THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE TOWARD INSTITUTIONAL OWNERSHIP OF INDONESIAN PUBLIC LISTED COMPANIES

Michelle Cynthia Septriliana

J. Sukmawati Sukamulja

International Business Management Program, Faculty of Economics

Universitas Atma Jaya Yogyakarta

Jalan Babarsari 43-44, Yogyakarta

ABSTRACT

This study is based on 25 companies listed in KEHATI SRI Index in the first period of 2013. The objective of this study is to analyze the influence of corporate social responsibility disclosure (CSRD) toward institutional ownership (IO). The sample of this data is 25 companies of Indonesian public listed companies (PLCs) listed KEHATI SRI Index year 2007-2012. This study uses content analysis method based on identification of CSRD information in annual report. Hypothesis is developed to analyze the influence of CSRD toward IO. The result of this study is there is an impact of CSRD information provided by the company toward the IO decision. IO will consider a company with high corporate social responsibility (CSR) activities as a less risk investment.

Keywords: corporate social responsibility disclosure, institutional ownership, content analysis

Introduction

Since year 1990s some of Indonesian companies already do the social program as the program to communicate to the society through community relations/community development program. Companies done the community relations / community development programs are the companies that using the natural resources, such as OGM (oil, gas, and mining), plantation, companies that produce waste, and the others. Those companies tried really hard to do the Corporate Social Responsibility (CSR); they even use the communication estimation to do the CSR. Business development and global demand for all the business sectors to do the fair business and using ethics make a CSR activity grow well.

In early 2000s, although there are so many companies that listed in the Indonesian public listed companies, but only several companies that really realized about the importance of CSR and do the CSR, but as the development of the CSR in Indonesia and the government also realize about the importance of the CSR for both society and companies, because those CSR done by the company can help people who needed but cannot reach by the government yet and also, those CSR can build the companies' image to make a strong image for the future market that attract the institutional investors and make a better economic condition, based on that knowledge, nowadays many Indonesian companies start to do the CSR. Recently when many Indonesian companies start doing CSR, those companies will also tried to be as transparent as they can, because the investors need to know what their CSR programs and approximately how much they spend for those CSR activities that can consider as how strong the image the companies want to build, but still the transparency of the CSR in Indonesia is less than the other countries.

The main idea of this study is try to find the relation of CSRD toward IO in Indonesian companies with a better CSR report of each companies that listed in Sri-Kehati index which is an index of Indonesian Public Listed Companies (PLCs) that has a good performance and CSR activities and also using 5 years data to make the data more valid, so with this study, hopefully Indonesian companies will realize the importance of the CSRD to develop their business. Is it really any relation of corporate social responsibility disclosure (CSRD) toward institutional ownership (IO) in Indonesian companies?

Theoretical Background

Prior study from Saleh, Zulkifli, and Muhamad (2010) about CSRD and its relation toward IO in Malaysia, reveal that the involvement and disclosure of CSR activities are improving gradually, but the number of companies that participated on the analysis period did not improve significantly in accordance with stakeholders' expectations. The research confirms the increasing of active involvement and promotion of CSR activities brings together the interests of stakeholders. The research also proved that a disclosure of CSR activities can also be used as leverage to attract institutional investors to actively invest in Malaysian PLCs that have solid platforms for socially responsible practices

Fauzi, Mahoney and Rahman (2007) try to discover the relation of the Corporate Social Performance (CSP) to the institutional owners' in making decision. The panel data that they use was obtained from Corporate Annual Report (CARs) for manufacturing and non manufacturing companies that were registered on Jakarta Stock exchange and issued an annual report (including financial statement) in 2005. They find that the potential actions of institutional investors in Indonesia cannot use as means to encourage CSP activities in Indonesian companies. Furthermore, the study would suggest that most institutional investors in Indonesia do not include CSP as part of their investment decisions.

Based on the previous studies conduct by the other researchers, it's proved that theoretical and empirical relations between CSR and institutional investors did exist. An investor possibly achieving the same returns with fewer risks while the investors would take to consider both risk and return of investment similar to when they choose socially responsible companies. In this case high social responsibility done by companies could possibly reduce risk and provides the incentive for firm managers to invest their money in the positive CSR activities (Cox, Brammer, and Millington, 2004).

Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) has received a significant amount of attention from both academic researchers and business practitioners. CSR is defined as corporate integrated responsibilities encompassing the economic, legal, ethical, and discretionary (or philanthropic) expectations that the society has of organizations (Carroll, 1979). Indonesian researchers, Setiawan and Darmawan (2011) defined CSR is the actions in which the firms take into account their involvement in the social activities as well as mitigate the effects of their business on the community and natural environment. Their definition based on McWilliams and Siegel (2000) who defined CSR as the actions that appear to further some social good, beyond the interest of the firm and that which is required by law. CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources (K Kotler, P., and Lee, N. (2005) Corporate Social Responsibility, John Wiley and Sons, Inc., Hoboken, New Jersey, page 3).

The benefit for the companies from doing CSR are gaining the image for the company which will strengthen the companies' market power and lower the risk emerges from the possibility of damaging sanctions resulting from legislative action or regulation action, decision of court, or consumer of relation. Whether CSR might be an advantage or disadvantage for the firms may be depended on the effectively CSR applied by the firms and it can be concluded that CSR is the important instrument to support the company strategic to get the image that they want and the commercial goals.

Institutional Ownership (IO)

Institutional Ownership refers to a non-bank person or organization that trades securities in large enough share quantities or dollar amounts that they qualify for preferential treatment and lower commissions. Institutional investors face fewer protective regulations because it is assumed that they are more knowledgeable and better able to protect themselves. According to Pound (1988), institutional owners' investments are so large that they have less ability than individual shareholders to move quickly in and out of investments without affecting share prices. But, many scholars suggest that institutional owners have significant influence on organizational decisions, Shleifer and Vishny (1997) argued that institutional owners are influential in organizational decisions by exercising substantial voting power as well as having asymmetric information advantages over other shareholders (Schnatterly, Shaw and Jennings, 2008). Using their power and information, institutional investors tend to be more actively involved in firms' decisions than non-institutional stockholders (Brickley, Leace and Smith, 1988). Moreover, because institutional owners often own significant percentages of the firm's stock and cannot easily sell their shares, they are likely to be more attentive to the firm's strategic decisions than other shareholders.

As a result, these institutional investors have a strong interest not only in the financial performance of the firm in which they invest in, but also in the strategies, activities, and other stakeholders of the firm (Fortune, 1993; Gilson and Kraakman, 1991; Holdderness and Sheena, 1988; Pound, 1992; Smith 1996;

Johnson and Greening, 1999; and Mahoney and Robert, 2007). Since the firm's long-term performance can be enhanced by good management practices, institutional holders are likely to be willing to support CSR-related actions.

Control Variables

Control variables are a variable that remains unchanged or held constant to prevent its effects on the outcome and therefore may verify the behavior of and the relationship between independent and dependent variables. The previous research using several control variables, such as LSize, LSales, Beta, ATR, EPS, ROA, ROA, those variables use to mention about the other variables that will be affect the Institutional Investor on their investment decision. Considering the Indonesian economic condition and information disclose by the Indonesian PLCs, this study will use control variables such as LSales, ATR, EPS, ROA, ROE.

KEHATI-SRI index

As of June 8, 2009, in an effort to develop its programs, KEHATI has made a close relationship with business sector and in cooperation with the Indonesia Stock Exchange (BEI) has launched KEHATI SRI Index, following the standard and regulation of Sustainable and Responsible Investment (SRI). The objective of the index establishment is to materialize biodiversity conservation programs by raising awareness and consciousness toward biodiversity, among the public, business sector and capital market, and provide an open information to the public at large in identifying the selected companies rated by the index, which are considered to have various kinds of consideration in running their business in relation to environmental concern, business management, community involvement, human resources, human rights, their business behavior and way of operation with internationally accepted business ethics (http://www.kehati.or.id/en/indeks-sri-kehati-2.html).

Hypotheses Development

This study is try to find the evidence of CSR activities which are represented by CSRD in annual reports of Indonesian PLCs. Saleh, Zulkifli, and Mahmud (2007) stated that it can be explained by utilizing CSR for two reasons, first, it distinguish between the social and stakeholders issue. Second, the stakeholder theory is considered to be more appropriate to develop a testable hypothesis (Saleh, Zulkifli, and Mahmud, 2007).

It will be visible that most of other investors that were given the choice between two investment opportunities with identical risk-adjusted prospects, will more likely to invest in the companies that contribute to increasing the average CSR level (Boutin-Dufresne and Savaria, 2004). The empirical study conduct by Graves and Waddock (1994) shows that positive and significant relations exist between the social performance and shares held by institutional investors. Cox, Brammer, and Millington, (2004) found that social performance is positively related to long-term institutional investment. Mahoney and Roberts (2007) in their recent study also report that a significant relationship between companies' composite social performance and the number of institutions investing in companies' shares exist. Those previous research can be concluded that companies' CSR activities are manifested in their CSRD and that such reporting of CSR is crucial to attract institutional investors, it can lead to the following hypothesis:

H1: There is positive impact of CSRD toward IO for the Public Listed Companies (PLCs) in Indonesia.

