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Good Corporate Governance Mechanism, Firm Characteristics and Corporate Social Responsibility: Empirical Study in Manufacturing Companies Listed in Indonesia Stock Exchange

Kencana Dewi, Mukhtaruddin*, Christine Apriany

Accounting Department, Economics Faculty, Sriwijaya University, Palembang, Indonesia

Abstract Discussion on social responsibility is developed rapidly. Result of the previous research hat in different views. This research aimed to identify the influence of good corporate governance (managerial ownership, institutionl ownership, independent commissionaires, and auditing committee) and a company's characteristics (company size) on their corporate social responsibility activities. The population of this research is the companies listed in Indonesia Stock Exchange in 2010 and 2011 and reported their CSR activities and loaded them in BEI website. 35 copmanies were selected through purposive sampling. The data are analyzed statistically and descriptively. The research result show that managerial ownership, auditcommittee, and company size have a significant and positive influence on the CSR activities; where as institutional ownership and independent commissionaries do not. This research is limited the sample of 35 companies, and the two year reported period

Keywords Managerial and institutional ownership, Independent board of commissionaries, Audit committee, Company size, CSR

1. Background

Today many phenomena and social environment that occur as a result of corporate activity, especially in companies which activities related to the field of natural resources. This is evidenced by so many conflicts and problems arise in industrial such as demonstrations and protests which implies dissatisfaction. Various elements of the community around the plant site was disturbed due to waste or pollution arising thus have a negative impact on the environment. The workers often do demonstrations by strikes due to the wage policy and the provision of welfare facilities that implemented the company does not reflect a sense of justice. Various cases, such as poisonous biscuits, foods containing lard, drinks with preservatives that are harmful, even environmental pollution these days often show the relationship disharmony. For example the case of pollution and environmental destruction by PT Pusri who dispose of liquid waste into the Musi River resulting in the number of dead fish. Not only have an impact on the ecosystem in the river but also a negative impact on the health of people living around the Musi River. Another example is the case of pig enzyme produced by PT Ajinomoto, Meatball Sources Tastes case containing pork and a variety of other cases. Related to the phenomenon that occurs caused companies perform their social responsibilities. They need to meet the public trust as a condition for industrial and manufacturing to develop properly. According to Main (2007) the development of Corporate Social Responsibility (CSR) is also associated with the severity of the environmental damage that occurred in Indonesia and the world, ranging from social issues, pollution, resources, waste, product quality, product safety levels, as well as the rights and status of personnel employment.

Pressed by various sides, company has given the responsibility for the impact of business activities on society. Companies are encouraged to take responsibility for the party not only from the wider group of shareholders and creditors but also other stakeholders. In line with these developments, the Law No. 40 2007 on Limited Liability Company requires that its business areas in the field of or related to the field of natural resources should have to dislose theirsocial and environmental duties. In Indonesia in particular, the implementation of CSR is still not going well. Basically companies were implementing CSR solely to get the attention of the general public and the level of reporting

* Corresponding author:
yuditz@yahoo.com (Mukhtaruddin)
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and its disclosure is still very low. The reason companies voluntarily disclose CSR reporting, such as to comply with existing regulations, to gain a competitive advantage, to meet the loan contract and meet the expectations of the public, as well as to attract investors.

