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Company Characteristics on the Reporting Index of Corporate Social and Environmental Disclosure in Indonesian Public Companies

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ABSTRACT

Corporate social and environmental disclosure (CSED) is a form of reporting on the implementation of social and environmental responsibilities that must be included in the company's annual report. However, how extensive or how much information must be delivered is still voluntary. This paper attempts to examine the effect of earnings management, managerial ownership, profitability and firm size on corporate social and environment disclosure. The findings of this study reveal that earnings management, managerial ownership, company size and company profitability have a significant positive effect on the extent of corporate social responsibility (CSR) and environmental disclosure. This finding encourages the government to stipulate regulations that explicitly and clearly regulate the practice and disclosure, and supervision of CSR in companies in Indonesia so that the practice and disclosure of CSR in Indonesia is increasing.

Keywords: Corporate Social Responsibility, Corporate Social and Environmental Disclosure, Public Companies, Financial Indicators.
JEL Classifications: E44, M14, Q56

1. INTRODUCTION

Corporate social responsibility (CSR) is seen as a form of corporate contribution to the community and related parties for social responsibility and the continuity of the company (Handayani et al., 2017). This broadens the responsibility of the company, beyond the conventional role of providing financial reports to capital owners. Gray et al. (1995), Sun et al. (2010) state that CSR is the responsibility of the business world to be accountable to all stakeholders. The company will disclose the practice of social responsibility so that the form of contributions that the company has made can be known by various interested parties. Disclosure of social responsibility or often referred to as CSR reporting is the process of communicating social and environmental effects on the economic actions of companies in certain groups in society and in society as a whole (Gray et al., 1995; Murdifin et al., 2018; Wijaya et al., 2017; Lisdiyono, 2018). To communicate social responsibility that has been implemented, social responsibility activities and related matters are disclosed in the annual report as a form of CSR reporting. With the reporting of social responsibility in the company's annual report, it is expected that the company will gain legitimacy for the social role and environmental concerns that have been carried out by the company, so that the company will get support from the community, and the company's survival can be obtained (Mardiya, 2018). By adopting the assumption in agency theory that management will behave opportunistically, management can provide excessive information through corporate social and environmental disclosure (CSED) in annual reports to divert the attention of users of financial statements to their earnings management (Wibowo et al., 2019). This was supported by the results of Prior et al. (2008) which states that earnings management has a positive impact on CSR disclosure.

CSR disclosure is a form of report on the implementation of social responsibility in the company's annual report. This is intended to show the company's concern for social responsibility to stakeholders, and this can be seen as the legitimacy and social contribution of the company (Gray et al., 1995). Management can influence the breadth of CSED. This is related to the owner of the company who at the same time becomes the company's management reflected in the existence of managerial ownership. In order to obtain greater legitimacy, the existence of owners as well as shareholders can influence the extent of corporate social and environmental responsibility disclosures in the annual report. Reverte (2009) stated that there is a significant influence between company size and profitability on social responsibility. This is also supported by research by Sun et al. (2010) whose research was conducted in the United Kingdom. Furthermore, in Indonesia, the results of Mahdiyah's (2008) study state that large companies will also be highlighted by various parties, so that broader disclosure is an effort to provide information to interested parties. In addition, profitability is also predicted to affect the company's social and environmental responsibilities. Profitability shows the company's ability to earn profits in relation to sales, total assets, and equity. Heinze (1976), Devina (2004), Zaleha et al. (2014) state that profitability is a factor that gives management freedom and flexibility to conduct and disclose to shareholders the broad social responsibility program, so that the higher the level of profitability of the company, the broader disclosure of social information. However, research on the relationship of profitability with social and environmental responsibility shows inconsistent results. Hackston and Milne (1996) state that there is a positive relationship between profitability and corporate social and environmental responsibility.