Sample

Sample for this study are the 25 companies listed in Sri Kehati index that will represent the PLCs in Indonesia. The time or length that used for this study are 6 years (2007 – 2012), the time span chosen because since 2007 the government publish the law about the CSR and to define the newest growth of the CSR activities done by the company in the past six years and the relation of the disclosure of CSR done by the companies toward the Indonesian Institutional Investors decision.

Method of Data Analysis

Determine the Sample

The value of each item disclosed is measured quantitatively in that weights are assigned to different disclosing items based on the perceived importance of every item to a variety of user groups in this study (Al-Tuwaijri, Christensen, and Hughes, 2004; Hughes, Andersen, and Golden, 2001). The disclosing value of each item is assigned into three quality of classifications of quantitative disclosing: (1) quantitative disclosure (the greatest weight has an assigned value of 3); (2) the next highest weight, qualitative specific disclosure (non-quantitative disclosing but with specific information has an assigned value of 2); and (3) the lowest weight, qualitative disclosure (the general quantitative disclosing has an assigned value of 1).

The companies that do not disclose any kind of information for the given categorizes obtain a score of 0 for the particular dimension. The total scores value of CSRD of every dimension is summed from all sub-scores value of dimensions of CSRD comprises total scores values of employee relation dimension, community involvement dimension, product dimension and environment dimension. Hence, CSRD as independent variable is utilized as proxy to measure CSR activities which are disclosed in companies' annual reports. Based on Saleh, Zulkifli, and Muhamad (2010) study, the method to scoring is additive of unweighted indexes that is calculated to the sum of the final CSRD score:

$$CSRD_j = \frac{\sum_{i=1}^{n_j} X_{ij}}{n_j} \quad (1)$$

where:

$CSRD_j$ = CSRD score for jth company.

n_j = Total number of items estimated for jth company.

X_{ij} = 3 if ith item is quantitative disclosed, 2 if ith item is non-quantitative but specific information disclosed, 1 if ith item is common qualitative disclosed, and 0 if ith item does not disclosed any information.

Test the Variables

This study using panel data, panel data refers to multi-dimensional data frequently involving measurements over time. Panel data contain observations of multiple phenomena obtained over multiple time periods for the same firms or individuals. For the panel data analysis Generalized Least Squares (GLS) is a more appropriate method compared to Ordinary Least Squares (OLS). According to Johnston and DiNardo (1997), ignoring the panel structure of the data in the OLS model can be problematic for two reasons. First, even though the pooled OLS model yields consistent estimates of the regression coefficients, standard errors will be understated and significance levels are consequently overstated. Second, compared to the GLS model, the use of OLS as an estimation method does not result in efficient estimates of the regression coefficients. To address these problems, this study using two well-established models, the fixed effects model and random effects model are conducted in this study. The difference between the fixed and random effects models is based on whether the unobserved individual effects that are correlated with the regressors, which is the case for the fixed effects, or not in the models, as in the case of the random effects model. (Greene, 2008; Wagner, 2005) In the fixed effects model, the intercept in the regression model is allowed to differ among individuals in recognition of the fact that each individual or cross section unit may have some special characteristics of its own. Saleh, Zulkifli, and Muhamad (2010), the fixed effects model is represented by the following equation:

$$Y_{it} = x_{it-1}\beta + v_t + \mu_{it} \qquad (2)$$

Where:

y = the dependent variable as measures of IO and measures by the number of share held by institutional investors (NUMBIO) and percentage of share held by institutional investors (PERCIO);

x = represents one-year lag in the independent variables (in this study, it refers to the variables CSRD, dimensions of CSRD, namely, Employee Relation Disclosure (EMPD), Community Involvement Disclosure (COMD), Product Disclosure (PROD), Environment Disclosure (ENVD), and all the control variables including Firms' LogSize(LSIZE), asset turnover (ATR), and earnings per share (EPS).

β = is the coefficient of the independent variables;

μ = represents the error term;

v = is the unobserved firm effect;

i = indicates a firm number; and

t = represents time.

In this study, that equation above transform into the equation using variable dependent and independent such as:

$$IO = CSRD + LSales + ROA + ROE + EPS + ATR + v_i + \mu_{it} \quad (3)$$

To decide which of the two models that fixed or random effects model is more precise, the Hausman test is employed. This test evaluates the significance level between estimators, in case, fixed effect or random effect models. Saleh, Zulkifli, and Muhamad (2010) explain, the error term (μit) for the random effects model using equation (2) and (3) can be defined as:

$$\mu_{it} = e_i + v_{it} \quad (4)$$

In equation (4), e_i is the cross-section error component and v_{it}, combines the cross-section and time series error component.

