loans to finance their assets, while companies that have low leverage rates tend to finance their assets with their own capital. Therefore, the level of corporate leverage describes the company's financial risk.

Research conducted by Belkaoui and Karpik (1989) shows that leverage variable has no significant effect on CSR disclosure. Conversely, the research conducted by Sembiring (2003) shows different results that leverage variable has a significant effect on CSR disclosure. Meanwhile, the research conducted by Sabarudin (2004) shows that leverage has no significant effect on CSR disclosure in the annual report. The hypothesis proposed is as follows:

H2: Leverage has no effect on CSR disclosure.

The effect of company size on CSR disclosure is reflected in the agency theory which explains that large companies have large agency costs, thus revealing more information than small companies. The statement is in line with the result of the research conducted by Siregar and Utama (in Nofandrilla 2008) that the larger the size of the company, the greater the information on stock investment information. According to Gray et al. 1995, Sembiring 2005 and Nofandrilla (2008), company size has positive effect on disclosure. The hypothesis proposed is as follows:

H3: Company size has a positive effect on CSR disclosure.

The majority stockholding structure is projected by the percentage of common stock owned by the majority shareholder, which is used to measure the strength of the majority shareholder in the company's equity structure (Nurhayati et al. 2006). Institutional ownership is the ownership of the company's stocks by the institution (agency). Institutional investors are generally large shareholders because they have large funding. A high degree of institutional ownership will lead to greater oversight efforts by institutional investors in order to impede opportunistic behavior of the manager (Arif 2006 in Machmud and Djaman 2008).

The result of the research conducted by Rustiarni (2011) shows a negative relationship between institutional stock ownership with CSR disclosure, which means that the higher level of stock ownership by the institution, the lower the level of CSR disclosure made by the company. It is in contrast to the research conducted by Soliman (2012) that institutional stock ownership has a positive relationship with CSR disclosure, which means that the greater the institutional ownership, the stronger the external control of the company. The hypothesis proposed is as follows:

H4: The majority stock ownership moderates the effect of leverage on CSR disclosure.

The majority shareholding structure is projected by the percentage of common stock owned by the majority shareholder, which is used to measure the strength of the majority shareholder in the company's equity structure (Nurhayati et al. 2006). Institutional ownership is the ownership of the company's stocks by the institution (agency). Institutional investors are generally large shareholders because they have large funding. A high degree of institutional ownership will lead to greater oversight efforts by institutional investors in order to impede opportunistic behavior of the manager (Arif 2006 in Machmud and Djaman 2008).

The result of the research conducted by Rustiarni (2011) shows a negative relationship between institutional stock ownership with CSR disclosure, which means that the higher level of stock ownership by the institution, the lower the level of CSR disclosure made by the company. It is in contrast to the research conducted by Soliman (2012) that institutional stock ownership has a positive relationship with CSR disclosure, which means that the greater the institutional ownership, the stronger the external control of the company. The hypothesis proposed is as follows:

H5: The majority stock ownership moderates the effect of profitability on CSR disclosure.

3. RESEARCH METHOD

Population, Sample, and Sampling Technique

The population observed in this research were all manufacturing companies listed in Indonesia Stock Exchange (IDX) from 2011-2012. The number of samples taken is 50 samples. This study uses manufacturing companies because they bring more impact on the surrounding environment as a result of their activities. The sample selection is done by using purposive sampling method in order to get representative sample according to the criteria specified.

This study aims to test the hypotheses developed based on theories, which are then tested based on the data collected. Data collection is done by tracing the annual reports selected to be the research sample. The type of data used in this study is secondary data covering profitability, leverage, company size, CSR, and majority ownership. The method used in collecting the data is documentation technique. The documents used in this study are in the form of annual reports of manufacturing companies listed in the Indonesia Stock Exchange (IDX) period 2011-2012. Data were obtained from the Annual Reports published by IDX in 2011 and 2012.