To dislcose of CSR, company gives a value added information to stakeholders. Every stakeholders have specific purpose. Company should protected of stkeholders interested. The ensurement of stakeholder intersted called by good corporate govrenance. Issue of Good Corporate Governance (GCG) appears due to the separation between ownership and control of companies. This separation is based on agency theory which is in this case management is likely to increase private profits rather than the company's goals. Besides having a good financial performance the company is also expected to have good governance. There are five key principles contained in the GCG as mentioned in the Code of Good Corporate Governance in Indonesia organized by the National Committee on Governance (KNKG), namely: transparency, accountability, responsibility, fairness, and independency. According to Murwaningsari (2009), CSR is closely linked with Good Corporate Governance. Like two sides of a coin, they both have a strong foothold in the business world but related to each other. The main idea is to achieve good corporate governance corporate social responsibility. Company must have oriented social responsibility to stakeholders, society, and environment. This is in line with the main principles of good corporate governance is the responsibility, while the implementation of the disclosure of corporate social responsibility in line with the principle of transparency. The concept of Corporate Social Responsibility is part of the implementation of Good Corporate Governance guidelines. In this study the mechanisms of corporate governance indicators used are managerial ownership, institutional ownership, independent directors and audit committees as an independent variable, and the disclosure of corporate social responsibility as the dependent variable. This study linked the disclosure of corporate social responsibility. Characteristics of the companies were represented by firm sizeis also an independent variable. Use of company size is because the size of the company is a widely used predictor variables to explain variations in the company's annual report disclosures. This research is the development of a research conducted by Nurkhin (2009) regarding corporate governance and profitability of the corporate social responsibility disclosure. Results of this study demonstrate that institutional ownership has not proved as a significant influence on corporate social responsibility disclosure. The composition of the board of commissioners by proxy the percentage of independent board and profitability with ROE proxy proved significant positive effect on disclosure of corporate social responsibility. This study has differences with previous studies, among others, are on good corporate governance mechanisms are used, in which previous researchers only put 2 mechanisms of corporate governance and institutional ownership composition of the board of commissioners. However, in this study, researchers tried to increase the corporate governance mechanisms into 4 which are to increase managerial ownership, independent directors and audit committee as corporate governance mechanism to eliminate the presence of the composition of the board of commissioners as a corporate governance mechanism used in previous studies. Other differences are also found in the samples used, which previous researchers using all companies listed on the Indonesia Stock Exchange, but in this study the researcher uses only manufacturing companies listed on the Stock Exchange as the study sample. Reasons for using a sample of manufacturing companies because many companies rely more and more have impacts on the surrounding environment, as a result of the activities of the company. In addition, the manufacturing industry is an industry with the highest number compared to other industries. Another difference is in the use of indicators to measure corporate social responsibility disclosure, which previous researchers using GRI indicators (Global Reporting Initiatives) which consists of 78 items in 6 focuses on disclosure. However, in this study, researchers used an indicator based on the ISO 26000 Guidance Standard on Social Responsibility which is another international standard that can be used as guidelines for companies' offender to conduct business activities that social and environmental responsibility. ISO 26000 consists of 34 items in 7 focus of disclosure, namely Community Development, Consumer, Institutional Activities Fair Practices, Environment, Labor, Human Rights, and Organizational Governance. Issues to be studied in this research are the relationship between corporate governance mechanisms and firm characteristics on the disclosure of CSR. Thus, the formulation of the problem in this study were (1) How Good Corporate Govenance mechanisms influence the disclosure of corporate social responsibility (CSR Disclosure) in companies listed on the Indonesia Stock Exchange and (2) How does the Company Characteristics on the disclosure of corporate social responsibility (CSR Disclosure) in companies listed on the Indonesia Stock Exchange.

2. Literature Study

2.1. Entity Theory

Entity Theory or entity theory regards the company as an entity separate from its owner. There are two different views in the entity theory even though both lead to the same resolution, the stewardship and accountability. The first version is a version of the traditional view that the company operates for the benefit of shareholders, that is, people who invest their funds in the company. In this case, treating accounting as a business entity reports to shareholders on the status and the consequences of their investments. While the second version, the newer view of the entity theory, assumes that an entity is a business for him interested in the survival and development. Although both versions put the entity as an independent unit, but there is little difference between the two concepts. Traditional views of shareholders are still positioned as "participants" (associates), while a new perspective over shareholder position as outsider. Nevertheless, it is considered not affect the information content of accounting reports presented by the company.

2.2. Agency Theory

In order to understand the concept of GCG, it is used the basic perspective of the agency relationship. Agency relationship is a relationship between two parties where one party to the other party and the agent acting as principal (Hendriksen and Van Breda, 2000). Agency relationship arises when one or more persons (the principal) employ another person (agent) to provide a service and then delegate decision-making authority to the agent. The issue of Good Corporate Governance (GCG) begins with the appearance of separation between owners and management. Owners or shareholders as principals, while the management as the agent. Agency theory was basing contractual relationship between the members of the company, where the principal and agent as the main actors. Principal is the party which mandates the agency to act on behalf of the principal, while the agent is a party to the mandate given by the principal to run the company. Dealer is obliged to account for what has been entrusted to him by the principal. Application of agency theory can be realized in the employment contract which will regulate the proportion of rights and obligations of each party with considering the overall benefits.