Coefficient of Determination Test (R^2)

Table 3 Coefficient of Determination Test (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.492[a]	0.243	0.211	0.13673

a. Perdictors: (Constant), ROE, CSRD, EPS, LSALES, ATR, ROA

Source: data processed from SPSS, 2013

Table 3 shows the results for the R square and adjusted R square test. The variables uses in that test are all the variables, the main independent variables and the control variables. The value of the adjusted R square (0.211) above using both the independent variable and the control variables, name LSales, EPS, ATR, ROA and ROE, which mean all the variables used in for testing the hypotheses are needed and significantly gives impact toward the dependent variable, IO. If the model doesn't include the control variable, the adjusted R square will be 0.100, which mean that the control variables above control the relation between the CSRD and IO.

Table 4 t-test

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig
1	(Constant)	0.904	0.194		4.674	0.000
	CSRD	0.059	0.12	0.391	4.856	0.000

LSALES	-0.037	0.012	-0.244	-3.039	0.003
ATR	0.068	0.028	0.247	2.415	0.017
EPS	-4.4E-06	0.000	-0.011	-0.13	0.897
ROA	-0.258	0.135	-0.212	-1.914	0.058
ROE	0.134	0.050	0.246	2.668	0.009

a. Dependent Variable: IO

Source: data processed from SPSS, 2013

Table 4 shows the hypothesis testing results between CSRD and IO using α=5%. The control variables use is affected to the IO also. LSales or the size of the company gives, EPS, and ROA a negative impact toward IO, but each of ATR and ROE give a positive impact toward IO. The CSRD information of a company affected the IO's investment decisions in positive way. The t value is 4.856 which CSRD have a significance and positive impact toward IO. The higher the CSRD information of a company, the higher the institutional investors interested to invest in that company.

The result above supports previous studies by Mahoney and Roberts (2007), Cox, Brammer, and Millington (2004), Johnson and Greening (1999), and Graves and Waddock (1994) which in their research reported a significant positive relationship between social performance and institutional investors. This result indicates that institutional investors are interested in how managers handle the social issues of their company. Moreover, these results are also consistent with previous findings (Mahoney and Roberts, 2007; Coffey and Fryxell, 1991; Teoh and Shiu, 1990) those previous research stated that institutional investors make CSR as a source of important information when considering the decision to retain or release their shares in a given company. Saleh, Zulkifli, and Muhamad (2010) also proved that there is positive relation between CSRD and IO which mean the increasing of CSRD in Malaysian PLCs, have the positive and significance relation with the institutional investors' decision for their investment.

According to the result above, it is a good opportunity for Indonesian PLCs to attract institutional investors, which the institutional investors will choose shares of companies that have a higher social achievement. The additional investment criteria that institutional investors consider, besides being concerned with the financial performance of their investment as normal investors, also assumes that investments are an expansion of their values and social beliefs in their business environment (Webley et al., 2001; Lewis and Mackenzie, 2000). Thus, if Indonesian PLCs want to attract these investors, the companies have to consider about declaring their CSR activities in their annual reports as an effective means of communicating with institutional investors.

Conclusion

The first objective of this study is to establish the CSRD status of Indonesian PLCs. The data analysis using the period of 2007-2012 which the involvement and disclosures of CSR activities are improving gradually. The highest disclosure theme is community involvement, followed by employees' relations, environment dimension, and finally product. Most of the Indonesian PLCs disclose their CSR activities in general statement terms which the information of the CSR that the companies provide is limited. However, the information of the CSR which the companies disclose increasing since 2007, which in that year, the government stated a law about the CSR.

The second objective of this study is to examine whether there are any relationships between CSRD and its dimensions and IO. The information of companies' involvement in CSR activities is represented by the CSRD in companies' annual reports. The findings of the longitudinal data analysis in this study show that CSRD is positive and significantly related to IO. This findings result reveals that institutional investors tend to consider the social performance of companies in selecting portfolio investments. This finding is consistent with the findings of prior studies that indicate investors consider social disclosure in their investment decision (Milne and Chan, 1999). Their choices avoid or exclude those companies with poor social performance.