The variables used in this research are profitability, leverage, and company size as independent variables, CSR disclosure as dependent variable, and majority ownership as moderating variable. The operational definition of variables and variable measurements used in research are as follows:

1. Profitability

Profitability is defined as the ability of a company to generate profit in an effort to increase shareholder value. There are several measures to determine the profitability of the company, such as: return of equity, return on assets, earnings per share, net profit and operating ratio. Profitability in this study is measured using Return on Investment (ROI), referring to Lindrawati (2008). ROI is a measure of the company's ability to generate profits using all available assets in the company by looking at the profit levels generated on the amount of investments.

$$ROI = \frac{Net\ Profit\ after\ Tax}{Total\ Assets}. \quad (1)$$

2. Leverage

Leverage shows how much the company's assets are funded by debt. This variable is measured by dividing the total debt with total assets. The use of debt will reduce the conflict between stockholders and agents (Jensen and Meckling, 1976). Mathematically, leverage is formulated as follows: (Jensen et al. 1992).

$$Debt\ to\ Assets\ Ratio_{it} = \frac{TD_{it}}{Total\ Assets_{it}}. \quad (2)$$

Note:

TD_{it} = Total debt of company i in period t

$Total\ Assets_{it}$ = Total assets owned by company i in period t.

3. Company Size (Size)

Company size can be based on total assets (fixed assets, intangible assets, etc.), total labors, sales volume, and market capitalization (Nur Cahyonowati 2003). In this study the firm size is expressed by the total assets owned by companies listed in Indonesia Stock Exchange (BEI) in 2011-2013. This measurement is done to know that the greater the amount of assets owned, the greater the social responsibility that must be disclosed.

$$SIZE = log\ (Book\ Value\ of\ Total\ Assets). \quad (3)$$

4. Corporate Social Responsibility (CSR)

CSR is measured using a social disclosure index that is a dummy variable. The indicator of CSR disclosure used in this research refers to the research conducted by Sembiring (2005), consisting of 78 items of social disclosure, for manufacturing companies, which are divided into seven themes. CSRI calculation formula is as follows

$$CSRI = \frac{n}{k}. \quad (4)$$

Note:

n = the number of items disclosed by company

k = the number of expected disclosure items based on GRI,$k \leq 78$.

Table 1
Descriptive Statistics Analysis of Research Variables

No.	Variable	Min	Max	Central Tendency			SD
				Mean	Median	Mode	
1.	Profitability (X1)	-692	4165	936.68	740.5	-122	1089.92
2.	Leverage (X2)	14	85	45.62	45.50	53	17.35
3.	Majority Ownership /KP (X3)	31.50	98.18	60.48	57.46	85	19.64
4.	Firm Size / Size (X4)	494.2	826.1	650.76	640.70	703.9	69.86
5.	CSR Disclosure / PCSR (Y)	23.38	56.15	38.39	37.95	35.90	6.68

Table 2
The Results of Data Normality Test

	PROFIT	LEV	KP	SIZE	PROF.KP	LEV.KP	CSR
N	100	100	100	100	100	100	100
Mean	936.68	45.62	60.4804	650.754	58103.34	2599.601	38.3948
Std. Deviation	1089.916	17.348	19.64000	69.8572	73741.18	930.5825	6.68065
Absolute	.114	.070	.122	.085	.156	.065	.100
Positive	.114	.070	.122	.085	.156	.065	.100
Negative	-.096	-.055	-.094	-.061	-.115	-.061	-.066
Kolmogorov-Smirnov Z	1.140	.704	1.221	.853	1.561	.652	1.002
Asymp. Sig. (2-tailed)	.148	.705	.101	.460	.015	.789	.268

Test distribution is Normal, Calculated from data.

Table 3
One-Sample Kolmogorov-Smirnov Test

	PROFIT	LEV	KP	SIZE	PROF.KP	LEV.KP	CSR
Kolmogorov-Smirnov Z	1.140	0.704	1.221	0.853	1.561	0.652	1.002

5. Majority Ownership

Majority ownership is the ownership of more than 50% of the company's stocks owned by one party (either individual or institution). The majority shareholding structure is projected by the percentage of common stock owned by the majority shareholder, which is used to measure the strength of the majority shareholder in the company's equity structure (Nurhayati et al. 2006).

$$Majority\ Ownership = \frac{Number\ \ of\ Stocks\ Owned\ \ by\ Majority\ \ Stock\ holder}{\text{Total Stocks Outstanding}}. \quad (5)$$