Three assumptions regarding human nature of agency theory, namely: (1) general human selfishness (self interst), (2) humans have a limited power of thought regarding the future perception (bounded rationality), and (3) people always avoid risk (risk averse). Based on the assumption of human nature, managers will most likely act by nature opportunistic, ie prioritizing personal interests. Conflicts of interest between owners and agents because of possible agents act not in accordance with the interests of the principal, thus triggering the agency cost (agency cost). Agency theory is able to explain the potential for conflicts of interest among various stakeholders in the company. Conflicts of interest occur due to the differences in the purpose of each party based on the positions and interests of the company. As an agent, manager morally responsible for optimizing the benefits of the owners (principal), however, the manager also wants to always be compensated in accordance with the contract. Thus there are two different interests in the company in which each party seeks to achieve or maintain a desired level of prosperity. Moreover agency theory also explains the problem of asymmetric information. Managers as corporate managers were aware of internal information and prospects of the company in the future than the owners (shareholders). Therefore, as the manager, the manager is obliged to provide a signal about the state of the company to the owner. However, sometimes the information submitted is not acceptable according to the actual condition of the company. This condition is known as asymmetric information (Hendriksen and Van Breda, 2000). Asymmetry information between management (agent) with the owner (principal) can provide an opportunity for managers to act opportunistically as earnings management regarding the economic performance of companies that can be detrimental to the owners (shareholders). The manager will try to maximize his personal gain without the owner's consent or shareholder. With agency problems caused by conflicts of interest and this information asymmetry, then the company should bear the costs of agency. Agency costs are divided into three types, such as 1) Monitoring costs are costs incurred to supervise the activities undertaken by the agency, 2) Cost Bonding is the cost to ensure that the agency will not act detrimental to the principal, or in other words to convince the agent, that the principal will provide compensation if the agent actually perform the action, and 3) Residul loss costs is value that it is equivalent to a reduction of money prosperity experienced by the principal due to differences in interests.

The concept of corporate governance is concerned with how the owners (shareholders) believe that managers will benefit them, confident that the manager will not commit fraud which would be detrimental to the shareholders. In other words, the implementation of GCG expected to serve to emphasize or reduce agency costs.

2.3. Hypothesis Development

Managerial ownership role in the GCG mechanisms used to mitigate agency conflicts or conflicts of interest between managers and owners. By owning the company, the managers have opportunity to take personal advantage can be minimized. Manager of the company will take a decision in accordance with the interests of the company by way of revealing information as possible to improve the company's image in the public eye, although managers must sacrifice his resources. The greater of managerial ownership in the company, managers have more productive action to maximize CSR. Based on these assumptions, the researchers propose hypotheses as follows: **H1: Managerial ownership has a positive effect on the disclosure of CSR.**

Institutional ownership can be used to reduce the agency problem through the monitoring process. Companies with large institutional ownership will be able to monitor management better in carrying out its functions. The greater the role of institutional ownership the more efficient utilization of assets and the company is expected to act as a preventive against abuses committed by management. Matoussi and Chakroun (2008) states that institutional ownership can improve the quality and quantity of voluntary disclosure of CSR and institutional investors have the strength and experience to be responsible for implementing GCG principles to protect the rights and interests of all shareholders, so they force the company to communicate in a transparent manner. With large institutional ownership can lead to a greater disclosure of CSR within the company. Based on these assumptions, the researchers propose hypotheses as follows: **H2: Institutional Ownership has a**

positive effect on the disclosure of CSR.

With the existency of independent Board Commissioners, the management of company will be more effective and efficient. The greater the number of Independent Commissioners, then it can provide power to the Board of Commissioners to pressure management to improve the quality of CSR disclosure. The greater the number of board members will be easier to control the company and monitoring conducted by the CEO will be more effective. The existence of independent board will further increase the effectiveness of supervision. Independent board composition is also considered as a solution to address the agency problem. Based on these assumptions, the researchers propose hypotheses as follows: **H3: Independent Commissioner has a positive effect on the company's CSR.**

The existence of the Audit Committee can significantly influence CSR disclosure made by the company. The Audit Committee assists the Board of Commissioners in the conduct of the management and oversight mechanisms are considered as an effective tool to supervise the company, so as to reduce agency costs and improve the quality of CSR disclosure. The larger the size of the Audit Committee, the monitoring is done better and social disclosure by companies is increasing. Based on these assumptions, the researchers propose hypotheses as follows:**H4: Audit Committee of the Company has positive influence on disclosure of CSR.**

Agency theory explains that if the size company is significant enough, the costs would be even greater, so as to reduce the cost, the company will take steps to disclose more extensive information. Larger companies will receive more attention from the public. Therefore greater disclosure is a way to reduce costs as a form of CSR. This study uses total assets as a proxy of firm size as total assets value is considered more stable and relatively compared to the others. The greater the assets, the more capital invested, the more sales, the more the velocity of money and the greater the market capitalization, the greater the company is known in the community. Based on these assumptions, the hypothesis in this study is as follows: **H5: Company size has a positive effect on the disclosure of CSR.**