In Indonesia the implementation of social and environmental responsibility is required by the company as stipulated in Law Number 40 of 2007 concerning Limited Liability Companies and Law Number 25 of 2007. Certainly the implementation of social responsibility needs to be disclosed so that the public knows how far the financial statement users carry out their responsibilities social. However, the extent of social responsibility is not regulated in a standard manner, and is still a voluntary social responsibility disclosure. Regarding the disclosure of corporate social and environmental responsibility, Munif and Prabowo (2010) states that there are several standards for measuring CSRD, which include the Global Reporting Initiative (GRI). This GRI is used by several researchers as a benchmark for measuring CSED associated with the variables that influence it. Because social responsibility disclosure is still voluntary disclosure, in practice there is a large variability in the extent of items reported.

Although most studies assume that environmental performance is more likely to get effects from macroeconomic aspects, such as national environmental policy, economic growth, and aggregate financial accumulation of companies (see for instance, Diputra and Baek, 2018; Bakar et al., 2019; Oyebanji et al., 2017), microeconomic aspects in terms of management and the financial condition of the company also need to be taken seriously because the direction of policy and environmental management at the company level will be carried out practically in the field. Hence, this study aims to analyze the disclosure of social and environmental responsibility (CSED) as a form of reporting on the implementation of social and environmental responsibilities that must be included in the company's annual report. However, since the extensive to which information must be delivered is still voluntary, it will be have an impact on the wide variability of CSED between companies. Variability of the extent of CSED in various companies is certainly influenced by several variables. The variables predicted in this study that can influence CSED are earnings management, managerial ownership, profitability and company size.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Earnings Management on Disclosure of Corporate Social and Environmental Responsibility

Earnings management is a management action in manipulating profits with certain motivations (Scott 2003). This can be explained in agency theory. In this theory, information can be obtained that management as an agent has greater information than principals so that reporting can be used by management with certain objectives as well. Referring to the opinion of Gray et al. (1995), it can be stated that the information disclosed to stakeholders is the legitimacy of social responsibility that has been carried out by the company, so management involved in earnings management tends to realize that voluntary environmental disclosure can be used to maintain organizational legitimacy, especially on the part of related to politics and social.

Management that has authority in the decision-making process has an incentive to use these strategies to meet the expectations of stakeholders. By trying to divert stakeholders' attention to the detection of earnings management, management that performs greater earnings management is predicted to be broader in disclosing social and environmental responsibility by the company. This is done to divert stakeholder attention to the existence of earnings management. The greater the management conducts earnings management, the wider the disclosure of corporate social and environmental responsibility.

H_1: Earnings management has a positive effect on the disclosure of corporate social and environmental responsibility

2.2. Managerial Ownership on Disclosure of Corporate Social and Environmental Responsibility

Managerial ownership is the ownership of the company by management. In a company if there is managerial ownership in it, it is predicted that more information will be provided to the public so that the company gets legitimacy by the public. If the management team leader is a shareholder, it is predicted that he will have sufficient awareness to carry out his social responsibilities, and report those responsibilities in the annual report.

Gray et al. (1995) states that CSR disclosure is a form of report on the implementation of social and environmental responsibility in the company's annual report, with the hope to report on the company's concern for social and environmental responsibility to stakeholders, and this can be seen as legitimacy and corporate social contribution. Along with the possibility of earnings management, the possibility of management ownership can affect the breadth of the company's social disclosure. This is related to the owner of the company who at the same time becomes the management of the company (the presence of managerial ownership) wants to divert the attention of earnings management to the disclosure of corporate social and environmental responsibility. The research that examines the relationship between managerial ownership and company performance is the research conducted by Huang et al. (2007), therefore positive performance will tend to be reported in the annual report. In order to obtain greater legitimacy, the existence of owners as well as shareholders can encourage companies to be more broadly in expressing social and environmental responsibilities.