According to the finding, a general confirmation can be made that, this study has proven a positive and significant relationship between CSRD and IO. This confirms that increased active involvement and promotion of CSR activities brings together the interests of stakeholders, therefore having a positive on IO, the CSRD by Indonesian companies can be used to attract institutional investors to actively invest in Indonesian PLCs. Institutional investors respond positively to the employee relations and product dimensions. This indicates that institutional investors appreciate fair managers who assist in attracting and maintaining the best workforce, and are concerned with product quality and safety.

Limitation of the Research

Certain limitations of the study and recommendations on how to overcome them are explored in this section. First, the study utilizes the content analysis method which according to prior studies is subject to human error as the study uses judgment to explore what represents CSRD (Abdul Hamid, 2004; Thompson and Zakaria, 2004; Mathews, 1997; Hackston and Milne, 1996). This study pays attention to only information which is disclosed in firms' annual reports although it is known that firms also utilize other mass communication mechanisms. Hence, future research may consider disclosures in other media such as firms' stand-alone reporting, in-house magazines, newspapers, and web-sites. The sample size in this study, taken from the companies listed in KEHATI-SRI Index, is also as limitation for the generalization of the findings.

Managerial Implication

The institutional owners or the investors can use this study as the reference when they investing, the companies that have a transparency with the CSRD in the annual report usually done a lot of CSR program which those companies tend to create the company's image in the society, those image in the society can create a market power which can be promising in managing the company's future market. The companies can use this study as the reference in doing the CSR and the information companies need to disclose in the companies' annual report to attract the investors to invest in those company. The other researchers can use this study as the reference in doing the next research using better data with hope that company will disclose more information in the company's annual report about the CSR.

Suggestion

The findings suggest that policy-makers especially the Security Commission should consider the need to establish CSRD requirements that are beneficial to the stakeholders. The Security Commission may consider providing criteria to measure social performance as well as establishing a social performance ranking for PLCs in Indonesia. This ranking could be used as a benchmark target for PLCs in Indonesia and simultaneously provide a general standard to evaluate other companies engaging in CSR activities. The introduction of such criteria might not only be of assistance to company managers who find it difficult to measure the success of their own CSR policies, it can also be used to attract investors especially ethical investments that have grown rapidly in recent times. Future empirical studies concerning the relationship between CSRD and IO are expected to increase rapidly if a general evaluation standard for CSR activities by PLCs in Indonesia is made available. The diversification of IO in future studies can be considered. There are two categories of institutional investors, namely short- and long-term ones. Both have a different orientation towards companies' involvement in CSR activities (Cox et al., 2004). These different categories of institutional investors are likely to demonstrate different investment behaviors and pursue varied objectives that are subject to various conditions and constraints. Hence, it may help companies attract appropriate institutional investors with their respective orientation of investment.

BIBLIOGRAPHY

Abdeen, A. M. (1991), “Social responsibility disclosure in annual reports”, *Business Forum*, 16, 23 – 26.

Abdul Hamid, F.Z. (2004), “Corporate social disclosure by banks and finance companies: Malaysian evidence”, *Corporate Ownership and Control*, 1(4), 118-129.

Al-Tuwaijri, S.A., Christensen, T.E. and Hughes, K.E. II (2004), “The relations among environmental disclosure, environmental performance, and economic performance: a simultaneous equations approach”, *Accounting, Organizations and Society*, 29, 447-71.

Arendt, S. and Brettel, M. (2010), “Understanding the influence of corporate social responsibility on corporate identity, image, and firm performance”, *Management Decision*, 48(10), 1469-1492.

Bhattacharya, C. B. and Sen, S. (2004), “Doing better at doing good: When, why, and how consumers respond to corporate social initiatives”, *California Management Review*, 47(1), 9 – 24.

Boutin-Dufresne, F. and Savaria, P. (2004), “Corporate social responsibility and financial risk”, *The Journal of Investing*, (Spring), 57-66.

Brancato, C.K. and Gaughan, P. (1991), “Institutional Investors and CapitalMarkets: 1991 Update”, *Columbia Law School Institutional Investor Project*, New York.

Brick, A. B., Rettab, B. and Mellahi, K. (2010), “Market orientation, corporate social responsibility, and business performance”, *Journal of Business Ethics 2011*, 99, 307-324.

Brickley, J. A., Lease, R. C., and Smith, C. W. Jr. (1988), “Ownership structure and voting on antitakeover amendments”, *Journal of Financial Economics*, 20, 267–291

Brown, T. J. and Dacin, P. A. (1997), “The company and the product: Corporate associations and consumer product responses”, *Journal of Marketing*, 61, 68 – 84.

Chapple, W. and Moon, J. (2005), “Corporate social responsibility (CSR) in Asia: a seven-country study of CSR web site reporting”, *Business and Society*, 44(4), 415-41.

