

The Influence of Environmental Performance, Risk Minimization, Firm Size, Public Share Ownership, and Audit Committee on Corporate Social Responsibility (CSR) Disclosure

Risda Lalita Maharani¹, Rina Trisnawati², Nandya Octanti Pusparini³

^{1,2,3} Faculty of Economic and Business, Universitas Muhammadiyah Surakarta, Surakarta, Indonesia

Corresponding author: b200200410@student.ums.ac.id

Abstract

Purpose: This study aims to examine the influence of environmental performance, risk minimization, firm size, public share ownership, and audit committee on Corporate Social Responsibility (CSR) disclosure. The measurement of Corporate Social Responsibility is felt in the global reporting initiatives (GRI)-G4 index which is seen from the company's annual report.

Methodology: This research adopts a quantitative approach. The population of the study consists of industrial sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2022. The sampling technique used is purposive sampling and got 13 companies, with 4 years observation. So the total sample studied is 52 data. Data analysis was performed using SPSS. The data have been collected analyzed by using the classical assumption test and then tested the hypothesis by multiple linear regression methods with the F test, coefficient of determination, and t-test.

Results: This study reveals that firm size and audit committee variables have a significant effect on CSR disclosure. Meanwhile, environmental performance, risk minimization, and public share ownership variables do not have a significant effect on CSR disclosure. *Applications/Originality/Value:* Corporate Social Responsibility (CSR) is a form of environmental and social responsibility performed by the company to their stakeholders due to the impact of operating activities. CSR information disclosed in the annual report is still not specific because the social responsibility disclosure policy in Indonesia is still voluntary, so in the practice there is still a lot of variability in the breadth of items disclosed and issues arise due to companies that are not taking CSR activities seriously. Therefore, this research is expected to be a guide for policy makers in making regulations and companies as actors of CSR activities to pay more attention to the social and environmental impacts of business activities and disclose them transparently.

Keywords: Environmental Performance, Risk Minimization, Firm Size, Public Share Ownership, Audit Committee, Corporate Social Responsibility (CSR).

Introduction Section

Corporate Social Responsibility (CSR) is a form of the company's commitment to its stakeholders in being accountable for the impact of its operational activities. Companies that decide to go public place society as one of the stakeholders who have the right to purchase shares and monitor the company's activities. Therefore, the public is entitled to receive all information related to business activities. CSR discloses the social activities carried out by the company transparently, where the information disclosed is not only financial information but also expected to disclose information about the social and environmental impacts resulting from the company's activities (Kustina & Hasanah, 2020).

The disclosure of CSR in the annual reports of companies in the industrial sector has continued to increase, for the 2019-2022 period almost all companies have reported CSR in their annual reports or sustainability reports. Although it has increased, the CSR information disclosed in the annual report is still not specific because the policy on social responsibility disclosure in Indonesia is still voluntary. Therefore, in practice, there is still variability in the breadth of the items disclosed and issues arise due to companies not taking CSR activities seriously. This can be seen from the many CSR failure phenomena occurring in Indonesia.

On the news portal indopos.co.id published on July 20, 2023, it was reported that there were allegations of violations in the management of hazardous and toxic waste (B3) by PT Astra Daihatsu Motor, a subsidiary of PT Astra International Tbk., which were still being covered up. Legal expert from Trisakti University Jakarta, Dr. Drs. Trubus Rahardiansah, M.S., S.H., M.H. stated that the Ministry of Environment and Forestry (KLHK) and Commission IV of the House of Representatives (DPR) must conduct further investigations and disclose the case of suspected violations in the management

of B3 waste by PT Astra Daihatsu Motor – Stamping Plant, Sunter, North Jakarta, which had been ongoing for a long time and was possibly intentionally covered up.

Apart from the CSR failure phenomena related to environmental conflicts, there are also other phenomena related to social conflicts. Based on the annual report prepared by the National Human Rights Committee, companies are the second-highest perpetrators of human rights violations each year. There are two examples of strikes conducted by employees of industrial companies: in 2017, employees of PT KMI Wire and Cable Tbk. went on strike as a form of protest against the company's slow response to workers' demands (www.fsplempsi.or.id). In 2021, hundreds of employees of PT Surya Toto Indonesia Tbk. in Cikupa, Tangerang also held demonstrations and went on strike over demands for profit-sharing bonuses from the company's 2020 sales profits, which were not distributed as stipulated in the cooperation agreement letter (kabarsimalungun.com).

These cases can have a negative impact on public perceptions of the companies, as they can reduce trust and harm the company's reputation, potentially affecting the company's stock price. CSR needs to be disclosed in detail so it can serve as a means of communicating the environmental and social impacts of the company's economic activities to stakeholders. By disclosing it, the company can gain benefits such as a positive image, increased trust from stakeholders, employee loyalty, competitiveness, and help increase the company's value. Increasing the company's value becomes a magnet for investors to invest in the company, which can support operational activities and ensure the company's long-term sustainability (Maharani & Pertiwi, 2022).

The first factor that can influence Corporate Social Responsibility (CSR) disclosure is environmental performance. Environmental performance refers to the efforts made by a company to create an environmentally friendly environment (Kustina & Hasanah, 2020). Companies with good environmental performance tend to be more transparent in disclosing information about their CSR activities. Stakeholders can assess the company's environmental performance by looking at the color ranking obtained through the Company's Performance Rating Program (PROPER) organized by the Ministry of Environment (KLH). Based on research conducted by Kustina & Hasanah (2020) environmental performance has an impact on CSR. However, research by Darma et al. (2019), states that environmental performance measured by the PROPER rating does not significantly affect CSR disclosure, as much of the CSR information disclosed by companies is not included in the annual reports.