H_2: Managerial ownership has a positive effect on the disclosure of corporate social and environmental responsibility

2.3. Company Size on Disclosure of Corporate Social and Environmental Responsibility

Previous research has obtained empirical evidence about the relationship between firm size and corporate social and environment disclosure (Mahdiyah 2008; Zaleha et al., 2014). Susilo (2018) shows that corporate value has an impact on CSR. The greater the company, the more resources they have to carry out activities that are their social and environmental responsibilities. Social and environmental responsibility must be reported in annual reports as mandated in Article 66 of Law Number 40 of 2007. Gompers and Lerner (2001), Lerner and Tetlock (1999) state that the assets of a company will likely affect the social responsibility, and this will be reported in the annual report, so the disclosure is also more extensive. This is also supported by Cowen's research (1987).

H_3: The size of the company proxied by total assets has a positive effect on the disclosure of corporate social and environmental responsibility

2.4. Profitability (ROA) on Disclosure of Corporate Social and Environmental Responsibility

Profitability shows the company's ability to earn profits in relation to sales, total assets, and equity. Heinze (1976), Devina (2004), Zaleha et al. (2014) states that profitability is a factor that gives management freedom and flexibility to conduct and disclose to shareholders the broad social responsibility program, so that the higher the level of profitability of the company, the broader disclosure of social information.

However, research on the relationship of profitability with social and environmental responsibility shows inconsistent results. Hackston and Milne (1996), Belkaoui and Karpik (1989) found no relationship between these variables. The opposite result was found by Bowman and Haire (1976), Preston (1978) that there is a positive relationship between profitability and corporate social and environmental responsibility.

H_4: ROA as a proxy for profitability has a positive effect on the disclosure of corporate social and environmental responsibility

2.5. Theoretical Framework

Theoretical framework of this research is presented in Figure 1.
DA = Discretionary accrual as a proxy for Profit Management
MO = Management Ownership or managerial ownership
CSRI = Corporate Social Reporting Index which is a measurement of CSED
ROA = Return on Assets.

3. RESEARCH METHODS

3.1. Research Design

This research model is a causality study which examines the effect of independent variables namely earnings management, managerial ownership, profitability and firm size on corporate social and environment disclosure. There are four independent variables in this study which are predicted to influence the disclosure of corporate social and environmental responsibility, namely proxied Earnings Management with DA, Managerial Ownership or Managerial Ownership (MO), Profitability (ROA) and Company Size (Size).

3.2. Variable Measurement

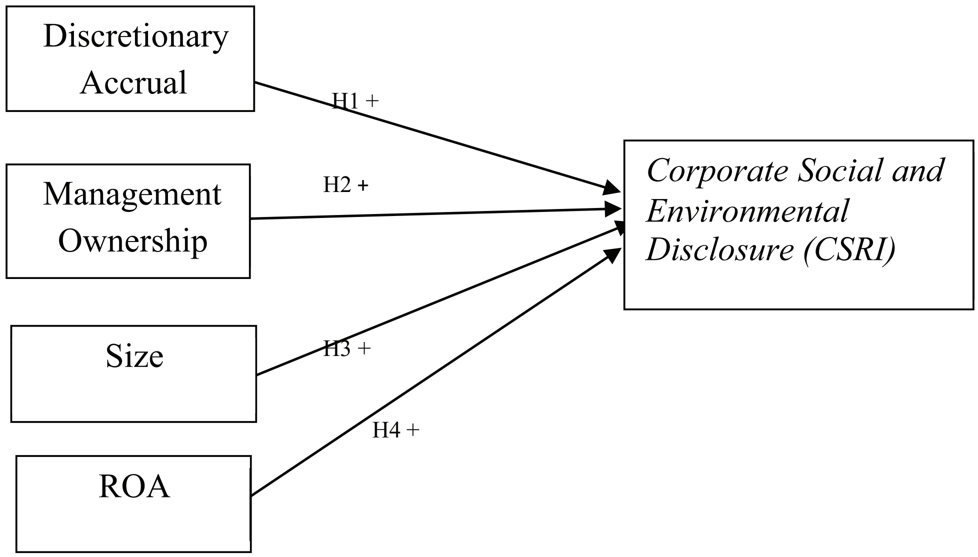
The dependent variable of corporate social and environmental responsibility as a form of Corporate Social reporting is defined as disclosures related to corporate social and environmental responsibility as a form of reporting social and environmental accountability by the company as stipulated in Law Number 40 of 2007 article 66. This variable is measured with the extent of both mandatory and voluntary disclosures related to social and environmental responsibility using an index, so that the notation of this variable uses the Corporate Social Reporting Index (CSRI). The extent of this disclosure is classified into 7 themes with 78 items measured by index: If the company discloses an item then it is given a value of 1, and if it does not reveal it is valued at 0. This variable is measured by the sum of items disclosed divided by total items as recommended in the GRIs described in the following formula:

$$CSRI_i = \frac{\sum \mathrm{X_i}}{n_i}$$

$CSRI_j$ = CSR Index of the company j
$\sum X_i$ = Number of items disclosed by the company j
N_i = Number of items for company j, $n_j \leq 78$

This study adopts the definition of earnings management given by Scott (2003) which states that earnings management as "the choice of managers of accounting policies to achieve some specific objectives." From this definition it can be interpreted that a decision made by management in determining accounting policies to achieve certain goals. Earnings management in this study is proxied by the Jones model discretionary accruals (DA) as used by Dechow et al. (1995). Measurement of earnings management variables according to Jones modified model (Dechow et al., 1995) can be done in the following order:

Figure 1: Theoretical Framework of Research



a. Total accruals are measured by the following models:
TA = NI - CF which one:
TA = total accrual
NI = Net income before tax
CF = net cash flow from operations

b. While discretionary accrual (DA) is measured from the residuals of the following equation:

$$\frac{\mathrm{TA_{it}}}{\mathrm{A_{it}}-1} = \alpha\mathrm{i}\left[\frac{1}{\mathrm{A_{it}}-1}\right] + \beta_{1\mathrm{i}}\left[\frac{\Delta REV_{\mathrm{it}} - \Delta REC_{\mathrm{it}}}{\mathrm{A_{it}}-1}\right] + \beta_{2\mathrm{i}}\left[\frac{PPE_{\mathrm{it}}}{\mathrm{A_{it}}-1}\right] + \beta_{3\mathrm{i}}\left[\frac{ROA}{\mathrm{A_{it}}-1}\right] + \Delta\mathrm{it}$$

A_{it-1} = total assets of company i in period t-1
β_0 = constant
$\beta_1, \beta_2, \beta_3$ = regression coefficient of each variable
ΔREV_{it} = Change in sales from t-1 to year t company i
PPE_{it} = gross property, plant and equipment company i in year t
ROA_{it} = Return on Assets in year t
ε_{it} = error

Managerial ownership is the ownership of the company by the management team. In this case there are shareholders who are also members of the board of directors or the company's management team. This variable is treated as a dummy variable measured by 1 for companies that have managerial ownership, and 0 for which there is no managerial ownership. This measurement is to illustrate whether there are differences in the extent of disclosure of social and environmental responsibility by companies that have managerial ownership and no managerial ownership.

Profitability shows the company's ability to earn profits in relation to sales, total assets, and equity. This study uses ROA as a proxy for profitability. ROA shows the company's ability to make efficient use of total assets for the company's operations. ROA data can be obtained directly from the Indonesia Capital Market Directory (ICMD). The formulas used to calculate ROA are as follows:

ROA= Net profit after tax/total assets

Company size is the size of the company seen from various aspects. This study uses the proxy of total assets to represent the size of the company. The greater the total assets, the greater the size of the company. This variable is measured by Ln assets.