Theoretically, the use of the regression model will result in a valid parameter value if the model can meet the requirements of the classical assumption. The classical assumption that must be met is that the disturbing or residual variable has normal distribution, no autocorrelation, no heterocedasticity, and no multicollinearity. Hypothesis testing on profitability, leverage, CSR disclosure and majority ownership is conducted using Moderation Regression Analysis. The regression equation model can be formulated systematically as follows:

$$PCSR = \beta o + \beta 1Profit + \beta 2Lev + \beta 3KP + \beta 4Size + \beta 5 (Lev*KP) + \beta 6(Profit*KP) \pm e. \quad (6)$$

Note:

PCSR = CSR Disclosure
βo = Constant
β1, β2, β3,β4, β5, β6= Regression Coefficient
Profit = Profitability
Lev = Leverage
KP = Majority Ownership
Size = Firm Size
e = error.

4. DATA ANALYSIS AND DISCUSSION

Descriptive statistics analysis is used to determine the description of a data viewed from the maximum value, minimum value, mean value, and standard deviation value. Based on the descriptive statistical analysis, the description of the company is as in Table 1.

In Table 1, it can be seen that the profitability variable has the minimum value of -6.92 and the maximum value of 41.65 with a mean value of 9.37 and a standard deviation value of 10.90. Leverage variable has the minimum value of 0.14 and the maximum value of 0.85 with a mean value of 0.46 and a standard deviation value of 0.17. Majority ownership variable has the minimum value of 0.32 and the maximum value of 0.98 with a mean value of 0.60 and a standard deviation value of 19.64. The

Table 4
Coefficients

Model	Tolerance	VIF
Profit	0.977	1.023
Lev	0.765	1.308
KP	0.753	1.328
Size	0.961	1.041

Table 5
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538a	.290	.244	5.80874
a. Predictors: (Constant), LEV.KP, PROFIT, SIZE, KP, LEV, PROF.KP				

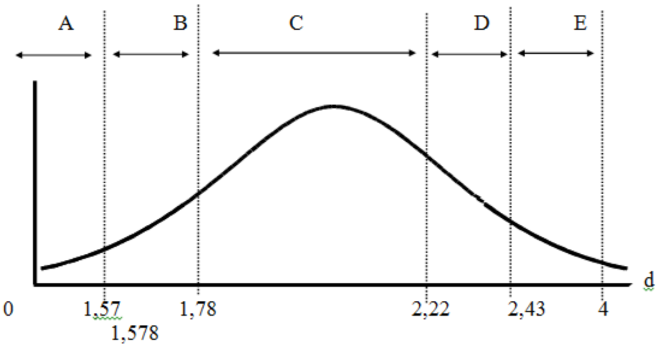

Figure 1
The Regression Results

firm size variable has the minimum value of 4.94 and the maximum value of 8.26 with a mean value of 6.51 and a standard deviation value of 69.86. CSR disclosure variable has the minimum value of 0.24 and the maximum value of 0.56 with a mean value of 0.38 and a standard deviation value of 0.67.

The data normality test in this study is conducted using Kolmogorov-Smirnov method. The summary of the results of data normality test can be seen in Table 2.

Based on Table 2 and Table 3, it can be seen that Kolmogorov-Smirnov Z all $p > 0.05$. So, it can be concluded that there is no difference between the frequency of observation (result) and the frequency of normal expectation, which means that all data in this research is normally distributed. Thus all data in this study meet the assumption of normality.

Multicollinearity test aims to determine the presence or absence of overlapping relationship between independent variables. This test is necessary because this study uses moderation regression analysis. The multicollinearity test is done by looking at Tolerance and VIF. If the tolerance is close to 1, and VIF is not more than 10, it is concluded that there is no multicollinearity as seen in Table 4.

In this study, White test is used to detect the presence or absence of heteroscedasticity problem. Heteroscedasticity assumption test aims to test whether in the regression model there is a variance inequality of the residual from one observation to another (see Based on analysis using White test, it shows that the value of Chi Square count is 14.5 (50×0.290) greater than the value of Chi Square table of 7.815 (df = 4-1). As the value of Chi Square count is bigger than the value of Chi Square table, there is no heterocedasticity assumption.

From Durbin Watson table, by using confidence level of 95% (5% significant points of dL and dU), it is obtained dL = 1.57 and dU = 1.78. From the description, it can be implemented Figure 1.