The second factor that can influence Corporate Social Responsibility disclosure is risk minimization. Risk are various possibilities impact that may arise in the company. If issues are not resolved promptly, they may escalate into a crisis (Putri Sion Silaban et al., 2022). Risk minimization is one reason CSR is carried out. Risk minimization should be done to reduce the risk of damage caused by the company's operations or post-operational impacts. Research by Ruroh & Latifah (2018) (2018) found that risk minimization affects CSR disclosure. Their findings explain that good risk minimization requires a company's CSR program to disclose more about its CSR activities. Thus, risk minimization has an impact on CSR disclosure. In contrast, research by Kurniawan & Yuniarta (2020) states that risk minimization does not affect CSR disclosure.

The third factor that can influence Corporate Social Responsibility disclosure is firm size. Firm size refers to the scale of a company which is described through its total assets (Kustina & Hasanah, 2020). In general, larger companies tend to disclose more information about their CSR activities compared to smaller companies. Larger companies have more assets or resources that can be allocated to CSR activities and disclosures. Moreover, larger companies have more stakeholders who demand information about the company's CSR activities. Research by Abbas et al. (2019) found that firm size influences CSR disclosure. However, research Erawati & Sari (2021) states that firm size does not influence CSR disclosure.

The fourth factor that can influence Corporate Social Responsibility disclosure is public share ownership. Public share ownership refers to the percentage of shares owned by the public (Debora Hitipeuw et al., 2020). Companies with high public share ownership tend to disclose more information about their CSR activities compared to companies with low public share ownership. The greater the proportion of public share ownership, the more stakeholders need information about the company's CSR activities, leading to more information being disclosed in the annual report. Research conducted by Debora Hitipeuw et al. (2020) found that the variable of public share ownership significantly affects CSR disclosure. However, research by Andriana & Wahyu Purna Anggara (2019) states that public share ownership does not affect CSR disclosure.

The fifth factor that can influence Corporate Social Responsibility disclosure is the audit committee. The audit committee is formed by the board of commissioners to assist in carrying out their duties and responsibilities (Thasya et al., 2020). Companies with a strong audit committee tend to be more transparent in disclosing their CSR activities. The audit committee can encourage companies to develop more effective systems and processes for CSR disclosure. The more audit committees there are, the greater the oversight of social performance, thus expanding the company's Corporate Social Responsibility disclosure. Research by Rivandi & Putra (2021) states that the audit committee does not affect CSR disclosure. On the other hand, research by Abidin & Lestari (2020) shows that the audit committee significantly affects Corporate Social Responsibility disclosure.

Previous studies show inconsistency in the results provided, which has led researchers to be interested in conducting further research on the factors affecting CSR disclosure. This study is a development of the research conducted by Erawati & Sari (2021) using samples from the Food and Beverage sub-sector companies listed on the IDX in 2015-2019. The difference between this study and previous research lies in the sample selection, which focuses on industrial sector companies listed on the IDX in 2019-2022. The industrial sector was chosen because industrial activities often have the potential to cause negative environmental impacts, such as waste pollution. Moreover, companies in this sector may also engage in activities that negatively impact society, such as labor rights violations or social conflicts.

Previous research tested the influence of managerial ownership, firm size, earnings management, and the audit committee, while this study replaces the independent variable of managerial ownership with public share ownership. This is because, in addition to managers, the public is also one of the company's stakeholders who need to know about the company's CSR activities and have the power to influence corporate policies, including CSR policies. Furthermore, this study adds two independent variables: environmental performance, as the environment is an essential aspect of Corporate Social Responsibility, and risk minimization, as it is one of the objectives of CSR, providing information to stakeholders regarding the company's commitment to effectively managing risks. Based on the explanation above, the purpose of this research is to examine the influence of environmental performance, risk minimization, firm size, public share ownership, and the audit committee on Corporate Social Responsibility (CSR) disclosure.

Literature Review

Stakeholder Theory

According to Freeman (1980) in Wati (2018), stakeholder theory explains that a company does not operate solely for its own interests and profits but must also provide benefits to its stakeholders, such as investors, creditors, suppliers, consumers, the government, society, analysts, and others. The company must maintain good relationships with its stakeholders, particularly those who have power over the availability of resources used for the company's operational activities. One strategy to gain the support of the company's stakeholders is by implementing and disclosing Corporate Social Responsibility (CSR). Through CSR implementation, it is hoped that the desires and informational needs of stakeholders can be met (Purba & Candradewi, 2019).

Legitimacy Theory

The legitimacy theory was first proposed by Dowling & Pfeffer in 1975. They stated that legitimacy can be considered a benefit or a potential resource for companies to ensure their survival. Legitimacy theory explains that companies strive to ensure that their operational activities and behavior do not violate regulations and align with the norms of the surrounding environment. Companies aim to ensure that their activities are accepted by the community as legitimate, allowing them to gain social approval (Erawati & Sari, 2021). By creating and disclosing reports on their social and environmental activities, or Corporate Social Responsibility (CSR), companies are expected to gain social legitimacy, forming the foundation of long-term strategies to survive and sustain their operations (Purba & Candradewi, 2019).

Agency Theory

Agency theory was developed in the 1970s by Jensen and Meckling (1976) in Erawati & Sari (2021) explaining the contractual relationship between principals and agents. The essence of agency theory lies in the relationship between investors, as principals, and managers, as agents, based on the separation of ownership and control of the company, the separation of risk bearers, decision-making, and the control of functions. In this relationship, there are differences in interests related to decision-making and company policies, which can potentially lead to agency problems (Rahmawati & Retnani, 2021). Management's interests often conflict with those of shareholders, thereby triggering conflicts. The disclosure of CSR is a commitment by management to enhance the company's performance, particularly regarding social performance, and to provide positive feedback to stakeholders about the management.