3.3. Statistical Model

The research statistical model can be described in the following equation:

$$\mathrm{CSRI} = \lambda_1 + \lambda_2(\mathrm{DA})_{it} + \lambda_3(\mathrm{MO})_{it} + \lambda_4(\mathrm{Size})_{it} + \lambda_5(\mathrm{ROA})_{it} + \varepsilon_{it}$$

CSRI = Corporate Social Reporting Index as a proxy for corporate social and environment disclosure
DA = Profit Management which is proxied by discretionary accrual model Jones (1991)
MO = Managerial ownership is treated as a dummy variable
SIZE = Size of the company that is proxied by total assets
ROA = Return On Asset
ε_{it} = Error

3.4. Sampling

This population of this study is a manufacturing company listed on the Indonesia Stock Exchange (IDX) that publishes financial reports and annual reports for the last fiscal year, 2008-2009. This population criterion is based on considerations that open manufacturing companies listed on the Stock Exchange have publicly accessible data, public companies listed on the Stock Exchange have greater obligations to implement corporate social and environmental Responsibility, and manufacturing companies have more accruals than types other industries, 6) the year chosen was in 2008-2009 years after the enactment of Law Number 40 of 2007 concerning Limited Liability Companies after the law was enacted. This study uses secondary data in the form of pooled data, namely observations in 2008 and 2009. Samples were selected by purposive sampling method with the criteria that companies publish audited financial statements for the last 2 years, 2008-2009;

and the company presents annual reports for 2008-2009 available at the IDX Corner or company website. From these criteria, there were 112 sample companies.

3.5. Method of Collecting Data

This study uses secondary data sourced from audited financial reports and annual reports of manufacturing companies listed on the IDX in 2008-2009. Data is collected by the method of documentation about things and documents relating to research variables. Data needed include information about disclosures related to the environment and social responsibility in annual reports, data for measuring earnings management, managerial ownership, profitability, and company size.

3.6. Data Analysis

Data that has been collected is tabulated to be processed in data processing with SPSS version 17. Analysis methods for testing hypotheses are used multiple linear regression analysis. Before the regression test descriptive statistical analysis was carried out. Descriptive statistics are carried out to get an overview of research variables which include minimum values, maximum values, mean, and standard deviation.

4. RESULTS

4.1. Description of Research Object

Based on data obtained from IDX 2009, it is known that the listed manufacturing companies are 146 companies. Of these, only 83 companies met the criteria for the established research sample. Determination of research samples was carried out by purposive sampling method (Table 1).

4.2. Descriptive Statistics

The results of the descriptive analysis in Table 2 show that the number of observations (N) of this study is 112. Of the 112 observations of the sample, the average value (the minimum) (minimum), and the largest value (maximum) of the DA variable is 0, 186832, −1.03809, and 5.52266 with a standard deviation of 0.62203310. In the variable size of the company (Size), the greater the value means the company is getting bigger because it has more assets (Ln Assets). Of the 112 observations on the sample, the average value (mean), the smallest value (minimum), and the largest value (maximum) of the Company Size variable (Size) are 10.39, 18.21, and 13.9204 with a standard deviation of 1,61492.

In the CSR variable, the greater the CSRI variable value means that the company discloses more CSR items. Of the 112 observations of the sample, the mean, minimum value, and the maximum value of the CSR disclosure variable (CSRI) are, 0.026, and 0.577 with a standard deviation of 0.098779. In the ROA variable, the greater the value of the ROA variable, meaning the company gets more profit. Of the 112 observations of the sample, the mean, minimum value, and the maximum value of the ROA variables are, -0.43, 0.45, and 0.0641 with a standard deviation of 0, 12544.

Table 1: Summary of acquisition of research samples

Information	Amount
Number of companies listed on the IDX according to ICMD 2008-2009	146
Data cannot be obtained physically either in IDX Corner or Website	32
Outlier data according to the results of the casewise diagnostic test	2
Data processed	112

4.3. ANOVA Testing

This study aims to show whether all the independent variables included in the model have a joint influence on the dependent variable. From the results of this test, in Table 3 it can be seen that the calculated F value is 22,137 and is significant at 0,000. By using a level of α (alpha) of 0.05 or 5%, it can be concluded that the variables MO, DA, and Size together (simultaneous) affect the CSR disclosure variable (CSRI), so that the model is fit as a multiple regression model.

4.4. Determination Coefficient Test Results

The coefficient of determination is used to test the goodness of-fit of the regression model, namely how much influence the variability of the independent variable on the dependent variable (Table 4).

