



UNIVERSITAS INDONESIA

**INFLUENCE OF CSR ACTIVITY IN COMPANY
PERFORMANCE: EVIDENCE AT MINING COMPANIES LISTED
AT INDONESIA STOCK EXCHANGE IN 2007-2010**

THESIS

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**FACULTY OF ECONOMY
MAGISTER MANAGEMENT PROGRAM
JAKARTA
JULY 2011**



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Submitted in order to fulfill the requirement to obtain
Magister Management Degree in Finance

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STATEMENT OF ORIGINALITY

This thesis was done solely by myself and all data resources, quotes and references, were properly stated and justified

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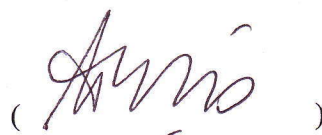
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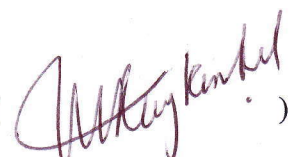
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Jakarta, July 2011

Henny Sondang Pasaribu

ABSTRAK

Nama: Henny Sondang Hasiholan P
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Thesis: Pengaruh aktivitas CSR pada kinerja perusahaan: studi kasus pada perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia periode 2007 s.d 2010.

Tujuan dari penelitian ini adalah untuk menyelidiki pengaruh aktivitas CSR pada kinerja perusahaan. Ada empat ukuran yang dipakai sebagai dasar perhitungan kinerja perusahaan: pertumbuhan penjualan, ukuran, *financial leverage*, rasio kepemilikan publik. Perusahaan sampel dipilih untuk penelitian ini diambil dari 16 perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia pada 2007 s.d 2010. Metodologi untuk analisis data adalah analisis deskriptif dan *additive model*. Hasil penelitian menunjukkan bahwa tingkat pengungkapan informasi sosial, ukuran perusahaan dan pertumbuhan penjualan memiliki pengaruh positif dan signifikan terhadap tingkat profitabilitas perusahaan.

Keywords: *tanggung jawab sosial perusahaan, profitabilitas,, financial leverage, ukuran, rasio kepemilikan publik dan pertumbuhan penjualan*

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CHAPTER 1

INTRODUCTION

1.1. Research Background

Mining is one of the oldest industries in the world and its history has evolved with human history. It is an economic activity that consists of the extraction of potentially usable and non-renewable mineral resources (excluding petroleum, natural gas and water) from land or sea without involving agriculture, forestry or fisheries. The increased awareness of environmental impacts, the socio-economic implication of mining and a downturn in productivity, have highlighted the need for mining companies to adjust their business management process. Cost benefit language has often been used to excuse the damage caused in one place because it is outweighed by the overall financial benefits (Jenkins, 2004). Nevertheless in recent years the global mining industry has addressed its social and environmental sustainability (Cowen et al., 1999) in Jenkins (2008). The Corporate Social Responsibility (CSR) programme of mining companies tend to focus on community initiatives as their impact in economic, social and environmental terms is felt greatest at the local level. This can be seen especially from their annual reports on the social issues sections.

However, the effectiveness of CSR initiatives in the oil, gas and mining sectors has been increasingly questioned (Frynas, 2005) in Jenkins (2008). While multinational mining companies have “remodelled” themselves as good corporate citizens there is little evidence as to how this recognition of the need to address sustainability issues has affected communities, and whether community development initiatives have been effective in contributing to more sustainable communities.

The mining sector in Indonesia attracted US\$1,200 million of Foreign Direct Investment (FDI) in mineral explorations and mine development during the first quarter 2011, representing 27% of total FDI flows to the country. (Indonesia Balance of Payments in Quarter 1,2011). Mining also contributed IDR203.5 billion of Gross Domestic Bruto during 2010, contributing 11.7 % of total GDP (Biro Pusat Statistik Indonesia, Berita Resmi Statistik, Feb 2011). But, the sector is yet to make strong

impact on the country's development process. The role of mining industry in the economic development of Indonesia has consistently come under attack by a cross sections of Indonesians, including incessant pressure from Non-Governmental Organizations (NGO's) and civil society groups on the need for mining companies to adopt an effective corporate social responsibility (CSR) policies and commit more resources to the development of communities in which they operate and to the sustainable development of the country as whole.

Traditionally, Indonesian companies have done a variety of social and environmental activities for the benefit of the society. Those activities include environment preservations, disaster relief, and partnerships with small and medium enterprises, building public facilities, scholarship programs, and donation to school. The legislative framework for mining in Indonesia is laid down in the Mining Contract of Works (*Perjanjian Kontrak Karya Pertambangan*), which is the main contractual agreement regulating the relationship between the Government of Indonesia (as the host government) and the Mining Contractors, has to some degree addressed the triple bottom line aspect of sustainability reporting such as economic aspects, social aspects and environmental aspects (Sihotang and Effendi, 2010).

Through the dynamics of economic changes, there is an increasing need for mining companies to fulfil the demands of their stakeholders. An increasing number of shareholders, analysts, regulators, activists, labor unions, employees, community organizations, and news media are asking companies to be accountable for an ever-changing set of CSR issues. There is increasing demand for transparency and growing expectations that corporations measure, report, and continuously improve their social, environmental, and economic performance (Tsoutsoura, 2004).

From the investment view, the investors have tendency to invest its stocks to company that has concerns to social and environment or to company who has high standardization on social and environment (Zuhroh and Sukmawati, 2003). The investors also concerns on the social problem on their investment decision, so these companies who concern on the social performance can use CSR as their company competitiveness.

In addition, Indonesia is not exceptional for the demand for the implementation of CSR and its various synonyms in the business practices. The demand has been responded by government of Indonesia by issuing several regulations. There are various legal instruments to umbrella the CSR in Indonesia: the Law No. 17/2000 (Republic of Indonesia) on the Third Amendment of the Law No. 7/1983 on Income Tax, the Law No. 23/1997 (Republic of Indonesia) on Environment Management, the Law No. 19/2003 (Republic of Indonesia) on State-Owned Company, the Law 25/2007 on Capital Investment, and the Law 40/2007 (Republic of Indonesia) on Corporation. The above laws uses as a binding standard for companies to implement CSR activities in the country however in the reality CSR activities are undertaken more in response to moral convictions rather than legal obligations.

From the economic perspective, CSR is agreed as a fundamental strategy for achieving the sustainable development that our globalized world needs, especially after the last world-wide crisis. Stigliz (2008) argued that financial authorities have should innovative and respond to the needs of society, in the sense of incorporating other social and environmental variables beyond pure economic profit for the decision making process.

Theoretically, there are two major conflicting view regarding CSR influence on the financial performance of a company. The social influence hypothesis, suggested by Cornell and Shapiro (1987) and Preston and O'Bannon (1997) in Lean and Chagn (2010), described that there is positive association between CSR and financial performance. (i) a CSR can improve its productivity through attracting high quality and loyalty workers, (ii) increase its sales and decrease the cost through higher company reputation, and (iii) obtain better insurance protection of brand image and financial performance during economic downturns or specific negative events.

Therefore, companies are expected to publish supplementary reports concerning social responsibility and environmental performance to satisfy stakeholder's expectation especially to those who are established in natural resources industry as well as obliged by the Indonesian Capital Market and Financial

Institutions Supervisory Agency (Bapepam-LK) through Head of Bapepam-LK regulation No.Kep-134/BL/2006 concerning requirement to submit annual report for publicly listed companies. However little is known of the actualities of company social practice and reporting in Indonesia. Therefore this study will provide the analysis on the influence of CSR activity in company performance: evidence at mining companies listed at Indonesia Stock Exchange in 2007-2010. On this study profitability is used to evaluate the company performance.