Creyer, E. H. and Ros, W. T. (1997), “The influence of firm behavior on purchase intention: Do consumers really care about business ethics?”, *Journal of Consumer Marketing*, 14, 421 – 32.

Coffey, B.S. and Fryxell, G.E. (1991), “Institutional Ownership of Stock and Dimensions of Corporate Social Performance: An Empirical Examination”, *Journal of Business Ethics*, 10(6), 437-44

Cox, P., Brammer, S. and Millington, A. (2004), "An empirical examination of institutional investor preferences for corporate social performance", *Journal of Business Ethics*, 52(1), 27-42.

Ellen, P. S., Mohr, L. A. and Webb, D. J. (2000), "Charitable programs and the retailer: Do they mix?", *Journal of Retailing*, 76, 393 – 406.

Emory, C. W. and Cooper, D. R. (1995), Business Research Methods's, Mc-Graw Hill International Edition, US: Irwin.

Fauzi, H., Mahoney, L. and Rahman, A. A. (2007), "Institutional Ownership and Corporate Social Performance: Empirical Evidence from Indonesian Companies", *Issues in Social and Environmental Accounting*, 1(2), 334-47.

Fortune. 1999. "What Activist Investors Want". 127(5), 59– 63.

Gardiner, L., Rubbens, C. and Bonfiglioni, E. (2003), "Big business, big responsibilities", *Corporate Governance*, 3(3), 67-77.

Gilson, R.J. and Kraakman, R. (1991), "Reinventing the Outside Director: An Agenda for Institutional Investors", *Sanford Law Review,* 4, 863-906.

Graves, S.B. and Waddock, S.A. (1994), "Institutional owner and corporate social performance", *The Academy of Management Journal*, 37(4), 1034-46.

Gray, R., Kouhy, R. and Lavers, S. (1995), "Corporate social and environmental reporting: a review of the literature and a longitudinal study of UK disclosure", *Accounting, Auditing and Accountability Journal*, 8(2), 47-77.

Guthrie, J. and Parker, L.D. (1990), "Corporate social disclosure practice: a comparative international analysis", *Advance in Public Interest Accounting*, 3, 159-75.

Hackston, D. and Milne, D.M. (1996), "Some determinant of social and environmental disclosures in the New Zealand companies", *Accounting, Auditing and Accountability Journal*, 9(1), 77-108.

Heiner, R.A. (1989), "The origin of predictable dynamic behavior", *Journal of Economic Behavior,* 12(2), 233-257.

Holderness, C.G. and Sheehan, D.P. (1988), "The Role of Majority Shareholders in Publicly Held Corporations: An Exploratory Analysis", *Journal of Financial Economics,* 20, 317-46.

Huang, C. (2010), "Corporate governance, corporate social responsibility and corporate performance", *Journal of Management and Organization*, 16, 641-655.

Hughes, S.B., Anderson, A. and Golden, S. (2001), "Corporate environmental disclosures: are they useful in determining environmental performance?", *Journal of Accounting and Public Policy*, 20, 217-40.

Jacob, C. K. (2012), "The impact of financial crisis on corporate social responsibility and its implications for reputation risk management", *Journal of Management and Sustainability*, 2 (2).

Johnson, R.A. and Greening, D.W. (1999), "The Effects of Corporate Governance and Institutional Ownership Types on Corporate Social Performance", *Academy of Management Journal,* 42(5), 564-76.

Kok, P., Weile, T.V.D., McKenna, R. and Brown, A. (2001), "A corporate social responsibility audit within a quality management framework", *Journal of Business Ethics*, 31(4), pp. 285-97.

Kotler, P., and Lee, N. (2005), Corporate Social Responsibility, John Wiley and Sons, Inc., Hoboken, New Jersey.

Luo, X. and Bhattacharya, C. B. (2006), "Corporate social responsibility, customer satisfaction, and market value", *Journal of Marketing*, 70, 1 – 18.

Mahoney, L. and Roberts, R.W. (2007), "Corporate social performance, and financial performance and institutional ownership in Canadian firms", *Accounting Forum*, 31, 233-53.

Margolis, J. D. and Walsh, J. P. (2003), "Misery loves companies: Rethinking social initiatives by business", *Administrative Science Quarterly*, 48, 268 – 305.

Mathews, M. R. (1997), "Twenty five years of social and environment accounting research: is there any silver jubilee to Celebrate?", *Accounting, Auditing and Accountability Journal*, 10 (4), 481-531.