From the regression results, it is obtained DW of 1.578 located in area B, namely the area of doubt. Since the data in this study is not the time series data, so the hypotheses to be tested in this section are: (1) Profitability has a positive effect on CSR disclosure, (2) Leverage has negative effect on CSR disclosure, (3) company size has significant positive effect on CSR disclosure; (4) majority ownership moderates the effect of leverage on CSR disclosure; and (5) majority ownership moderates the effect of profitability on CSR disclosure. The hypotheses are tested using moderation regression analysis.

The results of multiple regression analysis be-

Table 6
Results of the First-Stage Multiple Regression Analysis before the inclusion of Moderating Variable (Leverage*KP)

Independent Variables	Unstandardized Coefficients		Standardized Coefficients		Sig. (p)
	B	Std. Error	Beta	T	
(Constant)	20.602	6.398	--	--	--
Profitability (X1)	0.002	0.001	0.294	3.190	0.002
Leverage (X2)	-0.010	0.040	-0.027	-0.261	0.795
Majority Ownership (X3)	0.072	0.036	0.211	2.013	0.047
Firm Size (X4)	0.019	0.009	0.197	2.115	0.037
R	= 0,460				
R2	= 0,211				
Fcount	= 6,367				
Sig. (p)	= 0,000				

Note:
R = Multiple Correlation Coefficient
R^2 = Determinant Coefficient
Sig. = Significance or p-value
*) = Significance at the level of 5%

fore the inclusion of moderating variable (Leverage * KP) are summarized in Table 6.

Based on the results of the regression equation estimation on the regression analysis before the moderator variable (Leverage * KP) is included, it canbe seen the value of correlation coefficient (R) is 0.460 and the value of moderate determination coefficient (R2) is 0.211. The magnitude of the value of the determinant coefficient indicates that the goodness of fit of the functional relationship is 0.211, which means that statistically the independent variables of profitability, leverage, and majority ownership contribute to CSR disclosure of 21.1%.

The significance testing of the effect of independent variables on dependent variable of CSR disclosure is required. The testing is conducted using Fisher test (F statistic Test). From the calculation results, it is known he value of Fregression = 6.367; with p-value = 0.000 ($p < 0.05$) which means significant. This means that there is a significant effect of profitability, leverage, firm size, and majority ownership on CSR disclosure.

From the summary of Table 6 is generated calculation of constants and beta coefficients of each variable so that the regression equation can be formulated as follows:
PCSR = 20.602 + 0.002 Profit + (-0.010) Leverage + 0.072 KP + 0.019 Size + 6.056.

The following is the results of regression analysis of multiple regression analysis after the inclusion of moderator variable (Leverage * KP) is included

From the result of regression equation estimation on regression analysis after the inclusion of moderator variable (Leverage * KP), it is obtained correlation coefficient (R) of 0.536 and moderation determination coefficient (R2) of 0.287. The magnitude of the determination coefficient indicates that the goodness of fit of the functional relationship is 0.287, which means that statistically the independent variables of profitability, leverage, firm size, majority ownership, and leverage * KP contribute to CSR disclosure of 28.7 %.

The significance testing of the effect of independent variables on dependent variable of CSR disclosure is required. The testing is done by using Fisher test (Fstatistic Test). From the calculation result, it is known that F regression = 7.573; with p-value = 0.000 ($p < 0.05$), which means significant. This means that profitability, leverage, firm size, majority ownership, and leverage have a significance effect on CSR disclosure.

From the summary of Table 7 is generated calculation of constants and beta coefficients of each variable so that the regression equation can be formulated as follows:
*PCSR = 7.388 + 0.002 Profit + 0.292 Leverage + 0.292 KP + 0.020 Size + (-0.006) Leverage*KP ± 5.789*

The following is the results of regression analysis of moderation (multiple regression) after the inclusion of moderating variable (Leverage * KP) and moderating variable (Profit * KP).