1.2. Research Questions

This thesis is designed to answer the following main research questions:

1. What kind of company performance that have influence to the CSR disclosure in the company annual report and/or CSR report?
2. What kind of company performance that have influence to the profitability?
3. Does the CSR disclosure give influence to the profitability?

1.3 Research Objectives and Benefits

The general objective of this thesis is to study the influence of CSR activity to the company performance.

Furthermore, the special objectives of this thesis can be described as follows:

1. To study the relationship between company performance to the CSR disclosure in the company annual reports and/or CSR reports.
2. To study the relationship between company performance to the profitability in the company annual reports and/or CSR reports.
3. To study the influence of CSR disclosure to the company profitability in the company annual reports and/or CSR reports.

The result of this thesis is expected to be useful for readers, in particular to:

1. For Academics as study materials and review of the CSR theories and disclosure and its impact to company profitability.

2. For Companies: as information and inputs to companies on the importance of CSR practices and as a result encourages more companies to disclose their CSR practices in accordance with the CSR reporting guidelines.
3. For the Government, as study materials in carrying out review and assessment related to the CSR implementation and company performance.
4. For non-academic: this is can be a source of knowledge and information related to the CSR disclosure and its impact to company performance.

1.4 Research Scope

The scope of this thesis is limited to annual report and CSR reports published by 16 mining companies which listed in the Indonesia Stock Exchange covering the period of 2007-2010. Samples will be evaluated based on financial reports and annual reports of each companies covering the reporting period which is available at the Indonesian Stock Exchange-Capital Market Reference Centre (PRPM) and Bisnis Indonesia Intelligence Unit.

1.5 Research Methodology

In attempt to achieve data required, the researcher is going to use research methodology as follows:

1. Bibliography Study

Data and theoretical framework for research are obtained through various literatures, publications, articles and result of previous studies related to the subject are elucidated in the thesis.

2. Content Analysis

Content analysis will be conducted on the annual reports and CSR reports from mining companies which are listed in the Indonesia Stock Exchange (IDX) covering the period of 2007-2010 in order to measure the quality of CSR disclosure using the standard of Hossain, et al (1993,1994).

3. Field Research

Field research is done to obtain information and data related to company financial statements and social information. Field research consists of collecting information to the Indonesia Stock Exchange Capital Market Reference Centre (PRPM) and Bisnis Indonesia Intelligence Unit.

1.6 Outline of Report

The thesis consists of five chapters and every chapter will be divided into sub-chapters systematically as follows:

Chapter 1 Introduction

This chapter explains the research background, research questions, research objectives and benefits, research scope, research methodology, and outline of report.

Chapter 2 Literature Review

The result of bibliography study and literature analysis will be explained in this chapter. Theories are acquired from various literature, publications, articles, and result of previous studies related to the problem explains in the study.

Chapter 3 Methodology

This chapter explains the research procedure that consists of technical data collection, population and sample, identification of variables operational, data analysis method and framework.

Chapter 4 Result and Discussion

The evaluation of company performance (sales growth, public ownership ratio, size, leverage) and their relationship with CSR disclosure and profitability will be prepared on this chapter.

Chapter 5 Conclusion and Suggestions

The conclusion is derived from the content analysis and field study results.

CHAPTER 2

LITERATURE REVIEW

2.1 Corporate Social Responsibility

The definition of Corporate Social Responsibility (CSR) itself has already generated numerous articles publications. The new International Standard ISO 26000: Guidance on Social Responsibility described a definition of CSR as a responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, health and the welfare society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization and practiced in its relationship.

Darwin (2004) defined CSR as a mechanism for an organization to voluntarily integrate social and environmental concerns into its operations and its interactions with stakeholders, which exceeds the organizational responsibilities in the field of law.

Several CSR activities have been conducted by mining companies which have objective to have long-term business sustainability and to safeguard stakeholder's interests. PT. Aneka Tambang (Antam) in 2010 CSR Report stated some activities and three of them were first, a cooperation between Antam and Minister of Forestry to open a Center for Biodiversity Conservation at Halimun-Salak Mountain National Park Located at Antam's Gold Mining Business Unit (UBPE) West Java. The place will be as center for research & education of local origin trees and plants, the center for local origin hatchery and tree planting, nursery facilities, and the centre for land reclamation and restoration. Second, Antam and Perhutani pledged to plant 125,000 trees with economic benefits at critical and desolated land at the West Java and Banten regions. The tree planting is equal to 250 hectares of planted land. The third activity was participation in the construction of the Clean Water Facilities (SAB) for

the communities of Mangkualam and Padasuka villages, located near Antam's Cibaliung gold mine project at Pandeglang, Banten.

Antam showed. The total cost in 2009 was recorded at IDR161.31 billion, but it was significantly increased to IDR283.65 billion in 2010. This company admitted that there was a decline in financial resources in 2009 which were needed to maintain the performance; however efforts for efficiency have been done to improve its performance. The above increasing CSR cost was evidence that did not see CSR as an after-profit initiative which was dependent on the amount of profit gained.

PT. Bukit Asam, Tbk (PTBA) also has been proactively involved in the CSR activities which are focused on six areas such as economic development and community empowerment, environmental conservation, human rights, good health care and work safety, product safety and consumer satisfaction and good corporate governance principles. Some PTBA activities related to the provision or improvement of public facilities, including constructing Monument of Heroic Battle, park and fountain in Tanjung Enim city worth IDR3.47 billion., asphaltting and hardening public road of 3,867 meters in Ring 1 zone of the Company, constructing/renovating waste dumps in Lawang Kidul and Muara Enim., renovating five community function halls in Merapi Barat, Merapi Timur and Lawang Kidul, financing an embarkation lounge, Lampung totaling IDR1.34 billion.

Therefore, the above sample of CSR activities showed how that the companies realize the importance of synergizing their business with their social and natural environments. Natural and human resource should be conducted for the sake of social welfare.

With respect to CSR and company financial performance, the literature consists of three principal strands: (i) the existence of a positive correlation between CSR and financial results (ii) the lack of correlation between CSR and financial results, and (iii) the existence of a negative correlation between CSR and financial results.

Some proponents of the first strand (Pava and Krausz,1996;Prestom and O'Bannon,1997; Griffin and Mahon, 1997) find that investmetn in CSR have a big

returns in terms of image and overall, financial result; the related benefits, in fact are bigger than the related costs. Literature reveals the existence of many positive externalities that are linked to CSR in its bid to respond to stakeholder's requirements. Clarkson (1995) and Waddock Graves (1997) believe that satisfying the interest of stakeholder (shareholders, employees, suppliers, community, environment, and so on) and being accountable to them many actually have a positive impact on all company dimensions, particularly financial performance. Positive reputations have often been linked to positive financial returns. Roberts and Dowling (2002), Fombrun et al (2000), Porter and Van Der Linde (1995) and Spicer (1978), described that CSR initiatives can lead to reputation advantage as improvements in invested trust, new market opportunities and positive reactions of capital market would enhance organization's financial performance.

The idea of the second group theorist is that there is no relationship between CSR and company financial performance (McWilliams and Siegel,2000, Ullmann,1985, Aupperle et al.1985,Waddock et al (1997). Waddock et al (1997) explained that a neutral relation may suggest that many variables in the relation between social and financial performance make the connection coincidental. McWilliams et al (2000) find that the companies supplying corporate social responsibility products to their own customers have a different demand curve compared to those with no CSR. Ullmann (1985) underlines that no clear tendency can be recorded between connections on social information, social performance and economic results. The main reason for this appears to be the theory's inadequacy, inappropriate keyword definitions and lack of empirical materials. It was observed that important aspects are not just social performance and economic but also "information" about social performance and that only a few studies have analyzed this three dimensional relation.