2.4. Theoritical Framework

This research developed of a research conducted by Nurkhin (2009) by adopting some variables and add new variables. Adopted variable are institutional ownership, firm size and CSR Disclosure. New variable is added managerial ownership, independent directors, and audit committees. Another difference is found in the use of indicators to measure the disclosure of CSR, which previous researchers were using GRI indicators which consists of 78 items in 6 focuses on disclosure. However, in this study, researchers used an indicator based on the ISO 26000 which is a new international standard that can be used as guidelines for company’s offender shall conduct business activities that social and environmental responsibility. ISO 26000 consists of 34 items in 7 focus of disclosure, namely Community Development, Consumer, Institutional Activities Fair Practices, Environment, Labor, Human Rights, and Organizational Governance.

3. Research Methodology

3.1. Sources of Data

This study uses secondary data obtained through the company's annual report that has been published by the company in the period between 2010 and 2011 in the Indonesia Stock Exchange website (www.idx.co.id). Data collection is done by tracking the company's annual report to be elected to the sample. As a guide, an instrument used empirically, the form of a check list or a list of questions that contains 34 items of CSR disclosure is based on the ISO 26000 Guidance Standard on Social Responsibility.

3.2. Population and Sample

The study population was all manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2010 and 2011. This study uses the company's annual reports for 2010 and 2011 to see CSR disclosure. The sample using purposive sampling method in order to obtain a representative sample in accordance with the criteria specified. Sample criteria that will be used are1) Companies listed on the Stock Exchange for 2010 and 2011, 2) These companies are a sample of companies that publish full financial statements and annual report (annual report) through the Indonesia Stock Exchange website (www.idx.co.id) and company website, 3) A manufacturing company is a sample report that reveals the company's CSR through its annual report and 4) Have complete data related to the variables used in the study. Based on data obtained from the Stock Exchange in 2010 and 2011 is known that there are as many as 208 manufacturing companies. Of these only 35 companies that meet the criteria established by research sample.

3.3. Definition and Measurement of Variables

CSR disclosure is a disclosure of information related to CSR activities. CSR disclosure is measured based on the ISO 26000 Guidance Standard on Social resposibility. ISO 26000 indicator consists of 34 items in 7 key themes disclosure, namely Community Development, Consumer, Institutional Activities Fair Practices, Environment, Labor, Human Rights, and Organizational Governance as the basis of sustainability reporting. This approach essentially uses the dichotomy approach each item in the CSR research instrument was given a score of 1 if disclosed and a score of 0 if it is not disclosed. Furthermore, the scores of each item are summed to obtain the overall score for each firm.

Managerial ownership is the number of shares held by the management in a company. The proportion of managerial ownership is measured by the percentage of ownership.

Institutional ownership is the number of shares held by an institution within a company. In Murwaningsari (2009) the proportion of institutional ownership is measured by the percentage of ownership.

Independent Commissioner is a proportion of the existing independent directors on the board of the company.

Size is the number of members of the Audit Committee. In Sefiana (2009) Size of the Audit Committee is calculated by counting the number of members of the Audit Committee of the listed company's annual report on corporate governance report.

Large company is the issuer of the most highlighted by the public so that greater disclosure is a political cost reduction as a form of CSR (Sembiring, 2005). Previous researchers, Novita and Djakman (2008) using the proxy log assets. This study uses the total value of such assets by Hossain et al. (2006). This is because the proxy is able to describe the size of the company. Firm size = log (total assets)

3.4. Technique Analysis

This study will use a multiple regression model as follows:

$$CSRDI= \beta 1MO + \beta 2IO + \beta 3IBC + \beta 4AC + \beta 5SIZE + e$$

Where;

CSRDI = Corporate Social Responsibility Disclosure
MO = Managerial Ownership
IO = Institutional Ownership
IBC = Independence Board of Commissioner
AC = Audit Committee
SIZE = Company Size
$\beta 0$ = Intercept / constants
$\beta 1, ..., \beta 6$ = Coefficient Regression
e = Error