From the result of regression equation estimation on regression analysis after the inclusion of moderator variable (Leverage * KP) and moderator variable (Profit * KP) is obtained correlation coefficient (R) value of 0.538 and moderate determination coefficient (R2) value of 0.290. The magnitude of the determination coefficient indicates that the goodness of fit of the functional relationship is

Table 7
The Results of the Second-Stage Multiple Regression Analysis after the inclusion of Moderating Variable (Leverage*KP)

Independent Variables	Unstandardized Coefficients		Standardized Coefficients		Sig. (p)
	B	Std. Error	Beta	T	
(Constant)	7.388	7.408	--	--	--
Profitability (X1)	0.002	0.001	0.314	3.551*)	0.001
Leverage (X2)	0.292	0.103	0.758	2.832*)	0.006
Majority Ownership (X3)	0.292	0.077	0.858	3.765*)	0.000
Firm Size (X4)	0.020	0.009	0.210	2.358*)	0.020
Leverage (X5)	-0.006	0.002	-0.794	-3.161*)	0.002
R	= 0.536				
R2	= 0.287				
F_{count}	= 7.573				
Sig. (p)	= 0.000				

Note:
R = Multiple Correlation Coefficient
R^2 = Determinant Coefficient
Sig. = Significance or p-value
*) = Significance at the level of 5%

0.290, which means that statistically the independent variables of profitability, leverage, majority ownership, leverage *KP, and profit * KP contribute to CSR disclosure of 29 , 0%.

The significance testing of the effect of the independent variables on the dependent variable of CSR disclosure is required to be tested by using Fisher test ($F_{Statistic}$ Test). From the calculation result it is known that F regression = 6.325; with p-value = 0.000 ($p < 0.05$) which means significant. This means that there is a significant effect of profitability, leverage, majority ownership, leverage * KP, and profit * KP on CSR disclosure.

From the summary of Table 8 is generated calculation of constants and beta coefficients of each variable so that the regression equation can be formulated as follows:
*PCSR = 8.106 + 0.001 Profit + 0.288Leverage + 0.271 KP + 0.021Size+ (-0.006) Leverage*KP + (1.89E-05) Profit*KP ± 5.809.*

This study proves that profitability has a positive effect on CSR disclosure. This is evidenced by the beta coefficient (β1) in the first-stage regression equation of 0.002 with t count = 3.190 with p-value = 0.002. The results of this study support the research conducted by Hossain (2006) to test the effect of profitability on CSR disclosure. The result indicates that profitability has a positive effect on CSR disclosure. Similar research was also conducted by Sudana and Arlindania (2011) and stated the same results.

Based on the data analysis and hypothesis testing, it is proved that leverage has negative and insignificant effect on CSR disclosure. This is evidenced by the value of beta coefficient (β2) in the first-stage regression equation of -0.010; with t count value of -0.261 and p-value of 0.795 ($p > 0.05$). The result of this research is different from the result of the research done by Belkaoui and Karpik (1989). The research conducted by Belkaoui and Karpik (1989) shows that leverage variable has negative and significant effect on CSR disclosure. However, this research shows similar result with the research conducted by Sabarudin (2004) that leverage variable has negative and insignificant relationship with information disclosure in the annual report.

This study proves that company size variable has a positive and significant effect on CSR disclosure. This means that the larger the size of the company, the higher the CSR disclosure made by the company. This is evidenced by the value of beta coefficient (β2) in the first-stage regression equation of 0.019; with t count value of 2.115 and p-value of 0.037 ($p > 0.05$). The result is in line with the result of the research conducted by Siregar and Utama (in Nofandrilla 2008) that the larger the size of the company, the greater the stock investment information.

This study proves that majority ownership variable moderates the effect of leverage on CSR disclosure. This result is proved by the value of beta coefficient (β4) at the second-stage regression equation of -0.006 and t count of -3.147 with p-value of 0.002 ($p < 0.05$). The results of the analysis before and after the inclusion of Leverage * KP variable are as in Table 8.