Other studies highlight the impossibility of defining the sign of existing relation between CSR and performance, both in the short term-on the basis of Abnormal return measure and market actions-and in the long term (Aupperle et al,1985).

Finally, the idea of that negative relationship exists between CSR and financial performance is focused on empirical studies and contributions that refer to managerial opportunism hypothesis. Preston et al (1997) pointed out that manager can reduce investments in CSR in order to increase short term profitability. This point seems to be really interesting, due to the fact that other authors (Barnea and Rubin,2006) suggested the existence of an opposite trend linked to the same phenomena. Waddock et al (1997) assumed that companies with responsible behavior may have a competitive advantage, since they have unnecessary costs. These cost, fall directly on the bottom line and would necessarily reduce shareholders profits and wealth. Both short term analyses based on measuring abnormal returns (Weight and Ferris,1997), Market measures and long terms studies (Vance,1975) have negative relationship between performance and CSR.

2.1 Financial Statement

The principles of financial accounting standard (PSAK) states that the financial statements are part of the financial reporting process which is include a balance sheet, income statement, statement of changes in financial position (such as a cash flow statement or statement of fund flows), notes, other reports and explanatory material that is an integral part of these financial statements. It also includes schedules and additional information relating to these reports, financial information industry and geographical segments and disclosures of the influence of price changes (IAI 2002)

The financial statements should be prepared in such a way to meet the needs of all parties concerned on the financial statements such as investors, owners, company leaders, government and creditor. The purpose of the financial statements according to the principles of financial accounting standards (GAAP) is to provide information concerning the financial position, performance and financial changes in a company that benefits a large number of users in making economic decisions (IAI 2002).

2.3 Financial Disclosure

In Indonesia, the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM) issued a circular letter no. SE-02/PM/2002 regarding the guidelines for the presentation of the financial statements of the public listed company that state the financial statements is one tool for management to disclose its activities and as an indicator in considering the decision-making by stakeholders or listed companies. The guidelines are standardized based on the full disclosure principal that provide quality financial statement and disclosure of information between the amount and nature of the information that meets the rules of the balance of costs and benefit.

According to Barnett (2001) CSR does not directly contribute to company financial performance, but it affects CFP through its influence on stakeholder relations. According to Cochran and Wood (1984) showed there is no real consensus on the proper measure of financial performance. However, most measures of financial performance fall into two broad categories: investor returns and accounting returns. Both have enjoyed periods of popularity, and both have evolved considerably over the course of the past decade. Investor returns should be measured from the perspective of the shareholders. The first studies to employ investor returns as a measure of financial performance were those of Moskowitz (1972) and Vance (1975). In both of these studies changes in price per share was used as the investor returns index. However the change in price per share is only one element of investor returns. Dividend income is the other, and it must be included in any measure of investor returns. Accounting returns are the other primary method of measuring financial performance. The basic idea behind using accounting returns as a measure of financial performance is to focus on how firm earnings respond to different managerial policies. The most common measures of accounting returns used in studies of this question are simply earning per share (EPS) or price/earnings (P/E) ratio.

According to Bassen (2006) in Widodo (2010) there is a relationship between Company Social Responsibility (CSR) and financial performance and that good CSR

performance reduces the risk to a company. A clear relationship between CSR and financial performance was not found, but CRS and financial performance were indirectly linked throughout company risk. A study on Socially Responsible Investment (SRI) conducted by CSR Europe showed that from 79% of fund managers and analysts surveyed in 2003, good management in social and environmental risks had a positive influence on a company market value in the long-term, but no influence in the short-term.

Margolis and Walsh (2003) identified over 95 studies between 1971 and 2001. Their results present a mixed picture. Despite the overall criticism that the sources of data and the measures utilized by many studies are poor, they identified 55 studies with a positive linkage between CR performance and financial performance. In 21 studies no relationship could be found, 7 studies delivered data presenting a negative relationship and 18 studies reported mixed results.

Ortlizky et al (2003) conducted a meta-analysis of 52 studies and found an overall positive linkage between CR performance and financial performance, in which CR performance measures were more highly correlated accounting-based measures than with market-based indicators. They criticized the vote-counting technique used by Margolis and Walsh on the grounds that the technique has been shown to be statistically invalid.

2.3.1 Size

The size of the company is the common independent variable that used to explain variations social responsibility disclosure in the company annual reports. This is related to agency theory in which the large companies that have greater agency costs will disclose information more widely to reduce these agency costs. Companies tend to have larger public will demand more high-information than smaller companies. The more shareholders mean the more disclosure required due to the demands of shareholders and capital market analysis. Cowen, et al (1987) states that larger companies will probably have shareholders who pay attention to social

programs that created the company in the annual report is one of the media to disseminate information about company social responsibility.

An important number of prior studies in the social and environmental literature have investigated the extent of this type of disclosure in annual reports in relation to certain company characteristics such as size and industry and produced consistent results over time. There are several studies, which had found a significant positive association between the size of the company and the extent of company social and environmental disclosure in the company annual report in both developed, and developing countries (Hossain et al., 2006). Other researcher like (Robert, 1992; Davery, 1982) found that the size of the company could not be significantly associated with the level of company social and environmental disclosure and its variability. Social and environmental disclosure studies use different measures of size available (total asset, number of employees, sales, etc). However these there proxies for size are highly correlated (Hossain et al., 2006).

Trotman and Bradley (1981) concluded that social and environmental disclosures can be explained by company turnover. Cowen, et al (1987) stated that the relationship only holds for certain areas of disclosure (typically environmental and community-based disclosure) while Chow and Wong-Boren (1987) described the distinction between mandatory and voluntary disclosure and found only voluntary disclosure to be explained by size. Thomas (1986) explored the hypothesis that certain disclosure and measurement practices in company reporting are contingent upon environmental uncertainty, technology and company size. The findings showed that while the disclosure of forecast information is associated with environmental homogeneity, certain measurement practices are primarily influenced by company size. Brammer and Pavelin (2006) stated companies with a large number of shareholders are significantly more likely to make voluntary environmental disclosures, and that the quality of disclosures is positively associated with the company size and company environmental influence. Silva Monteiro and Aibar-Guzman (2009) revealed that, in spite of the fact that the level of environmental

information disclosed during the period 2002-2004 is low, the extent of environmental disclosure has increased as well as the number of Portuguese companies that disclose environmental information. Moreover, the company size and its listing on the stock market are positively related to the extent of environmental disclosure.

This evidence has received different interpretations depending on the theoretical framework adopted by the researcher (Hackston and Milne, 1996; Gray, et al., 2001). However, it could be argued that larger companies are subject to stronger pressure from stakeholders and, consequently, they are expected to find more persuasive arguments to disclose social and environmental information.

2.3.2 Financial Leverage

Prior studies have proved that highly leveraged companies would disclose more information than companies with low leverage. However, these studies are inconclusive. Leftwich et al (1981) and Leczaj and Heinrich (2010) argued that the monitoring internal for information increases as company debt increases. From a perspective of agency theory it can be argued that highly leveraged companies will disclose more information in order to reduce the monitoring cost (Jensen and Meckling, 1976) and satisfy the needs of debenture holders and trustees (Watson, et al 2002). From the same perspective, Clarkson et al (2008) argued there is a significantly positive relationship with leverage and CSR disclosure suggesting that “[...] *debtholders exercise pressure on firms to disclose environmental related matters to assess potential future liabilities*”. Ismail and Chandler (2005) in their study of relationship between the extent of disclosure and the chosen characteristic of companies, found a significantly positive relationship between the leverage and voluntary social disclosure.