McWilliams, A. and Siegel, D. (2000), "Corporate social responsibility and financial performance: correlation or misspecification?", *Strategic Management Journal*, 21, 603-609.

Murray, K . B . and Vogel, C. M. (1997), "Using a hierarchy of effects approach to gauge the effectiveness of CSR to generate goodwill towards the firm: Financial versus nonfi nancial impacts", *Journal of Business Research*, 38, 141 – 159.

Neubaum, D.O. and Zahra, S.A. (2006), "Institutional ownership and corporate social performance: The moderating effects of investment horizon, activism and coordination", *Journal of Management,* 32(1), 108-131.

Orlitzky, M. F., Schmidt, F. L. and Rynes, S. L. (2003), "Corporate social and fi nancial performance: A meta-analysis", *Organizational Studies*, 24, 403 – 441.

Pfau, M., Haigh, M. M., Sims, J. and Wigley, S. (2008), "The influence of corporate social responsibility campaigns on public opinion", *Corporate Reputation Review*, 11(2), 145-154.

Pound, J. (1988), "Proxy Contests and the Efficiency of Shareholder Oversight", *Journal of Financial Economics*, 20, 237-65.

Purnomo, P., K. and Widianingsih, L., P. (2011), "The Influence of Environmental Performance on Financial Performance with Corporate Social Responsibility (CSR) as a Moderating Variable: Evidence from Listed Companies in Indonesia", *Review of Integrative Business and Economics Research*, 1(1), 57-68.

Saleh, M., Zulkifli, N. and Muhamad, R. (2010), "Corporate social responsibility disclosure and its relation on institutional ownership: Evidence from public listed companies in Malaysia", *Managerial Auditing Journal*, 25(6), 591-613.

Schnatterly, K., Shaw, K. W., and Jennings, W. W. (2008), "Information advantages of large institutional owners", *Strategic Management Journal*, 29, 219–227.

Sen, S. and Bhattacharya, C. B. (2001), "Does doing good always lead to doing better? Consumer reactions to corporate social responsibility", *Journal of Marketing Research*, 38, 225 – 243.

Sen, S., Bhattacharya, C. B. and Korschun, D. (2006), "The role of corporate social responsibility in strengthening multiple stakeholder relationships: A field experiment", *Journal of the Academy of Marketing Science*, 34(2), 158 – 166.

Sethi, S. P. (2005), "Investing in socially responsible companies is a must for public pension funds—Because there is no better alternative", *Journal of Business Ethics*, 56, 99–129.

Setiawan, M. and Darmawan (2011), "The Relationship between Corporate Social Responsibility and Firm Financial Performance: Evidence from the Firms Listed in LQ45 of the Indonesian Stock Exchange Market", *European Journal of Social Sciences*, 23(2), 288-293.

Shleifer, A. (2000), "Inefficient markets: An introduction to behavioral finance", *Oxford: Oxford University Press.*

Shleifer, A., and Vishny, R. W. (1997), "A survey of corporate governance", *The Journal of Finance*, 52, 737–783.

Siegel, D. S., and Vitaliano, D. F. (2007), "An empirical analysis of the strategic use of corporate social responsibility", *Journal of Economics and Management Strategy*, 16, 773–792.

Smith, M.P. (1996), "Shareholder Activism by Institutional Investors: Evidence from CalPERS", *Journal of Finance,* 51(1), 227-52.

Smith, C. N. (2003), "Corporate social responsibility: Whether or how?", *California Management Review*, 45(4), 1 – 25.

Spicer, B. H. (1978), "Investors, corporate social performance and information disclosure: An empirical study", *Accounting Review*, 53, 94-111.

Teoh, H.Y. and Shiu, G.Y. (1990), "Attitudes towards corporate social responsibility and perceived importance of social responsibility information characteristics in a decision context", *Journal of Business Ethics*, 9(1), 71-7.

Teoh, H.Y. and Thong, G. (1984), "Another look at corporate social responsibility and reporting: an empirical study in a developing country", *Accounting, Organizations and Society*, 9(2), 189-206.

Thompson, P. and Zakaria, Z. (2004), "Corporate social responsibility reporting in Malaysia: progress and prospects", *Journal of Corporate Citizenship*, 13(1), 125-36.

Tokoro, N. (2007), “Stakeholders and corporate social responsibility (CSR): a new perspective on the structure of relationships”, *Asian Business and Management*, 6, 143-162.

Turban, D.B. and Greening, D.W. (1997), “Corporate social performance and organizational attractiveness to prospective employees”, *Academy of Management Journal*, 40(3), 658-72.