Table 8 shows that there is a significant in

Table 8
The Results of the Third-Stage Multiple Regression Analysis after the Inclusion of Moderating Variable (Leverage*KP) and Moderating Variable (Profit*KP)

Independent Variables	Unstandardized Coefficients		Standardized Coefficients		Sig. (p)
	B	Std. Error	Beta	T	
(Constant)	8.106	7.533	--	--	--
Profitability (X1)	0.001	0.002	0.121	0.357*)	0.722
Leverage (X2)	0.288	0.104	0.748	2.779*)	0.007
Majority Ownership/KP (X3)	0.271	0.085	0.797	3.182*)	0.002
Firm Size/Size (X4)	0.021	0.009	0.221	2.421*)	0.017
Profitability*KP (X5)	1.89E-05	0.000	0.209	0.589*)	0.557
Leverage*KP (X6)	-0.006	0.002	-0.793	-3.147*)	0.002
R	= 0.538				
R2	= 0.290				
F_{count}	= 6.325				
Sig. (p)	= 0.000				

Note:
R = Multiple Correlation Coefficient
R^2 = Determination Coefficient
Sig. = Significance or p-value
*) = Significance at the level of 5%

crease in the determinant coefficient (R^2) value between before and after the inclusion of Leverage * KP variable in the moderation regression analysis. Thus it can be concluded that there is a negative and significant influence ($p < 0.05$) of leverage * KP (Majority Ownership) on CSR disclosure. This suggests that majority ownership moderates the effect of leverage on CSR disclosure.

This study proves that majority ownership does not moderate the effect of profitability on CSR disclosure. This result is proved by the value of beta coefficient (β5) in the third-stage regression equation of 1.89E-05, and t count value of 0.589 with p-value of 0.557 ($p > 0.05$). Analysis results before and after the inclusion of Leverage * KP variable and Profit * KP variable are as in Table 8.

In Table 8, it shows that there is no increase in determinant coefficient (R^2) value between before and after the inclusion of Leverage * KP and Profit * KP variables into the moderation regression analysis. Thus it can be concluded that there is a positive and insignificant influence p-value = 0.557 (p> 0.05) of Profit * KP (Majority Ownership) on CSR disclosure. This shows that majority ownership does not moderate the effect of profitability on CSR disclosure. The inclusion of Profit* KP variable causes the profitability variable and Profit* KP variable to become insignificant, which means that the existence of majority ownership causes the relationship between profitability variable and CSR disclosure variable to become not good. The assumption that there is no multicollinearity is not met. In the model after the inclusion of Profit* KP variable, the assumption that there is no multicollinearity is not met, because there is a value of VIF which is more than 10, that is, Profitability variable and Profit* KP variable.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the results of analysis and examination on the influence of profitability, leverage, and company size on CSR disclosure with majority ownership as moderating variable in manufacturing companies listed in the Indonesia Stock Exchange (IDX), it can be drawn conclusion as follows:

1. Profitability variable has a positive effect on CSR disclosure. This means that the greater the profitability of the company, the greater the CSR disclosure.
2. Leverage has negative and insignificant effect on CSR disclosure. This means that the higher the leverage of the company, the lower the CSR disclosure.
3. Company size variable has a positive and significant effect on CSR disclosure. This means that the larger the size of the company, the greater the CSR disclosure and the information provided by the company will be getting more.
4. The majority ownership variable moderates the effect of leverage on CSR disclosure. This means that the greater the majority ownership, the more influential on management decisions taken. Based on stakeholder theory, stakeholders are the parties who have an interest in the company and can influence decisions-making. One

of the decisions is the disclosure of CSR information as transparency to stakeholders. This is because large majority ownership will cause pressure on management to disclose corporate social responsibility more broadly.

5. The majority ownership variable does not moderate the effect of profitability on CSR disclosure. This means that the greater the majority ownership does not mean that the CSR disclosures made by the company will be widespread. This result does not support the stakeholder theory, which states that stakeholders are the parties who have interest in the company and can be influenced by stakeholders or corporate activities. The inclusion of the variable of Profit * KP causes the variable of profitability and variable Profit * KP to become insignificant, which means that the existence of majority ownership makes the relationship and outcome between profitability variable and CSR disclosure variable not good.

Although researchers have tried to design and develop this research in such a way, this research still has some limitations. One of them is that the samples are limited only on companies that issue annual report. Therefore, the number of samples used is only few, that is, 50 companies.

Based on the limitations inherent in this research, the suggestions put forward for further researchers are to use better measurement of CSR disclosure, which can be used to explain all existing industries. Further researchers may include not only manufacturing industry, but also other industries listed on the Indonesia Stock Exchange (IDX), such as service industries and raw materials producing industries as the research samples. In addition, further researchers are expected to add or use other variables such as behavior, market value, dividend policy, and others, or re-examine the newly researched variables.

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