Nevertheless, some studies found a negative relationship or no relationship. Brammer and Pavelin (2006) in their study of environmental disclosures found that highly leveraged companies are significantly less likely to make such disclosures.

Chow and Wong-Boren (2007) further argued that leverage offer no explanation of CSR disclosure.

2.3.3 Public Ownership Ratio

The structure of company ownership is the most frequent factor in shaping a country's system of company government. In particular, ownership structure determines the nature of the agency problems which is conflicts between managers and shareholders. Conflicts of interest between the managers with the owners become even greater when ownership of the company manager is smaller (Jensen & Meckling (1976)). In this case the manager will seek to maximize the interests of himself than the interests of the company. Conversely, the greater ownership in the company managers, the more productive actions managers in maximizing company value, in other words the cost of contracts and supervision is low. Manager of the company will disclose social information in order to enhance company image, even though he had to sacrifice resources for these activities (Gray,et al (1988)).Then that will be discussed only on the composition of ownership. Who are the owners of shares and, more important is who among those who hold the control group. Owners of shares can be individuals, families / family groups, holding companies, banks, investors in the form of institutions (such as company finance, insurance, pension / mutual funds), foreign hand, and manager of company / non-financial companies.

If a family or a group of families is a significant shareholder as an investor they will be more interested in controlling in terms of benefits / profits. If the non-financial companies as a significant shareholder, the loan funds will be ended company ended as a bad investment projects and lead to experiencing liquidity.

2.3.4 Social Information Disclosure Level

Determination of indicators of management's willingness to disclose information to the public can be done in two ways which are through questionnaires and using indicators of social disclosure that have been done by previous researchers. Susanto (1992) in Marwata (2000) use traditional results of the questionnaire which

asked questions related to the proposed capital markets as much as 80 items of questions. Surtanto (1999) set the 33 items once indicators used by Susanto (1992) as follows:

1. The items that are required in developed countries and other developing that do not conflict with KEP/17/PM/1996.
2. Items voluntary disclosure in annual reports that have been developed in previous literature that is not required by KEP-17/PM/1996.

Sitanggang (2002) used an indicator of previous investigators with the first filter 95 items submitted by Hossain et al (1993,1994), McKinnon and Dali (1993), Aitken (1997) against liability based on KEP-38/PM/1996. All items on the list Hossain compared with items that are required by KEP-38/PM/1996, so it can set the items required in accordance with items KEP-38/PM/1996 and not defined as voluntary disclosure items.

2.3.5 Profitability

Published empirical studies have not documented the existence of a consistent relationship between profitability and the level of environmental disclosure. The relationship between social and environmental disclosure and profit measures, if exists, proves to be vague. Some researchers found a positive association between profitability and the extent of company social and environmental disclosure (Bowman and Haire, 1976; Waddock and Graves, 1997) whereas others (Cowen et. al., 1987; Hackston and Milne, 1996) showed no association between the variables. Belkaoui and Karpik (1989) showed a significantly pair wise correlation, but with a negative regression coefficient for return on assets and company social and environmental disclosure.

Roberts (1992) described a positive relation between company profitability (by using logarithm of profits) and company social and environmental disclosure, but, carefully concludes that a lagged relationship exists between these variables. Meanwhile, Patten (1992) failed to find any significant positive relationship between profitability and company social and environmental disclosure and Gray, et al. (2001)

found a significant but weak association between profitability and environmental disclosure in the U.K.

Other papers studied the relation between environmental performance and environmental disclosure. Patten's (2002) study examines this relation for a sample of 131 US companies with regard to toxics release data from 1988 (made available in 1990). In contrast to the previous examinations, results indicate that there is a significant negative relation between performance and disclosure for the sampled companies. Cho et al. (2009) assert that the language and verbal tone used in company environmental disclosures, in addition to their amount and thematic content, should be considered when investigating the relation between company disclosure and performance.

One measure of profitability is to use Return on Assets (ROA), which is an indicator for a company to obtain a return on some assets owned by banks. ROA can be obtained by calculating the ratio between net income after taxes divided by total assets.

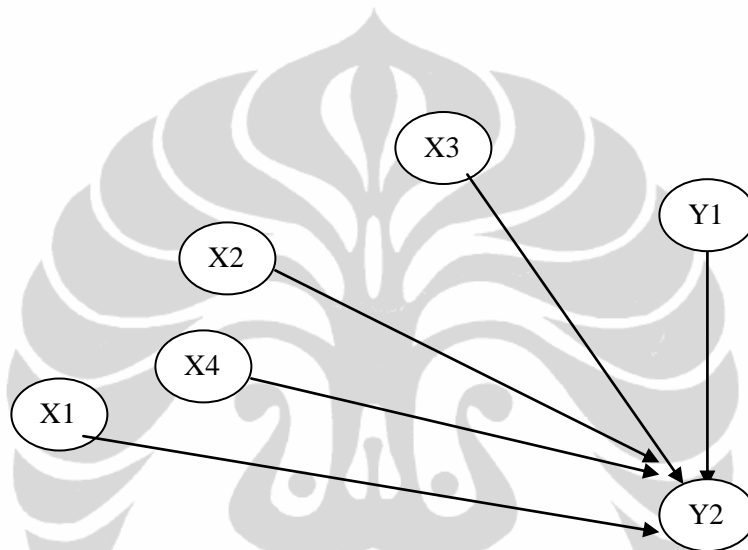
The ratio of net after-tax income to assets as a whole will show the size of the productivity of assets in delivering returns to investors (Sawir 2001). This opinion can be expressed in the form of the formula:

$$ROA = \frac{\text{Net Income After Tax}}{\text{Total Asset}} \quad (2.1)$$

The higher this ratio indicates that firms are increasingly influenceive in using assets to generate net income after tax. In addition, the higher the ROA the more influenceive is company performance. This further increases the attractiveness of the company to investors. Increased attractiveness of the company makes these companies more and more interested investors, because the return rate will be even greater (Ang 1997). The company stock price in capital market will also increase by the increasing of the ROA.

2.4 Hypothesis

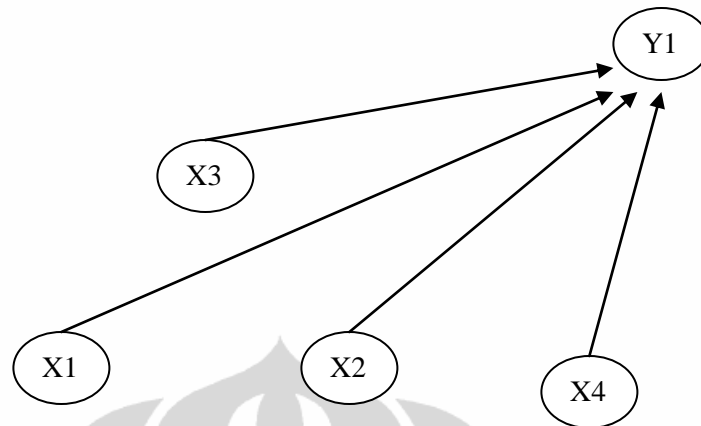
Rokhim (2010) in Social Information and Profitability analyzed whether there is a relationship between sales growth, financial leverage, company size, public ownership ratio and CSR disclosure on profitability by using the additive model.