Signaling Theory

Signaling theory originates from the work of George Akerlof in 1970 titled "The Market for Lemons," which introduced the concept of asymmetric information (Rahmawati & Retnani, 2021). This asymmetric information occurs when managers possess relatively more internal information about the company and receive information faster than external parties. Signaling theory serves as an impetus for companies to provide positive information signals that potential investors need to consider and determine whether to invest their capital in the respective company. The disclosure of CSR in annual reports is expected to serve as added value and a positive signal for the company when attracting investors to invest in its shares.

Hypothesis Development

The Influence of Environmental Performance on Corporate Social Responsibility Disclosure

Environmental performance refers to how well an organization or company manages the environmental aspects of its activities in producing goods and services, as well as their impact on the environment (Putra, 2017). According to legitimacy theory, companies must ensure that the surrounding community believes they can maintain and manage the environment well without harming any parties. Corporate Social Responsibility (CSR) is one way for companies to manage environmental issues.

Additionally, based on signaling theory and stakeholder theory, environmental performance can encourage broader aspects of CSR disclosure. The more a company engages in environmental performance, the more information it needs to disclose regarding its environmental performance in annual reports (Kustina & Hasanah, 2020). CSR disclosure is expected to serve as a positive information signal for potential investors. Research conducted by (Dewi & Budiasih, 2022), (Kustina & Hasanah, 2020), and (Arikarsita & Wirakusuma, 2020) found a positive influence on CSR disclosure. This indicates that as companies enhance the quality of their environmental performance and disclose it, their image in the eyes of stakeholders and the community becomes increasingly positive.

H₁: Environmental performance influences Corporate Social Responsibility disclosure.

The Influence of Risk Minimization on Corporate Social Responsibility Disclosure

Company activities can lead to post-production impacts that can damage the environment, such as waste pollution and effects on the surrounding community. Therefore, companies engage in and disclose CSR to minimize the risks of damage caused (risk minimization). According to stakeholder theory, which explains the relationship between companies and related parties or stakeholders, companies must consider the interests of stakeholders since all company activities will impact them. In this case, risk management is widely implemented by companies. Companies with risk management committees will support CSR disclosure because it is considered important for the company's image in the eyes of stakeholders. This aligns with previous research conducted by (Putri Sion Silaban et al., 2022), (Rahmawati & Retnani, 2021), dan (Ruroh & Latifah, 2018) which showed that risk minimization positively and significantly influences Corporate Social Responsibility disclosure. Based on this explanation and previous research findings, the hypothesis is formulated as follows:

H₂: Risk minimization influences Corporate Social Responsibility disclosure.

The Influence of Firm size on Corporate Social Responsibility Disclosure

Firm size refers to the classification of a company's scale based on its total assets. Larger companies typically receive more attention from the public, leading them to disclose social responsibility more extensively. According to legitimacy theory, larger companies tend to face more demands and pressures from society due to their higher activity levels and the greater risk of social and environmental damage (Putri Sion Silaban et al., 2022). Moreover, larger companies have more parties monitoring their performance and responsibilities.

Stakeholder theory explains that larger companies not only face greater pressure to make social responsibility a priority but also have more stakeholders involved (Putra & Angelina Setiawan, 2022). Corporate Social Responsibility and annual reports serve as effective means for stakeholders to assess a company. Research conducted by (Indriastuty & Tasman, 2019) dan (Astuti, 2019) found a positive influence of firm size on CSR disclosure. This shows that the size of a company affects its CSR disclosure.

H₃: Firm size influences Corporate Social Responsibility disclosure.

The Influence of Public Share Ownership on Corporate Social Responsibility Disclosure

Public share ownership reflects the level of company ownership by the public. From stakeholder theory and signaling theory perspectives, companies with publicly held shares are likely to provide more extensive CSR disclosures than those without public shareholding. Companies with a high level of public share ownership automatically receive more attention and scrutiny from various parties, as many stakeholders seek information about the company, which encourages broader social disclosures.

Furthermore, the percentage of individual ownership, typically below 5%, results in investors lacking control over the company. Consequently, public investors require protection for their investments, which can come in the form of financial and non-financial disclosures in annual reports that are useful for decision-making (Aruan et al., 2021). Previous research by (Abbas et al., 2019) and (Debora Hitipeuw et al., 2020) found that public share ownership positively influences CSR disclosure. Based on this explanation, the hypothesis proposed in this study is: H₄: Public share ownership influences Corporate Social Responsibility disclosure.

The Influence of the Audit Committee on Corporate Social Responsibility Disclosure

The Audit Committee acts as the right hand of the Board of Commissioners in controlling and overseeing the company's performance, including social responsibility (Rivandi & Putra, 2021). The greater the number of audit committee members, the better the oversight function, which helps control all aspects of company performance and facilitates the monitoring of top management, thereby increasing effectiveness (Erawati & Sari, 2021). The audit committee can support the extensive disclosure of Corporate Social Responsibility.

From the agency theory perspective, the audit committee carries out oversight and control of Corporate Social Responsibility for the benefit of stakeholders, particularly in addressing conflicts of interest that arise between management and company owners. Research by (Erawati & Sari, 2021) and (Abidin & Lestari, 2020) found a positive correlation between the audit committee and CSR disclosure, indicating that an increase in the number of audit committee members makes it easier and more effective to control and oversee social responsibility, thereby expanding CSR disclosure. Thus, this study concludes the hypothesis:

H₅: The audit committee influences Corporate Social Responsibility disclosure.