4. Finding and Discuss

Managerial Ownership Disclosure has effected on CSR

Managerial ownership variable has a significance value 0.048 which means that under the 0.05 significance level and the value of the regression coefficient indicates a positively. This shows that the hypothesis that managerial ownership has a positive and significant effect on the disclosure of CSR can be accepted (H1 accepted). Number of owner as management was able to control of company activities to compliance of all regulation, one of them is disclosuring of CSR. The study results contradict previous studies, Badjuri (2011) who found that managerial ownership has no effect on the disclosure of CSR. This difference in results might be due to differences in the length of the observation period and indicators in disclosing CSR, where Badjuri (2011) observed only 1 in 2009 and using the GRI indicators reveal CSR, whereas this study uses ISO 26000 as an indicator of the corporate social responsibility disclosure. Disclosure of CSR in Indonesia control and evaluated annually by Indonesia Government (Proper Program). However, these results are consistent with results the previous studies, Murwaningsari (2009) also found similar results in which managerial ownership proved positive and significant impact on the disclosure of CSR. The results support the theory that the ownership structure is more in the hands of the manager, and then manager will be more flexible in regulating the accounting method choices, as well as the policies of the company's CSR. With managerial ownership, management will actively participate in decision-making. The greater the managerial ownership in the company, the greater disclosure of CSR and increasingly productive actions of managers in maximizing the value of the company, in other words the cost of the contract and supervision is low.

Institutional Ownership Disclosure has relating to CSR

Matoussi and Chakroun (2008) states that institutional ownership can improve the quality and quantity of voluntary disclosure of CSR and institutional investors have the strength and experience to be responsible for implementing GCG principles to protect the rights and interests of all shareholders, so they ask the company to communicate in a transparent manner. This means that with large institutional ownership can lead to greater disclosure of CSR within the company. Institutional ownership variable indicates that has significance value at 0.917which means that is above the significance level of 0.05 and regression coefficients showed a negative direction. This shows that the hypothesis that institutional ownership has a positive effect on the disclosure of CSR can not be accepted (H2 rejected). Most of Indonesia company is a family business. Share of company A owned by company B and share of company B owned by company C. Share of company A, B and C owned by Paul family and then the outisde of ownership is unable to pressure of management to compliance of regulation, because they have difference interest. These results are consistent with the results of previous studies. Nurkhin (2008) and Badjuri (2011) also found similar results where institutional ownership is not proved positive and significant impact on the disclosure of CSR. Furthermore, research Djakman and Novita (2008) also found similar results where institutional ownership is not proved positive and significant impact on the disclosure of CSR. Novita and Djakman (2008) stated that institutional ownership comprising banking, insurance, pension funds and asset management in Indonesia does not consider social responsibility as one of the criteria in the investment, so that the the institutional investors also tend not to push the company to express their CSR in detail in the company's annual report.

Independent Commissioner has effected on CSR Disclosure

Independent board composition variables have a significance value at 0.551 which means that is above the significance level of 0.05 and the value of the regression coefficient indicates a positive direction. This shows that the hypothesis that independent board composition has a positive effect on the disclosure of CSR can not be accepted (H3 rejected). The outside commissioner was able to guidance the company activities to compliance of all regulation, specially disclosure of CSR. This is not in line with the results of research conducted by Nurkhin (2009) and Badjuri (2011) who found a positive relationship between the compositions of the independent board with disclosure of CSR. This difference might be due the differences in the observed period, and indicators in disclosing of CSR, where Nurkhin (2009) observed only 1 year in 2007 and Badjuri (2011) in 2009. Nurkhin (2009) and Badjuri (2011) both use the GRI indicators reveal CSR, whereas this study uses ISO 26000 as an indicator of the corporate social responsibility disclosure. In fact, it can be seen that there is no requirement for listed companies to disclose about the condition of the structure of corporate governance in particular with regard to the responsibility and independence of the board of commissioners. Even though the underlying IDX has set the number of independent commissioners' existence, but in practice there is no mechanism on how shareholders elect independent directors. Such conditions creates opportunities for the parties to conduct corrupt practices, one of which with the appointment of independent commissioners who have family relations with the directors of the company. This would greatly weaken the application of corporate governance, due to the existence of transactions with insiders, fraud and so will bring corporate governance in conditions worsen and other things will bring impact on the disclosure of information that are part of transparency as one of the principles of GCG.