Note: X1 = Sales Growth, X2 = Financial Leverage (Debt of Equity Ratio), X3 = Size, X4 = Public Ownership Ratio, Y1= CSR Disclosure, Y2= Profitability

Figure 2.1 Profitability Analysis

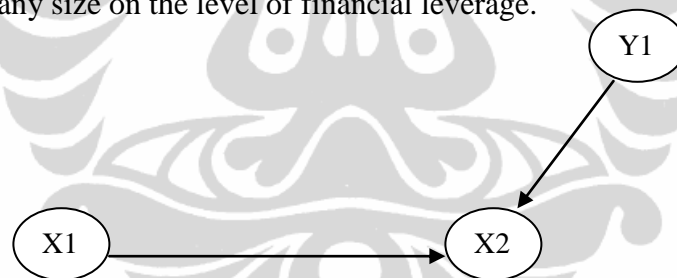
The next research is to examine whether there is relationship between sales growth, financial leverage (DER), company size and ratio of public ownership on the CSR disclosure.



Note: X1 = Sales Growth, X2 = Financial Leverage (DER), X3 = Size, X4 = Public Ownership Ratio, Y1= CSR disclosure

Figure 2.2 CSR Disclosure Analysis

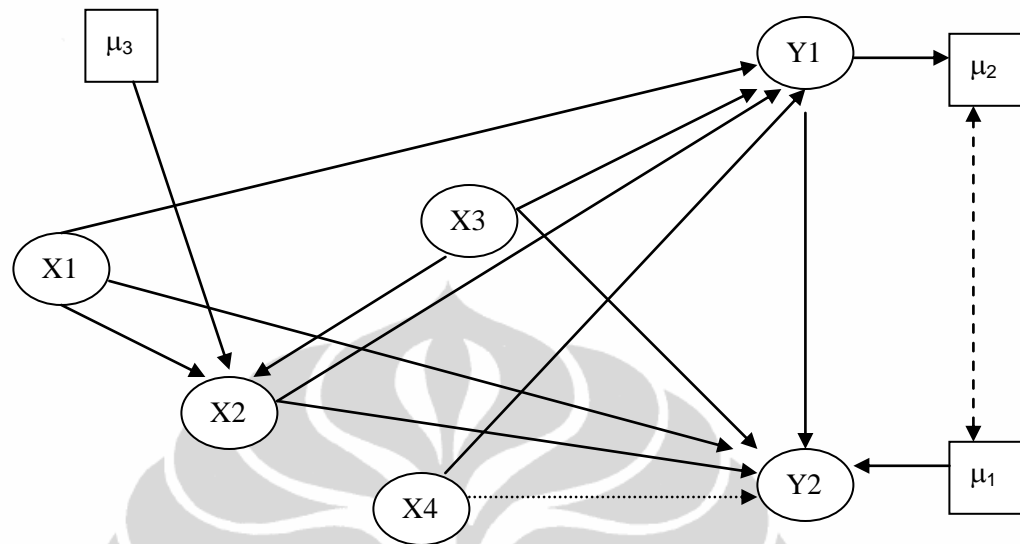
The next research is to examine whether there is relationship between sales growth and company size on the level of financial leverage.



Note: X1 = Sales Growth, X2 = Financial Leverage, Y1= CSR disclosure

Figure 2.3 Financial Leverage Analysis

By using the two-way interaction, further research is to study and to test hypotheses about the influence of CSR disclosure on the level of profitability which depends on company performance and the influence of a certain company performance which depend on the other company performance.



Note:

X1 =	Sales Growth	X2 =	Financial Leverage (DER)	X3 =	Company Size
X4 =	Public Ownership Ratio	Y1 =	CSR disclosure	Y2 =	Profitability
$\mu_1 =$	Error Model-1	$\mu_2 =$	Error Model-2	$\mu_3 =$	Error Model-3

Figure 2.4 Profitability and CSR Analysis in the Theoretical Causal Model

2.4.1 The relationship between sales growth and CSR disclosure

Social information disclosed by the company has started being noticed by the public. More and more people are choosing products or services if the company is doing social disclosure. If deemed less, people will be more likely to choose products or services that have more social programs.

Philip Kotler and Nancy Lee in *Company Social Responsibility Doing the Most Good for Your Company and Your Cause* (2005), practically demonstrated how companies maximize the return on investment through a number of social activities and initiatives that give positive impact for society and the environment. The idea of social responsibility showed that companies are no longer faced with the

responsibility that rests on the single bottom line, namely as company value which is reflected in its financial condition only. Company responsibility should be based on the triple bottom lines, including social and environmental. Financial condition alone is not enough to guarantee the company value to grow in a sustainable. The sustainability of the company will only be guaranteed if the company pays attention to social and environmental dimensions. It is a fact how the society around resistance to surface against companies deemed to be notice of the environment. For example Indorayon case in North Sumatra (Wahjoedi 2004).

Until now there has been no study to which links between a company sales growths to the level of CSR disclosure.

Based on the above framework, the hypothesis was formulated as follows:

H₁: There is a positive relationship between sales growth and CSR disclosure.

2.4.2 The relationship between sales growth and profitability

Company performance can be seen from the company ability to maintain its economic position against changes in economic conditions in an industry. Company ability to maintain its economic position can be seen from the large volume of sales, operating income, and earnings per share and stock dividends. Companies that will survive will have the opportunity to earn profits in the long term. With the ongoing profitability, the longer the company expected to grow and develop properly (Hadiyana, 2007).

A company with positive sales growth ratio indicates that it can maintain the economic position in the industry and to maintain its existence. The higher the ratio of the company sales growth, the more likely the company obtains higher profitability.

Based on the above framework, the hypothesis formulated as follows:

H₂: There is a positive relationship between sales growth and profitability.

2.4.3 The relationship between sales growth and financial leverage

Sales growth is a measure of the extent to which earnings per share of a company can increase by leverage. If the company get profit by debt with certain fixed expenses would increase the income of the shareholders (Weston and Copeland, 1997 in Fidiarianti , 2007)

Companies with rapid sales growth will need more additional capital. This is because companies that have this level of rapid sales growth tend to use loan capital / debt is more than the company that its growth rate is low. According to Sartono (1999), companies with relatively stable sales could use a larger debt compare to companies whose have unstable sales. Masidonda (2000), Muwidha (2003) showed that partial sales growth has a negative influence on financial structure. While Noveryanita (2005) found different results that partial sales growth has no influence on the financial structure. Brigham and Gapenski (1999) in Taswan (2003) described that companies that have high growth rates tend to require funding from external sources is large. Usually the share issuance costs will be greater than the cost of issuance. Thus companies with high growth rate tend to use more debt, which shows that there is a positive relationship between company growth and leverage While the study results (Moh'd et al.,1998), Myers (1977) Mehran (1992) and Zhomaifar et al (1994) in Taswam (2003) found that sales growth has a significant influence and negative relation with leverage.

Empirical Evidence from Hossain, et al (1993,1994); Aitken (1997); Bradburry (1991), Morgan (1992), Craswell (1992) supports the agency theory which predicts that the level of company debt has positive influence on the level of willingness to disclose information to the public. Meanwhile Susanto (1992), Mc.Kinnon and Dali (1993) and Suropto (1999) and Gunawan (2000) do not support these findings.

The stability of sales is one measure to determine the amount of capital with fixed expenses that can be used by the company, or in other words, the higher the company sales growth rate the greater the use of loan capital.

Based on the above framework, the hypothesis was formulated as follows:

H₃: There is a positive relationship between sales growth and financial leverage.