Research Method

To analyze the hypotheses that have been formulated previously, this study uses quantitative research. Quantitative methods aim to understand the relationship between independent and dependent variables in a population by measuring problems through numerical data. The population for this research consists of industrial sector companies listed on the Indonesia Stock Exchange (BEI) from 2019 to 2022. The sampling technique used is purposive sampling with certain criteria and obtained 13 companies, with 4 years of observation. So that the total sample studied was 52 data.

This research relies on secondary data obtained from the annual reports and sustainability reports of industrial sector companies registered on the BEI during the 2019-2022 period. Data analysis was performed using SPSS. The data have been collected analyzed by using the classical assumption test and then tested the hypothesis by multiple linear regression methods with the F test, coefficient of determination, and t-test.

Table 1. Variable Measurement

Variable	Definition	Indicator	Reference
Dependent Variable			
Corporate Social Responsibility (CSR)	The disclosure of information relating to social and environmental impacts resulting from operations and the company's role in improving environmental quality.	$= \frac{\sum Xi}{Ni}$ CSRDI Explanation : CSRDI = Corporate Social Responsibility Disclosure Index $\sum Xi$ = dummy variable: 1 if the item y is disclosed; 0 if not Ni= number of items for the company, Ni = 91 item GRI-G4	(Andriana & Wahyu Purna Anggara, 2019)
Independent Variable			
Environmental Performance	The company's efforts in creating a good environment by using environmentally friendly materials.	Assigning scores to each color in the PROPER assessment, which are: Gold: Very good, score = 5 Green: Good, score = 4 Blue: Fair, score = 3 Red: Poor, score = 2 Black: Very poor, score = 1	(Darma et al., 2019)
Risk Minimization	The company's efforts to minimize the risk of damage or loss that can occur due to the company's activities.	Measured using a dummy scale with an indicator of the presence or absence of the company's risk management committee; if present, it is assigned a value of one (1), and if not present, it is assigned a value of zero (0).	(Rahmawati & Retnani, 2021)
Firm Size	A measurement of the size of a company.	Size = \log_n from total asset	(Abbas et al., 2019).
Public Share Ownership	The size of the company's share ownership by the public.	Public Ownership = $\frac{\text{Number of public ownership}}{\text{Total shares of company}} \times 100\%$	(Debora Hitipeuw et al., 2020)

Audit Committee	A committee formed by the board of commissioners to assist in carrying out its duties and obligations.	Σ Member of audit committee	(Erawati & Sari 2021)
-----------------	--	-----------------------------	-----------------------

Result and Discussion

Descriptive Statistical Analysis

Table 2. Results of Descriptive Statistical Analysis

Variable	N	Minimum	Maximum	Mean	Std.Deviation
CSR Disclosure	52	.021978022000000	.538461538000000	.192307692000000	.116733682000000
Environmental Performance	52	2	4	2.94	.461
Risk Minimization	52	0	1	.31	.466
Firm Size	52	.060251545400000	.744747698000000	.304104653000000	.198382784000000
Public Ownership	52	27.631045580000002	33.655187580000000	29.357603870000002	1.729229389000000
Audit Committee	52	3	4	3.08	.269
Valid N (listwise)	52				

Source: Output SPSS 24

Based on Table 2, the following can be explained:

1. Corporate Social Responsibility (CSR) Disclosure: The results show a minimum value of 0.022, a maximum value of 0.538, a mean of 0.192, and a standard deviation of 0.117, this means that the mean sample companies discloses CSR as much as 19,2% of the total points, namely 17 points from total 91 CSR disclosure items. The standard deviation value which is smaller than the mean value, indicating that the data variation of the CSR disclosure variable is small.
2. Environmental Performance: The results show a minimum value of 2, a maximum value of 4, a mean of 2.94, and a standard deviation of 0.461. The mean value of environmental performance of 2,94 illustrates that the sample companies get a good value score. The standard deviation value which is smaller than the mean value indicates that the variation in environmental performance variable data is small.
3. Risk Minimization: The mean value is 0.31, with a standard deviation of 0.466, indicating that 31% of companies have a risk management committee. The standard deviation value which is greater than the mean value indicates that the variation in the risk minimization variable data is large.
4. Firm size: The results indicate a minimum value of 0.060, a maximum value of 0.745, a mean of 0.304, and a standard deviation of 0.198. The mean value of firm size of 0,304 illustrates that the average sample company is a medium company. The standard deviation value which is smaller than the mean value, indicates that the variation in the firm size variable data is small.
5. Public Share Ownership: The results show a minimum value of 27.631, a maximum value of 33.655, a mean of 29.358, and a standard deviation of 1.729. This indicates that 29.35% of the shares are owned by the public. The standard deviation value which is smaller than the mean value, indicates that the variation in the public share ownership variable data is small.
6. Audit Committee: For the sample size, the results indicate a minimum value of 3, a maximum value of 4, a mean of 3.08, and a standard deviation of 0.269. This means that the average number of audit committee members is 3 people. The standard deviation value which is smaller than the mean value, indicates that the variation in the audit committee variable data is small.

Normality Test

Table 3. Normality Test Results

		Unstandardized Residual
N		52
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.08770789
Most Extreme Differences	Absolute	.085
	Positive	.085
	Negative	-.072
Test Statistic		.085
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

Source: Output SPSS 24

From the results of the K-S test, the significance value is 0.20, which is greater than 0.05. Therefore, it can be concluded that the data is normally distributed, and the sample meets the requirements for further research.