The adjusted R Square value is 0.432 or 43.2% (Table 4). This means that the variability of the influence of earnings management variables, managerial ownership, and firm size on variable disclosure of social and environmental responsibility is 43.2%, while the remaining 56.8% is influenced by other variables not examined in this study. The standard Error of The Estimate (SEE) shows a value of 0.074422, this indicates a small value so it can be concluded that a decent regression model is used to predict the effect of the independent variable on the dependent variable.

4.5. Hypothesis Testing

This test aims to determine the significance relationship of each independent variable to the dependent variable. The t-test is conducted to empirically prove three independent variables that have a significant effect on the disclosure of corporate social and environmental responsibility.

Table 2: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	SD
CSRI	112	0.026	0.577	0.23285	0.098779
DA	112	−1.03809	5.52266	0.0186832	0.62202210
MO	112	0	1	0.56	0.498
SIZE	112	10.39	18.21	13.9104	1.61492
ROA	112	−0.43	0.45	0.0641	0.12544
Valid N (listwise)	112				

Model	Unstd. Coefficients		Std. Coef.	t	Sig.
	B	Std. Error	Beta		
(Constant)	−0.124	0.064		−1.945	0.054
DA	0.026	0.012	0.161	2.181	0.031
MO	0.073	0.015	0.369	5.025	0.000
ROA	0.150	0.058	0.191	2.584	0.011
SIZE	0.022	0.005	0.359	4.724	0.000

[a]Dependent variable: CSRI

The results of the t-test as presented in Table 5 show that all the independent variables included in the model namely Profit Management proxied by DA, Managerial Ownership (MO), Profitability (ROA), and Company Size (Size) have a significant effect on Corporate Social and Legal Disclosure is proxied by Corporate Social Reporting Index (CSRI) with a significance level of 5%, because each variable has a sig value smaller than the significance value set in this study, which is 0.05. This can be interpreted that the DA variable as a proxy for earnings management has a significant effect on CSRI (as a proxy for Corporate Social and Enforcement Disclosure) with a beta coefficient of 0.161 and has a t count of 2.181 and a significance level of 0.031. This can be interpreted that the first hypothesis (H1) which states that the influential earnings management of the Corporate Social and Enforcement Disclosure is accepted.

Moreover, the results of testing the second hypothesis indicate that the Managerial Ownership (MO) variable has a significant effect on (CSRI) with a beta value of 0.369, the value of t count = 5.017 and the significance level of 0.000. This proves that the second hypothesis (H2) which states that Managerial Ownership (MO) has an effect on Corporate Social and Legal Disclosure is acceptable. The third hypothesis testing shows that the size of the company variable (Size) which is proxied by total assets has a significant effect on the CSRI variable with a beta value of 0.359, and the value of t count is 4.724, and the significance level is 0.000. This also proves that the third hypothesis (H3) which states that Company Size (SIZE) has an effect on Corporate Social and Enforcement Disclosure is acceptable. The results of testing the fourth hypothesis indicate that ROA as a proxy for profitability has a significant effect on CSRI variables with beta values of 0.191, and t count values of 2.584, and a significance level of 0.000. This also proves that the third hypothesis (H_4) which states that Profitability (ROA) has an effect on Corporate Social and Legal Disclosure is acceptable.

Table 3: ANOVA test results

Model	Sum of squares	df	Mean Square	F	Sig.
Regression	0.490	4	0.123	22.137	0.000[a]
Residual	0.593	107	0.006		
Total	1.083	111			