2.4.4 The relationship between financial leverage and level of CSR disclosure

Agency theory stated that companies with higher leverage ratio will reveal more information due to the agency costs which have a higher a capital structure (Jensen & Meckling, 1976). Additional information is needed to eliminate doubts bondholders against the fulfillment of their rights as a creditor (Schipper (1981) in Marwata (2001) and Meek, et al (1995) in Fitriany (2001). Therefore companies with higher leverage ratio have obligation to conduct a broader expression than companies with lower leverage ratio.

Another opinion says that the higher the leverage, the possibility the company will experience a violation of debt contracts, then the manager will seek to report earnings higher than earnings in the future. With higher reported earnings, the company will reduce the likelihood of debt covenant violation. A manager will choose accounting methods that will maximize profits now. Debt contracts typically contain about the provision that the company must maintain a certain leverage ratio (debt / equity), interest coverage, working capital and shareholders' equity (Watts & Zimmerman (1990) in Scott (1997). Therefore the higher the level the more leverage company likely would violate the credit agreement so the company will seek to report earnings are now higher (Belkaoui & Karpik (1989). With that reported earnings, the manager should reduce the costs (including costs to disclose social information).

Empirical Evidence from Hossain, et al (1993.1994); Aitken (1997); Bradburry (1991), Morgan (1992), Craswell (1992) supported the agency theory which predicts that the level of company leverage has a positive influence on the level of willingness to disclose information to the public. Meanwhile research Susanto (1992); Mc.Kinnon and Dali (1993) and Suropto (1999) and Gunawan (2000) did not support these findings. Based on the literature expectations are that highly leverage companies disclose more information, whereas low leverage companies will disclose less information and I hypothesize the following:

H₄: There is a positive relationship between leverage and CSR disclosure.

2.4.5 The relationship between leverage and profitability

This factor reflects the ability of the company to meet all debt shown by some of the equity capital used to pay debt. The greater this ratio indicates the higher the company ability to meet its obligations. The increase of this debt burden will automatically increase the company in performing the obligation to pay interest on the loan. This means that if other variables are considered fixed, the higher the liabilities of the company the lower company profitability in the future. Kusmawati (2000) in a study of industries in the Indonesia Stock Exchange explained that leverage has no significant influence on profitability.

Based on the above framework, the hypothesis was formulated as follows:

H₅: There is a negative relationship between leverage and profitability.

2.4.6 The relationship between size and CSR disclosure

Companies included in the industry that high profile would provide more social information compare low-profile companies. Hackston & Milne (1996) defined a high-profile industry is an industry that has a consumer visibility, high political risk, or face high competition. Preston (1997) in Hackston & Milne (1996) described that companies that have economic activity that modifies the environment, such as extractive industries, are more likely disclose information about the environmental influence compared to other industries. Cowen, et al (1987) in Hackston & Milne (1996) said that consumer-oriented company will provide information about social responsibility as it will enhance the company image and influence sales. The classification of industry types by many researchers are very subjective and vary. Hackston & Milne (1996) classified automotive companies, airlines and oil as a high industry profile. Patten (1991) in Hackston & Milne (1996) classified the mining industry, chemical industry and forestry as a high profile. Above grouping above, this study classifies the mining industry as a high-profile industry.

Research conducted by Cooke (1989), Susan (1992), Hosain et al (1993.1994); Mc.Kinnon and Dali (1993), Aitken (1997) and Surtpto (1999) proved that the size of the company positive influence on the level of compliance disclose social information to the public. While the findings Gilian (1990) proved that the size of the company did not significantly influence the level of social disclosure.

Based on the above framework, the hypothesis was formulated as follows:

H₆: There is a positive relationship between size and CSR disclosure.

2. 4.7 The relationship between size and profitability

The size of the company determine the economics of scale which is run by a company, means that the profit of a company achievement of economies of scale will improve efficiency and will provide opportunities to increase profitability

According to the political cost hypothesis, the greater the political costs faced by companies, the higher cost that need to disclose social information which will influence on the company profit. Watts & Zimmerman (1990) in Scott (1997) proposed that size is a proxy political attention and, therefore, larger companies are more likely to make accounting choice that reduces profits. Large companies tend to have greater political costs than a small company. The large companies tends to provide information on current earnings is lower than the small companies, so that large companies tend to spend money on social disclosure larger than small companies

However, Kristiana (2003) in her research stated that to obtain the results of total sales, total cost, and total assets (company size) and total capital is very significant influence on the level of profitability at the company food and Beverages in Surabaya Stock Exchange. Agarwal (1978) in his research with the data of seven manufacturing industries in India during the period 1962-1972 found a strong relationship exists between profitability with company size using total assets. Audrestch, Prince and Thurik (1998) suggested that there is a relationship between the company size to profitability.

Based on the above framework, a hypothesis is formulated as follows:
 H₇: There is a positive relationship between size and profitability.

2.4.8 The relationship between size and leverage

In the management of funding, the leverage is the use of assets and sources of funds by the company with the intention of increasing the potential profits of shareholders. The advantages of using leverage or debt in companies is through interest payments as a cost that can reduce your taxes. So the total funds available to pay shareholders will be greater if firms use debt. In a more fundamental language, the leverage is the extent to which we are using debt as a source of funds compared to using their own funds or their own capital. This can be measured by comparing the amount of debt and the amount of own capital.

The higher the ratio percentage of leverage to owners equity, the higher the level of the leverage/debt. In normal circumstances, use more debt than owners equity will be more profitable, because the rate of return to capital will be greater. This is because the use of debt can increase the rate of return (earnings) of equity capital as indicated by the ratio of net income to equity capital is used. But the risk is when businesses do not owe it to generate profits that can exceed the interest cost. When this occurs, our business and its assets can be seized by the party providing the debt, are like banks and others.

In principle, a company with a stable level of sales to use debt is bigger than the company with sales that are not stable. Companies that have high growth and high profitability will tend to have higher debt. If assets or company assets pledged as collateral are suitable for credit, then usually the company will likely use a larger amount of debt.

The company size is usually characterized by total assets, total sales, and the average level of sales. Larger companies will be easier to obtain loans than small companies. This allows large companies have a level of leverage or debt greater than small-sized companies. Thus, company size affects financing structure based on the fact, generally the larger a company the ability to use the loan amount will be larger

compared to smaller companies. There are differences in results from previous researchers who led the company size is selected as the independent variable that can affect debt policy. Gatot (2003) and Venny (2004), found that company size is partially positive and significant influence on debt policy. While Karyono (2006) described that the size of the company is partially positive and not significant influence on debt policy. Weston and Brigham (1992) in Tahirman (2000) stated that companies with more stable sales take a debt to bear the fixed costs are high compared with sales of companies that are not stable.

Based on the above framework, the hypothesis was formulated as follows:

H₈: There is a positive relationship between size and leverage

2.4.9 The relationship between public ownership ratio and CSR disclosure

Susanto (1992) showed that the structure of the company shares are owned by the public will be much more open due to the:

- a. Demand from investors
- b. Minimize pressure from capital market regulator, and
- c. Increase the liquidity of company shares

The greater the insider ownership, the less information will be disclosed in annual reports, because the insider has broad access to company information without having to have an annual report published. The greater portion of public ownership, the more parties that need information about the company, the more detailed information items required to be opened in the annual report (Marwata, 2001). The opinion was in line with the results of research (Simanjuntak and Widiastuti, 2004) who found a major influence on the broader public ownership the company financial statement disclosure.