Multicollinearity Test

Table 4. Results of the Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Environmental Performance	.770	1.298
Risk Minimization	.381	2.625
Firm Size	.587	1.704
Public Ownership	.140	7.140
Audit Committee	.214	4.664

a. Dependent Variable: CSR Disclosure

Source: Output SPSS 24

Multicollinearity can be assessed by examining the tolerance and Variance Inflation Factor (VIF) values. A regression model is considered to have no multicollinearity issues if the VIF values are below 10 and the tolerance values are above 0.10. Based on the table above, it can be observed that all VIF values for the independent variables are below 10 and all tolerance values are above 0.10. Therefore, it can be concluded that the regression model does not have multicollinearity between variables.

Autocorrelation Test

Table 5. Results of Autocorrelation Test

Model	Durbin-Watson
1	.956

a. Predictors: (Constant), KA, KL, UP, RM, KSP

b. Dependent Variable: CSR Disclosure

Source: Output SPSS 24

According to Singgih Santoso (2014), the benchmarks that can be used to detect autocorrelation are as follows:

- A D-W value below -2 indicates positive autocorrelation.
- A D-W value between -2 and +2 indicates no autocorrelation.
- A D-W value above +2 indicates negative autocorrelation.

Based on these benchmarks and Table 5, which shows a D-W value of 0.956, it can be concluded that the regression model does not exhibit autocorrelation or is free from autocorrelation issues.

Heteroskedasticity Test

Table 6. Results of the Heteroskedasticity Test

Model		Sig.
1	(Constant)	.620
	Environmental Performance	.453
	Risk Minimization	.221
	Firm Size	.781
	Public Ownership	.754
	Audit Committee	.844

a. Dependent Variable: ABRES

Source: Output SPSS 24

Heteroskedasticity can be determined by looking at the significance values in the table above. If the significance value in the regression model is > 0.05, it means there is no heteroskedasticity; whereas if the significance value is < 0.05, it indicates the presence of heteroskedasticity. The results in Table 6 above show that there is no heteroskedasticity present, as all significance values are > 0.05, meaning heteroskedasticity is not present.

Simultaneous Significance Test (F Test)

Table 7. Results of Simultaneous Significance Test (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.303	5	.061	7.097	.000 ^b
	Residual	.392	46	.009		
	Total	.695	51			

a. Dependent Variable: CSR Disclosure

b. Predictors: (Constant), KA, KL, UP, RM, KSP

Source: Output SPSS 24

From Table 7, it is obtained that the significance value is 0.000 < 0.05 and the calculated F value is 7.097, while the F table is 2.54, thus 7.097 > 2.54. It can be concluded that the variables of environmental performance, risk minimization,

firm size, public share ownership, and audit committee collectively influence the disclosure of Corporate Social Responsibility (CSR). Any change in one or more of the independent variables will influence the value of CSR disclosure.

Coefficient of Determination Test (R²)

Table 8. Results of the Coefficient of Determination Test (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.660 ^a	.435	.374	.092351685300000

a. Predictors: (Constant), KA, KL, UP, RM, KSP Source: Output SPSS 24 The coefficient of determination explains how far the regression model’s ability to explain variations in the independent variable affects the dependent variable. The greater R Squared result, it will be better because this identifies better the independent variable in explaining the dependent variable. From the analysis results, the Adjusted R Square (R²) value is 0.374, which means that the independent variables—environmental performance, risk minimization, firm size, public share ownership, and audit committee—have an impact on the dependent variable, Corporate Social Responsibility (CSR) disclosure, by 37.4% (Adjusted R-Square). The remaining 62.6% is explained by other variables outside this model.

Multiple Linear Regression Analysis

Table 9. Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	.087	.298
Environmental Performance	.052	.032
Risk Minimization	.085	.045
Firm Size	.378	.085
Public Ownership	-.033	.020
Audit Committee	.252	.104

a. Dependent Variable: CSR Disclosure
Source: Output SPSS 24

Based on the table, the multiple regression model formed in this study is as follows:

$$CSR = 0,087 + 0,052KL + 0,085RM + 0,378UP + (-0,033KSP) + 0,252KA + e$$

This model can be interpreted as follows:

If all independent variables have a value of zero (0), the dependent variable (beta) will be 0.087. The environmental performance variable has a coefficient value of 0.052. This means that for every one-unit increase in environmental performance, the beta variable (Y) will increase by 0.052, assuming that the other independent variables in the regression model remain constant.

Risk minimization has a coefficient value of 0.085. This means that for every one-unit increase in risk minimization, the beta variable (Y) will increase by 0.085, assuming that the other independent variables in the regression model remain constant.

The firm size variable has a coefficient value of 0.378. This means that for every one-unit increase in firm size, the beta variable (Y) will increase by 0.378, assuming that the other independent variables in the regression model remain constant.

Public ownership has a coefficient value of 0.033. This means that for every one-unit increase in public ownership, the beta variable (Y) will decrease by 0.033, assuming that the other independent variables in the regression model remain constant.

The audit committee has a coefficient value of 0.252. This means that for every one-unit increase in the audit committee, the beta variable (Y) will increase by 0.252, assuming that the other independent variables in the regression model remain constant.

Partial Test (t-Test)

Table 10. Results of Partial Test (t-Test)

Model	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
1 (Constant)	.087	.298	.290	.773
Environmental Performance	.052	.032	1.640	.108
Risk Minimization	.085	.045	1.897	.064
Firm Size	.378	.085	4.440	.000
Public Ownership	-.033	.020	-1.647	.106
Audit Committee	.252	.104	2.430	.019

a. Dependent Variable: CSR Disclosure
Source: Output SPSS 24

The t statistical test is used to see the effect of environmental performance, risk minimization, firm size, public share ownership, and audit committee on CSR disclosure individually. Based on Table 10, the following can be explained:

1. Environmental Performance

From the hypothesis testing, it was found that the significance value of the environmental performance variable is 0.108 > 0.05, which can be concluded that the environmental performance has no influence on the disclosure of Corporate Social Responsibility (CSR). Thus, **H1 is rejected**. Environmental performance has no influence on CSR disclosure because the implementation of social activities and disclosure of social responsibility depends on the awareness of company management, not from the PROPER assessment conducted by Ministry of Environment and Forestry.