Audit Committee has Relating to CSR Disclosure

Audit committee variables have a significance value of 0.008 which means that under the 0.05 significance level and the regression coefficient indicates a positive direction. This shows that the hypothesis which states that the audit committee has a positive and significant effect on the disclosure of CSR can be accepted (H4 accepted). Audit committe function were controlling and evaluating of management activities such as efficiency, effectivity and economy. The number of audit committe were determining of efficiency, effectivity and economy of management activities. This result is not in line with the research conducted by Badjuri (2011) who found the results of the audit committee has no effect on the disclosure of CSR. Differences in observation period and the use of indicators in CSR dislosure become one reason of difference. The results are consistent with the underlying theory, because the existence of the audit committee must be able to support the principle of responsibility in the implementation of GCG pressing¸ the company to provide better information especially openness and fair presentation of the financial statements. Thus the greater the number of audit committee members creates the greater CSR is made by the company.

Company Size has relating to CSR Disclosure

Sembiring (2005) states large firms have highlights from the issuers. The greater disclosure area political cost reduction as a form of CSR. Large companies will not escape the pressure, and the larger company with operating activity and a greater influence on society would probably have shareholders who pay attention to social programs that made the company disclose the CSR globally. By t test results indicate that firm size variables shown to have a positive and significant impact on the disclosure of CSR. This variable has a significance value of 0.000, which means under the significance level of 0.05and the regression coefficient indicates a positive direction. This shows that the hypothesis that firm size has a positive effect on the disclosure of CSR can be accepted (H5 accepted). To realize the company responsibility were determined by the company scale. The big company have any branches, business line, product and big number of employee, total aasets, then the company must be realize of their responsibility to employees, customers, invornment. Based on the triple buttom line reporting, that company have 3 P responsible namely profit, people and planet. Results of this study support the results obtained by Nurkhin (2009), Handayati (2011) and Badjuri (2011) who also found similar results where the size of the company proved positive and significant impact on the disclosure of CSR.

Because theoretically large companies will not escape the pressure, and the larger company with operating activity and a greater influence on society would probably have shareholders who pay attention to social programs that made the company so the disclosure of CSR will be global. These results indicate that the size of the company is reflected in the logarithm of total assets has a significant positive effect on the level of CSR disclosure in annual reports of companies. When total asset of the company increases, the management would disclose more social information. This result also supports the agency theory which explains that larger companies, the costs would be even greater; so as to reduce the cost of the company will take steps to disclose more extensive information. Larger companies will receive more attention from the public. Therefore greater disclosure is a way to reduce costs as a form of CSR. Thus, manufacturing companies in Indonesia that sample of this study have to be aware of how the position of CSR disclosure in the annual report.

5. Conclusions and Recommendations

5.1. Conclusions

Based on the analysis and testing of the effect of independent variables GCG (the proxy with managerial ownership, institutional ownership, independent directors, audit committee) and the characteristics of the Company (which is proxied by the size of the company) to the independent variables, namely the disclosure of CSR in the company listed on the Indonesia Stock Exchange in 2010 and 2011, it can be concluded as follows:

1. Managerial ownership proved a positive and significant effect on the disclosure of CSR on companies listed in Indonesia Stock Exchange.
2. Institutional ownership is not proven to be a positive and significant effect on the disclosure of CSR on

companies listed in Indonesia Stock Exchange.

3. Independent board composition with proxy percentage of independent board does not prove a positive and significant effect on the disclosure of CSR on companies listed in Indonesia Stock Exchange.

4. Audit Committee proved positive and significant effect on the disclosure of CSR on companies listed in Indonesia Stock Exchange.

5. Firm size proved to be a positive and significant effect on the disclosure of CSR on companies listed in Indonesia Stock Exchange.

5.2. Suggestion

1. Management is expected to be complete in revealing the activities related to CSR in its annual report.

2. Government and the Indonesia Accounts Association are expected to formulate a policy to make CSR disclosure as a mandatory disclosure given the low level of social responsibility disclosure.

3. Future studies are expected to use a longer observation period so that will give you a greater chance to obtain the actual conditions and increase the number of samples.

4. Future studies are expected to be able to add or use other variables to find an estimate of the standard model of CSR disclosure.

5.3. Limitations of Research

1. Relatively limited number of samples that only 35 of the 208 companies listed on the Stock Exchange, because there are difficulties in obtaining complete annual report data and in accordance with the appropriate variable in this study.

2. Limited observation period of 2 years ie 2010 and 2011, so it may not be able to describe the real situation regarding social responsibility disclosure practices.

3. There is an element of objectivity to the assessment CSR index. This is because there is no standard provision that can be used as a standard or reference, so that the determination of the index for the same indicator can be different for each researcher.

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