Ownership of shares by the public is measured by the percentage of ownership. The results McKinnon and Dali (1993), Hossain et al (1994 and Gilian (1990) showed that the structure of ownership that is measured by the proportion of shares held by the community (public) has a positive and significant influence on the level of management's willingness to disclose information to the public and results

are consistent with agency theory. However research of Susanto, (1992) showed no significant results.

Based on the above framework, the hypothesis was formulated as follows:

H₉: There is a positive relationship between public ownership and CSR disclosure

2.4.10 The relationship between public ownership ratio and profitability

As far as ownership of the company is concerned, Jensen and Meckling (1976) concluded that institutional investors as well as major investors play an important role in monitoring management behavior. Sarkar and Sarkar (1999:2000) conducted a study in 1995 and 1996 to obtain the result that the evidence of the role of majority shareholders in supervising and controlling the company profitability. Majority shareholders involved in ensuring the company in improving the profitability of the company until a certain level and there is a correlation between foreign investors with a level of profitability.

Every market or any business environment has different conditions and characteristic, then the relationship between ownership concentration and profitability should also vary (Fama & Jensen (1983), Morck, Shleifer & Vishny (1988).

Based on the above framework, the hypothesis was formulated as follows:

H₁₀: There is a positive relationship between public ownership ratio and profitability

2.4.10 The relationship between CSR disclosure and profitability

Research conducted Gray et al., (1995) concluded that no evidence of social disclosures related to company profitability, at least not in the same year. Profitability is a factor that makes management free to disclose social responsibility to the shareholders (Heinze,1976) in Hackston & Milne (1996). Moreover, the higher the level of company profitability the greater the CSR information (Bowam & Haire,1976) and Preston (1978) in Hackston & Milne (1996). Hackston & Milne (1996) described no significant relationship between profitability with CSR disclosure. Belkaoui & Karpik (1989) stated that the society requires management to make profit. Vance (1975) in Belkaoui & Karpik (1989) has the opposite view, that

CSR disclosure provides competitive losses because the company has to spend an additional cost to disclose social information.

Based on the above framework, the hypothesis was formulated as follows:

H₁₁: There is a positive relationship between CSR disclosure and profitability.

2.4.11 Summary of Hypothesis

No	Hypothesis	Supporting Journal
H ₁	There is a positive relationship between sales growth and CSR disclosure.	Kotler, L and Lee, N (2005)
H ₂	There is a positive relationship between sales growth and profitability.	Hadiyana (2007)
H ₃	There is a positive relationship between sales growth and financial leverage.	Brigham and Gapenski (1999)
H ₄	There is a positive relationship between leverage and CSR disclosure.	Hossain, et al (1993.1994); Aitken (1997); Bradburry (1991), Morgan (1992), Craswell (1992)
H ₅	There is a negative relationship between leverage and profitability.	Kusmawati (2000)
H ₆	There is a positive relationship between size and CSR disclosure.	Cooke (1989), Susan (1992), Hosain et al (1993.1994); Mc.Kinnon and Dali (1993), Aitken (1997) and Suropto (1999)
H ₇	There is a positive relationship between size and profitability.	Audrestch, Prince and Thurik (1998)
H ₈	There is a positive relationship between size and leverage.	Weston and Brigham (1992)
H ₉	There is a positive relationship between public ownership and CSR disclosure.	McKinnon and Dali (1993), Hossain et al (1994 and Gilian (1990)
H ₁₀	There is a positive relationship between public ownership ratio and profitability.	Jensen and Meckling (1976) Sarkar and Sarkar (1999,2000)
H ₁₁	There is a positive relationship between CSR disclosure and profitability.	Bowam and Haire (1976) Preston (1978)

CHAPTER 3

METHODOLOGY

3.1 Technical Data Collection

Data used in this research is secondary data in the form of annual financial reports for 4 years. In this research, data collection is conducted by field research, i.e. financial reports and sustainability reporting in annual reports and other supporting data from the Indonesia Stock Exchange, Bisnis Indonesia Intelligence Unit and other websites to obtain additional data. Moreover data collection is also prepared through the study of literature by reading, understanding and examining various sources such as the Indonesian Capital Market Directory, literature, text books, articles and journals to support this research. Literature study is conducted to obtain information that will be used as comparison in the discussion.

3.2 Population and Sample

The study population is 16 mining companies that listed in the Indonesia Stock Exchange in the year 2007-2010. The company in surveyed must meet the following categories:

- Financial year ended 31 December 2007-2010
- Integrated annual report covers financial performance and CSR information
- Not included in delist the company as of December 31, 2010

3.3 Identification of Variables Operational

The detail of dependent and independent variables to be used in this study are as follows:

a. Previous research on variables

Researchers used company size as one independent variable because the previous research results show consistency has a positive effect on the level of social disclosure in company annual reports. It was never proved by Susanto (1992),

McKinnon (1993), Hossain et al (1994), Surtanto (1999) Gunawan (2000) and Sitanggang (2002). Meanwhile, the researchers also used the level of debt (leverage) and the ratio of public ownership as one independent variable based on the previous studies which shown inconsistent influences on the level of social information disclosure in company annual reports. In a study conducted Hossain et al (1993), Hossain et al (1994) and Sitanggang (2002), stated a significant leverage effect on the level of social disclosure in company annual reports. While the research Susanto (1992), McKinnon (1993), Surtanto (1999) and Gunawan (2000) showed no significant results. While research McKinnon and Dali (1993), Hossain et al (1994) and Gillian (1990) and Partha (1995) described that the separation of ownership structure as measured by the proportion of shares held by the community (public) has positive and significant influence to the level of compliance management disclose information to the public and research results are consistent with agency theory. While research Susanto (1992) showed no significant results.

b. Additional Variables

Researcher includes sales growth as an additional variable in this study.

The internal factors that will be analyzed in the relation to the social information disclosure and company profitability are as follows:

a. Independent Variables

1. Sales growth (SGRW)-X1

Sales growth or sales growth is used as one variable because it reflects the company efforts to improve the management is good management and business activity. Sales growth is calculated from the percentage change of sales in the end of the year.

$$\text{Sales Growth} = \frac{\text{Total sales year } (t) - \text{Total sales year } (t-1)}{\text{Total sales year } (t-1)} \dots\dots\dots (3.1)$$

2. Level of Leverage (LEV) - X2

The level of leverage levels is used as one variable because it can provide useful information in determining the benefits of money. (Hari and Sudomo,1995). If the rate of debt is smaller than its return on investment then the company is better to have additional debt compare to its equity. For example: If the interest payable is 12% per year return on investment of 15% will attract debt will raise the return on investment. The level of leverage is measured by debt to equity ratio (DER) which is compares a company total liabilities to its total shareholders' equity. The above measurement are always presented together in the balance sheet, previous research Hossain et al (1993), Susan (1992), McKinnon da Dlainunthe (1993), Aiten (1997), Suripto (1999), Sitanggang (2002) using the DER.

3. Company Size (LnSIZE)-X3

The company size was measured by log. natural (ln) in total assets as at 31 December. This is due to the large amounts of total assets and to reduce the skewness. Total assets reflect the resources controlled by the company as a result of past events and from the economic benefits that expected will be received in the future. The company will operate the assets to produce goods or services, to settle the obligation and to distribute them to the owners (Hari and Sudomo (1995). In addition, previous research Hossain et al (1993), Susan (1992), McKinnon and Dlainunthe (1993), Aitken (1997), Suripto (1999), Sitanggang (2002) stated the company size as the indicators as well.