2. Risk Minimization

From the hypothesis testing, it was found that the significance value of the risk minimization variable is 0.064 > 0.05, which can be concluded that the risk minimization has no influence on the disclosure of Corporate Social Responsibility (CSR). Thus, **H2 is rejected**. There is no influence of risk minimization because many companies in this study do not have a risk management committee, the presence or absence of risk management committee in the company does not provide a guarantee in reducing risk and disclosing the company's CSR.

3. Firm size

From the hypothesis testing, it was found that the significance value of the firm size variable is 0.000 < 0.05, which can be concluded that the firm size has an influence on the disclosure of Corporate Social Responsibility (CSR). Thus, **H3 is accepted**. Firm size has a significant influence on CSR disclosure because companies with large sizes will receive more attention from various stakeholders, this can encourage management to disclose the company's CSR.

4. Public Share Ownership

From the hypothesis testing, it was found that the significance value of the public share ownership variable is 0.106 > 0.05, which can be concluded that public share ownership has no influence on the disclosure of Corporate Social Responsibility (CSR). Thus, **H4 is rejected**. Public share ownership has no influence because small-scale shareholders with an average of less than 5% are considered less able to carry out the monitoring function and cannot be pressured too much to the company in relation to CSR disclosure.

5. Audit Committee

From the hypothesis testing, it was found that the significance value of the audit committee variable is 0.019 < 0.05, which can be concluded that the audit committee has an influence on the disclosure of Corporate Social Responsibility (CSR). Thus, **H5 is accepted**. The audit committee has a significant effect on CSR disclosure because monitoring from the audit committee can encourage wider CSR disclosure and minimize the possibility of information being covered up.

Discussion

The Influence of environmental performance on the disclosure of Corporate Social Responsibility (CSR).

Based on the research results, environmental performance does not have an effect on CSR disclosure. The analysis shows that environmental performance has a t value of 1.640 with a significance level of 0.108, which is higher than $\alpha = 0.05$, thus rejecting H_1 that was proposed earlier. This result can be interpreted to mean that the Corporate Social Responsibility disclosure made by the company is not influenced by the PROPER assessment followed by the company, which serves as a measurement for environmental performance in this study.

The PROPER assessment provides an overview of the environmental impact caused by the company's operational activities. Companies participate in the PROPER assessment based on established assessment criteria to gain public trust. The PROPER activities that have been undertaken by the company mean that the company does not need to disclose CSR activities in detail in the annual report. This research result is relevant to the study conducted by Darma et al. (2019), which states that environmental performance measured by PROPER ranking does not significantly affect CSR disclosure, as the CSR disclosed by companies is not extensively detailed in the annual reports.

The Influence of risk minimization on Corporate Social Responsibility (CSR) disclosure.

Based on the research results, risk minimization does not affect Corporate Social Responsibility. This is evidenced by the risk minimization analysis which has a t-value of 1.897 with a significance level of 0.064, which is higher than $\alpha = 0.05$. Therefore, H_2 is rejected. The role of risk management is very important to reduce negative impacts that may arise from the complexity of the company, both for the company and for society. In this study, the risk minimization variable can be seen from the presence of a risk management committee in each of the companies studied.

There are 52 sampled companies, but only 16 sampled companies have a risk management committee within the company. Thus, the results of this study do not support stakeholder theory or legitimacy theory, which states that companies with a risk management committee will encourage companies to disclose CSR as it is considered important for trust and image in the eyes of stakeholders. Therefore, the existence or absence of a risk management committee in a company does not guarantee risk reduction, as long as there is an awareness of complying with all provisions in society so that risks can be minimized. The results of this study are in line with the research conducted by Kurniawan & Yuniarta (2020) which states that risk minimization does not affect Corporate Social Responsibility disclosure.

The Influence of Firm size on Corporate Social Responsibility (CSR) Disclosure

Based on the research findings, firm size has a positive effect on CSR disclosure. The analysis of firm size shows a t-value of 4.440 with a significance level of 0.000, which is lower than $\alpha = 0.05$, meaning that H_3 is accepted, thus supporting the previously proposed hypothesis. This research supports legitimacy theory and stakeholder theory, indicating that firm size can influence the extent of information disclosure, including information about CSR activities.

Larger companies engage in more activities compared to smaller companies, thereby having a greater impact on society and investors who are concerned about social programs in the company's annual report. The larger the size of a company, the more recognizable it will be to the public. Large companies typically receive more scrutiny and oversight from investors, government, creditors, and the public compared to smaller companies, prompting management to be more inclined to disclose CSR activity information to gain public trust. The results of this study are similar to those of (Indriastuty & Tasman, 2019) and (Astuti, 2019) which found a positive influence of firm size on Corporate Social Responsibility disclosure.

The Influence of Public Share Ownership on Corporate Social Responsibility (CSR) Disclosure

Based on the research results, public share ownership does not have a significant influence on the disclosure of Corporate Social Responsibility (CSR) in industrial sector companies listed on the Indonesia Stock Exchange from 2019 to 2022. The analysis of public share ownership shows a t count of -1.647 with a significance level of 0.106, which is higher than $\alpha = 0.05$. Therefore, H_4 is rejected. This reflects that the amount of public share ownership, measured by the ratio of the number of shares owned by the public to the total shares of the company, does not affect the level of CSR disclosure.