[a]Predictors: (Constant), SIZE, MO, DA, ROA; [b]Dependent variable: CSRI

5. DISCUSSION

The results of the descriptive statistics of this study are known that the average company in Indonesia to disclose CSR in its annual report is only 23.285%. This means that the level of CSR disclosure by companies in Indonesia is still relatively low. Although in a formal juridical manner, the government has obliged companies in Indonesia, especially those listed on the IDX to practice and disclose social and environmental responsibility through Law No. 40 of 2007 concerning limited liability companies and Law No. 25 of 2007 concerning investment, but the results of the study prove that the level of disclosure of CSR in Indonesia is still relatively low, and the wide variation in disclosures made by manufacturing companies in this study is caused by indications of earnings management, managerial ownership, profitability, and company size. The low level of disclosure of CSR by companies in Indonesia shows that the regulations made by the government are still not effective. The company is likely to carry out practical activities and disclosure of CSR only to fulfill the rules set by regulatory bodies such as the Government, IDX, Bapepam. This is probably due to the fact that there is no standard regulation from the government that actually regulates the implementation and disclosure of CSR, regarding what should be done and reported.

In terms of the influence of earnings management on CSR disclosure, this study provides empirical evidence that there is a positive effect of discretioanary accrual (DA) on the extent of CSR disclosure. This can be interpreted that the higher the company does earnings management, the more items of social and environmental responsibility are disclosed. It can also be interpreted that earnings management is used as a tool to cover up the existence of earnings management to divert attention to the presence of DA with broader disclosure of CSR. This is similar to the opinion of Gray et al. (1995). In other words, because there is information asymmetry, managers can do earnings management or convey information about future company performance to insiders (management or board of commissioners) through financial reporting (Christie and Zimmerman, 1994; Healy and Palepu 1993). The results of this study support the research of Prior et al. (2008) which states that there is a positive relationship between earnings management and CSR disclosure.

The positive and significant influence of managerial ownership (MO) on the extent of CSR disclosure variables means that the existence of share ownership by the management team can influence the extent of social responsibility disclosure. Because managerial ownership is measured by a dummy variable, companies that have managerial ownership disclose more CSR than open companies with no managerial ownership. This refers to Huang et al. (2007) research that managerial ownership can affect performance, and there is a tendency that the performance needs to be reported so that it can provide information that can be utilized by stakeholders.

Table 4: Results of the determination coefficient test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.673[a]	0.453	0.432	0.074422	1.790

[a]Predictors: (Constant), SIZE, MO, DA, ROA; [b]Dependent Variable: CSRI

The finding of significant positive effect of size of the company on the disclosure of corporate social and environmental responsibility is consistent with Mahdiyah (2008) and Zaleha et al. (2014). The larger the company, the more they have the resources to carry out activities that are their social and environmental responsibilities. The implementation of social and environmental responsibilities has been reported in annual reports as mandated in Article 66 of Law Number 40 of 2007. However, because the extent of these disclosures is still voluntary, variations in the extent of disclosure can occur. In addition, this study provides empirical evidence that company size variables affect the extent of disclosure of social and environmental responsibility carried out by the company. Lastly, the significant positive of company's profitability effect on the disclosure of corporate social and environmental responsibility is consistent with Zaleha et al. (2014) stating that profitability is a factor that gives management freedom and flexibility to conduct and disclose to shareholders the broad social responsibility program, so that the higher the level of profitability of the company, the wider the disclosure of social information.

6. CONCLUSION

The findings of this study reveal that earnings management has a significant positive effect on the breadth of CSR and environmental disclosure. This study also provides empirical evidence that there is a significant effect of managerial ownership (MO) variables on the extent of CSR disclosure variables. Furthermore, the results of this study provide empirical evidence that firm size has a positive effect on corporate social and environment disclosure. In the effect of profitability on CSR Disclosure, the results of this study provide empirical evidence that profitability has a positive effect on corporate social and environment disclosure.

In the context of these findings, the Government should establish regulations that explicitly and clearly regulate the practice and disclosure, as well as oversight of CSR in companies in Indonesia so that the practice and disclosure of CSR in Indonesia is increasing. In connection with the limitations of the study concerning the limited number of samples that are relatively limited, only 112 out of 292 observations, and the absence of standard provisions that can be used as a standard or reference in determining disclosure indexes, further research should expand the observation period in order to better describe CSR disclosure conditions in Indonesia.

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