Vaaland, T. I. and Heide, M. (2007), “Managing corporate social responsibility: lessons from the oil industry”, *Corporate Communications an International Journal*, 13(2), 212-225.

Vilanova, M., Lozano, J.M. and Arenas, D. (2009), “Exploring the nature of the relationship between CSR and competitiveness”, *Journal of Business Ethics*, 87, 57-69.

Waddock, S.A. and Graves, S.B. (1994), “Industry Performance and Investment in RandD and Capital Goods”, *Journal of High Technology Management Research,* 5(1), 1-17.

Waddock, S.A. and Graves, S.B. (1997), “The Corporate Social Performance-Financial Performance Link”, *Strategic Management Journal*, 18(4), 303-319.

Wagner, M. (2005), “How to reconcile environmental and economic performance to improve corporate sustainability: corporate environmental strategies in the European paper industry”, *Journal of Environmental Management*, 17(3), 105-118.

Wang, M., Qiu, C., and Kong, D. (2010), “Corporate social responsibility, investor behaviors and stock market returns: evidence from a natural experiment in China”, *Journal of Business Ethics 2011*, 101, 127-141.

Zeghal, D. and Ahmed, S.A. (1990), “Comparison of social responsibility information disclosure media used by Canadian firms”, *Accounting, Auditing and Accountability Journal*, 3(1), 38-53.

Ziaul-Hoq, M., Saleh, M., Zubayer, M. and Mahmud, K. T. (2010), “The Effect of CSR Disclosure on Institutional Ownership”, *Pak. J. Commer. Soc. Sci.*, 4(1), 22-39.

Astra International Tbk.

		2007		2008		2009		2010		2011		2012	
	CSR Activity	1	2	1	2	1	2	1	2	1	2	1	2
1	***Employee Relation***												
1	Employee Health and Safety	1	2	1	2	1	2	1	2	1	2	1	2
2	Training and Education	1	3	1	3	1	3	1	3	1	3	1	3
3	Employees Benefits	1	2	1	2	1	2	1	2	1	2	1	2
4	Employees Profile	1	2	1	2	1	2	1	2	1	2	1	2
5	Share Option for Employees	1	2	1	2	1	2	1	2	1	2	1	2
6	Health and Safety Award	1	1	1	1	1	1	1	1	1	1	1	1
	Subtotal of disclosure (a)		12		12		12		12		12		12
	Sub-CSRD score (a:6)		2.00		2.00		2.00		2.00		2.00		2.00
2	***Community Involvment***												
1	Cash Donation Program	1	1	1	1	1	1	1	1	1	1	1	1
2	Charity Program	1	2	1	2	1	2	1	2	1	2	1	2
3	Scholarship Program	1	3	1	3	1	3	1	3	1	3	1	3
4	Sponsor for Sport Activities	0	0	0	0	0	0	0	0	0	0	0	0
5	Supporting National Pride	1	1	1	1	1	1	1	1	1	1	1	1
6	Public Project	1	2	1	2	1	2	1	2	1	2	1	2
	Subtotal of disclosure (b)		9		9		9		9		9		9
	Sub-CSRD score (b:6)		1.50		1.50		1.50		1.50		1.50		1.50
3	***Product***												
1	Product Development	1	2	1	2	1	2	1	2	1	2	1	2
2	Product Safety	1	2	1	2	1	2	1	2	1	2	1	2
3	Product Quality	1	2	1	2	1	2	1	2	1	2	1	2
4	Customer Service	1	1	1	1	1	1	1	1	1	1	1	1
	Subtotal of disclosure (c)		7		7		7		7		7		7
	Sub-CSRD score (c:4)		1.75		1.75		1.75		1.75		1.75		1.75
4	***Environment***												
1	Pollution Control	1	3	1	3	1	3	1	3	1	3	1	3
2	Prevention or Reparation Program	1	2	1	2	1	2	1	2	1	2	1	2
3	Conservation and Recycled Materials	1	3	1	3	1	3	1	3	1	3	1	3
4	Award in Environment Program	1	1	1	1	1	1	1	1	1	1	1	1
	Subtotal of disclosure (d)		9		9		9		9		9		9
	Sub-CSRD score (d:4)		2.25		2.25		2.25		2.25		2.25		2.25
5	***Total of CSRD Score***		7.50		7.50		7.50		7.50		7.50		7.50

Notes: 1, occurrence: denoted 1 if yes, denoted 0 if no; 2, quality of disclosure: denoted 3 for the greatest weight to qualitative disclosure; denoted 2 for qualitative specific, non-quantitative but specific information related indicators; denoted 1 for general qualitative disclosures; denoted 0 for do not disclosure information for a given indicator