Thus, the research results do not support stakeholder theory, which posits that companies with publicly owned shares will disclose a greater extent of CSR compared to companies whose shares are not publicly owned. This research is consistent with previous studies conducted by Andriana & Wahyu Purna Anggara (2019) which state that the level of public share ownership in a company does not influence CSR disclosure because public share ownership consists of several small-scale shareholders, averaging $\leq 5\%$, who are considered less capable of performing monitoring functions and cannot exert significant pressure on the company regarding CSR disclosure.

The Influence of the Audit Committee on Corporate Social Responsibility (CSR) Disclosure

Based on the research results, the audit committee has a positive influence on the disclosure of Corporate Social Responsibility (CSR). The analysis of the audit committee showed a t-value of 2.430 with a significance level of 0.019, which is lower than $\alpha = 0.05$, thus H_5 is accepted. This means that the greater the number of audit committee members within a company, the more it encourages broader CSR disclosure. This aligns with agency theory, which explains that the

audit committee supports CSR disclosure in annual reports to provide information to stakeholders. If the audit results are good, it will increase public trust and compel management to be accountable for the existing CSR.

The audit committee performs control and oversight of the company's social responsibility for the benefit of stakeholders, especially in addressing conflicts of interest that arise between management and company owners. This research is supported by previous studies conducted by Abidin & Lestari (2020) which show that the audit committee significantly influences CSR disclosure. The more audit committee members there are, the better the oversight function performed, thus enabling control over all aspects of the company's performance and making it easier and more effective to manage and monitor top management.

Conclusion

Based on the results of the tests and data analysis, it can be concluded that the variables of firm size and audit committee have an influence on CSR disclosure, while the variables of environmental performance, risk minimization, and public ownership do not influence CSR disclosure. This means that the larger a company is, along with a strong audit committee, it will encourage the company to be more extensive and transparent in disclosing its CSR information to gain public trust and a good image.

This research still has limitations, and there are aspects that need to be considered for future researchers. The limitations include that this study only focusing on one particular field and year, the industrial sector in 2019-2022. This study has not fully captured the factors influencing Corporate Social Responsibility (CSR) because the variables used in this study have a relatively low coefficient of determination of 37.4%. This means that there are still 62.6% of other independent variables that can influence Corporate Social Responsibility (CSR).

Based on the conclusions and limitations above, the researcher provides the following suggestions: 1) Future researchers to use other sectors as research objects such as the manufacturing sector, mining sector, and others so that different samples are obtained. 2) Future researchers are also expected to add other variables, the period of study, and use different sampling methods related to the implementation of CSR. 3) For company management, they should consider the factors that influence the disclosure of Corporate Social Responsibility, so that they can make decisions to disclose social activities appropriately and the information needs of stakeholders can be met. 4) Investors should consider the variables of firm size and audit committee as additional information related to investment decisions.

References

- Abbas, D. S., Hakim, M. Z., & Istianah, N. (2019). Pengaruh Profitabilitas, Ukuran Perusahaan, Leverage, Dan Kepemilikan Saham Publik Terhadap Pengungkapan *Corporate Social Responsibility*. *Competitive Jurnal Akuntansi Dan Keuangan*, 3(2).
- Abidin, J., & Lestari, S. A. (2020). Pengaruh Ukuran Perusahaan Dan Ukuran Komite Audit Terhadap Pengungkapan *Corporate Social Responsibility*. *Owner*, 4(1), 48–57. <https://doi.org/10.33395/Owner.V4i1.194>
- Andriana, I. K. G. S., & Wahyu Purna Anggara, I. W. G. (2019). Pengaruh Ukuran Perusahaan, Profitabilitas, Leverage Dan Kepemilikan Saham Publik Pada Pengungkapan *Corporate Social Responsibility*. *E-Jurnal Akuntansi*, 29(1), 111. <https://doi.org/10.24843/Eja.2019.V29.I01.P08>
- Arikarsita, N. W., & Wirakusuma, M. G. (2020). Kinerja Lingkungan, Kepemilikan Manajemen, Media Exposure Dan *Corporate Social Responsibility* Disclosure. *E-Jurnal Akuntansi*, 30(12), 3096. <https://doi.org/10.24843/Eja.2020.V30.I12.P08>
- Aruan, D. A., Veronica, Liandy, C., Christina, D., & Fanny. (2021). Pengaruh Kepemilikan Publik, Npm, Pertumbuhan Perusahaan, Dan Solvabilitas Terhadap Pengungkapan Csr Pada Perusahaan Infrastruktur. *Owner*, 5(2), 556–565. <https://doi.org/10.33395/Owner.V5i2.455>
- Astuti, D. W. (2019). Pengaruh Profitabilitas, Leverage, Dan Ukuran Perusahaan Terhadap Luas Pengungkapan Tanggung Jawab Sosial. *Akuntansi Dewantara*, 3(2), 179–191. <https://doi.org/10.26460/Ad.V3i2.5287>
- Darma, B. D., Arza, F. I., & Halmawati. (2019). Pengaruh Pengungkapan Media, Kinerja Lingkungan Dan Kepemilikan Asing Terhadap Pengungkapan Corporate Social Responsibility. *Jurnal Eksplorasi Akuntansi*, 1(1), 78–89. <http://jea.pj.unp.ac.id/index.php/Jea/Issue/View/1>
- Debora Hitipeuw, S., Kuntari, Y., & Triani. (2020). Pengaruh Kepemilikan Saham Publik, Profitabilitas, Dan Media Terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan. In *Management & Accounting Expose E-Issn* (Vol. 3, Issue 1). <http://jurnal.usahid.ac.id/index.php/Accounting>
- Dewi, N. P. D. P., & Budiasih, I. G. A. N. (2022). E-Jurnal Ekonomi Dan Bisnis Universitas Udayana Pengaruh Kinerja Lingkungan Pada Pengungkapan *Corporate Social Responsibility*. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 11(10), 1194–1200. <https://ojs.unud.ac.id/index.php/Eeb/>

- Erawati, T., & Sari, L. I. (2021). Pengaruh Kepemilikan Manajerial, Ukuran Perusahaan, Manajemen Laba Dan Komite Audit Terhadap Pengungkapan Csr. *Jurnal Analisa Akuntansi Dan Perpajakan*, 5(1), 45–59.
- Indriastuty, S., & Tasman, A. (2019). Pengaruh Profitabilitas, Leverage, Dan Ukuran Perusahaan Terhadap Pengungkapan Corporate Social Responsibility Pada Perusahaan Sektor Pertambangan Yang Tercatat Di Bei Tahun 2013-2017. *Jurnal Ecogen*, 2(3).
- Kurniawan, | K A, & Yuniarta, | G A. (2020). Pengaruh Profitabilitas, Ukuran Perusahaan, Likuiditas, Dan Risk Minimization Terhadap Pengungkapan *Corporate Social Responsibility*. *Jurnal Akuntansi Profesi*, 11(1).
- Kustina, K. T., & Hasanah, T. A. (2020). Pengaruh Kinerja Lingkungan, Sensitivitas Industri, Dan Ukuran Perusahaan Terhadap Pengungkapan *Corporate Social Responsibility* Di Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *License Jurnal Krisna: Kumpulan Riset Akuntansi*, 12(1), 190–196. <https://ejournal.warmadewa.ac.id/index.php/krisna>
- Maharani, P. R., & Pertiwi, T. K. (2022). Pengaruh Profitabilitas, Leverage, Dan Ukuran Perusahaan Terhadap Pengungkapan *Corporate Social Responsibility*. *At-Tadbir: Jurnal Ilmiah Manajemen*, 6(1), 41. <https://doi.org/10.31602/atd.v6i1.5873>
- Purba, I. A. P. L., & Candradewi, M. R. (2019). Pengaruh Leverage, Likuiditas, Profitabilitas Dan Ukuran Perusahaan Terhadap Pengungkapan Csr Perusahaan Manufaktur Di Bei. *E-Jurnal Manajemen Universitas Udayana*, 8(9), 5372. <https://doi.org/10.24843/ejmunud.2019.v08.i09.p02>
- Putra, & Angelina Setiawan, M. (2022). Pengaruh Profitabilitas, Leverage Dan Ukuran Perusahaan Terhadap Pengungkapan *Corporate Social Responsibility* (Csr). In *Jurnal Eksplorasi Akuntansi (Jea)* (Vol. 4, Issue 3). Online. <http://jea.pj.unp.ac.id/index.php/jea/index>
- Putra, Y. P. (2017). *Pengaruh Kinerja Lingkungan Terhadap Kinerja Keuangan Dengan Pengungkapan Corporate Social Responsibility (Csr) Sebagai Variabel Intervening*.
- Putri Sion Silaban, N., Dwi Aristi, M., & Agustina Putri, A. (2022). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, Risk Minimization, Dan Media Exposure Terhadap Pengungkapan *Corporate Social Responsibility*. *Jurnal Ekonomi Trisakti*, 2, 515–524. <https://doi.org/10.25105/jet.v2i2>
- Rahmawati, A. A., & Retnani, E. D. (2021). Pengaruh Leverage, Likuiditas Dan Risk Minimization Terhadap Pengungkapan *Corporate Social Responsibility*. *Ilmu Dan Riset Akuntansi*, 10.
- Rivandi, M., & Putra, R. J. (2021). Pengaruh Ukuran Perusahaan, Profitabilitas Dan Komite Audit Terhadap Pengungkapan *Corporate Social Responsibility*. *Owner*, 5(2), 513–524. <https://doi.org/10.33395/owner.v5i2.468>
- Santoso, Singih (2014). *Statistik Parametrik Konsep dan Aplikasi dengan SPSS*. Jakarta: PT. Elex Media Komputer.
- Ruroh, I. N., & Latifah, S. W. (2018). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan Dan Risk Minimization Terhadap Pengungkapan *Corporate Social Responsibility* (Csr). *Jurnal Akademi Akuntansi (JAA)*, 1, 42–53.
- Sukasih, A., & Sugiyanto, E. (2017). Pengaruh Struktur Good Corporate Governance Dan Kinerja Lingkungan Terhadap Pengungkapan *Corporate Social Responsibility*. *Jurnal Riset Akuntansi Dan Keuangan Indonesia*, 121–131.
- Thasya, N., Lisah, L., Angeline, A., Gozal, N., Veronica, V., & Rahmi, N. U. (2020). Pengaruh *Good Corporate Governance* Terhadap *Corporate Social Responsibility* Pada Perusahaan Sub Sektor Transportasi. *Jurnal Samudra Ekonomi Dan Bisnis*, 11(1), 69–82. <https://doi.org/10.33059/jseb.v11i1.1764>
- Wati, L. N. (2018). Faktor-Faktor Yang Mempengaruhi Pengungkapan *Corporate Social Responsibility* Dengan Gri 3. *Jurnal Ecodemica*, 2(2). <https://ejournal.bsi.ac.id/ejournal/index.php/ecodemica>