4. Public Ownership Ratio (POR)-X4

The ratio of public ownership is measured by the ratio of the number of shares held by the public (society). Public ownership ratio reflects how much influence the public in influencing the policies to be carried out by management in its operational activities. Previous studies Hossain et al (1993), Sitanggang (2002) also use public ownership ratio.

5. Voluntary Disclosure Score (SCORE)-Y1

Determination of indicators of management's willingness to disclose information to the public can be done in two ways:

3.4 Data Analysis Method

3.4.1. Descriptive Analysis

This analysis is done to present the summary statistics of each variable according to the scale of research and types of businesses in the form of tabulations and graphs.

3.4.2. Bivariate Correlation Analysis

This analysis was conducted to test the hypothesis about the positive influence of a variable against another. With statistical hypothesis is as follows:

$$H_0: \rho \leq 0$$

$$H_1: \rho > 0$$

3.4.3 Multiple Regression Analysis

Based on the observed causal relationship model can be applied to model as follows:

Model 1: The summation model

Based on the figure 3.1 to 3.3 will be applied to multivariate summation model (equation system) as follows:(3.2)

$$Y_2 = c(11) + c(12)*X_1 + c(13)*X_2 + c(14)*X_3 + c(15)*X_4 + c(16)*y_1 + \epsilon_1$$

$$Y_1 = c(21) + c(22)*X_1 + c(23)*X_2 + c(24)*X_3 + c(25)*X_4 + \epsilon_2$$

$$X_2 = c(31) + c(32)*X_1 + c(33)*X_3 + \epsilon_3$$

Descriptions:

Y₂ = Profitability

Y₁ = Number of social information disclosed (based on the categories of social information according to Hossain et al (1993))

X₁ = Sales growth

- X2 = Financial Leverage (DER)
 X3 = Company Size
 X4 = Public Ownership Ratio
 C(ij) = Model parameter which consist of "intercept" and "slopes"
 ϵ_i = error rate random to-i which meet the basic assumption of regression

The hypothesis can be described as follows:

1. Testing the influence of internal factors to profitability and social information disclosure by statistical hypothesis as follow:

$$H_0: c(12) = c(13) = c(14) = c(15) = c(22) = c(23) = c(24) = c(25) = 0$$

H₁: Not H₀

H₀: Sales growth, leverage, company size, and public ownership ratio have no influence to CSR disclosure and profitability.

H₁: Sales growth, leverage, company size and public ownership ratio have influence to CSR disclosure and profitability.

2. Testing the hypothesis of financial performance and CSR disclosure to profitability with statistical hypothesis as follow:

$$H_0: c(12) = c(13) = c(14) = c(15) = 0$$

H₁: Not H₀

H₀: Sales growth, leverage, company size, public ownership ratio and CSR disclosure have no influence to the level of profitability.

H₁: Sales growth, leverage, company size, public ownership ratio and CSR disclosure have influence to the level of profitability.

3. Testing the hypothesis of financial performance to CSR disclosure by statistical hypothesis is as follow:

$$H_0: c(22) = c(23) = c(24) = c(25) = 0$$

H₁: Not H₀

H_0 : Sales growth, financial leverage, company size and public ownership ration have no influence to social information disclosure.

H_1 : Sales growth, financial leverage, company size and public ownership ratio have influence to social information disclosure.

1. Testing the hypothesis of sales growth and company size to financial leverage with statistical hypothesis is as follow:

$H_0: c(32) = c(33) = 0$

H_1 : Not H_0

H_0 : Sales growth and company size have no influence to financial leverage

H_1 : Sales growth and company size have influence to financial leverage

2. Partial testing

- Testing the influence of sales growth to company profitability

$H_0: C(12) \leq 0$ (Sales growth has a negative influence to company profitability).

$H_1: C(12) > 0$ (Sales growth has a positive influence to company profitability).

- Testing the influence of financial leverage to company profitability

$H_0: C(13) \geq 0$ (financial leverage has a positive influence to company profitability).

$H_1: C(13) < 0$ (financial leverage has a negative influence to company profitability).

- Testing the influence of company size to company profitability

$H_0: C(14) \leq 0$ (company size has a negative influence to company profitability).

$H_1: C(14) > 0$ (company size has a positive influence to company profitability).

- Testing the influence of public ownership ratio to company profitability
 $H_0: C (15) \leq 0$ (public ownership ratio has a negative influence to company profitability).
 $H_1: C (15) > 0$ (public ownership ratio has a positive influence to company profitability).

- Testing the influence CSR disclosure to company profitability
 $H_0: C (16) \leq 0$ (CSR disclosure has a negative influence to company profitability).
 $H_1: C (16) > 0$ (CSR disclosure has a positive influence to company profitability).

- Testing the influence of sales growth to CSR disclosure
 $H_0: C (22) \leq 0$ (sales growth has negative influence to CSR disclosure).
 $H_1: C (22) > 0$ (sales growth has a positive influence to CSR disclosure).

- Testing the influence of financial leverage to CSR disclosure
 $H_0: C (23) \geq 0$ (financial leverage has a positive influence to CSR disclosure).
 $H_1: C (23) < 0$ (financial leverage has a negative influence to CSR disclosure).

- Testing the influence of company size to the level of CSR disclosure
 $H_0: C (24) \leq 0$ (company size has a negative influence to CSR disclosure)
 $H_1: C (24) > 0$ (company size has a positive influence to CSR disclosure)

- Testing the influence of public ownership ratio to CSR disclosure
 $H_0: C (25) \leq 0$ (public ownership ratio has a negative influence to CSR disclosure).
 $H_1: C (25) > 0$ (public ownership ratio has a positive influence to CSR disclosure).

- Testing the influence sales growth to financial leverage
 $H_0: C (32) \leq 0$ (Sales growth has a negative influence to financial leverage).
 $H_1: C (32) > 0$ (Sales growth has a positive influence to financial leverage).

- Testing the influence of company size to financial leverage

$H_0: C(33) \leq 0$ (company size has a negative influence to financial leverage).

$H_1: C(33) > 0$ (company size has a positive influence to financial leverage).

Model 2: Model of two-way interaction

Above model is applied to study and test hypotheses on the influence of the level of profitability which depends on financial performance and the influence of a certain financial performance which depend on other financial performance. The equation is as follow:

$$Y_2 = [c(11) + c(12) * X_1 + c(13) * X_2 + c(14) * X_3 + c(15) * X_4 + c(16) * Y_1] + [c(17) * X_1 + c(18) * X_2 + c(19) * X_3 + c(110) * X_4] * Y_1 + \varepsilon_1 \quad \dots(3.3)$$

$$Y_1 = [c(21) + c(22) * X_1 + c(23) * X_2 + c(24) * X_3 + c(25) * X_4 + [c(26) * X_1 + c(27) * X_3] * X_2 + \varepsilon_2$$

$$X_2 = c(31) + c(32) * X_1 + c(33) * X_3 + \varepsilon_3$$

The first regression equation shows the effect of Y_1 on Y_2 depend on $[c(17) * X_1 + c(18) * X_2 + c(19) * X_3 + c(110) * X_4]$ and the second regression indicates the influence X_2 to Y_1 which depend on $[c(26) * X_1 + c(27) * X_3]$

The statistical hypothesis can be described as follows:

$H_0: C(17) = C(18) = C(19) = C(110) = 0$

$H_1: \text{not } H_0$

H₀: CSR disclosure that depends on sales growth, financial leverage, company size and public ownership ratio have a positive influence to profitability.

H₁: CSR disclosure that depends on sales growth, financial leverage, company size and public ownership ratio have a negative influence to profitability.

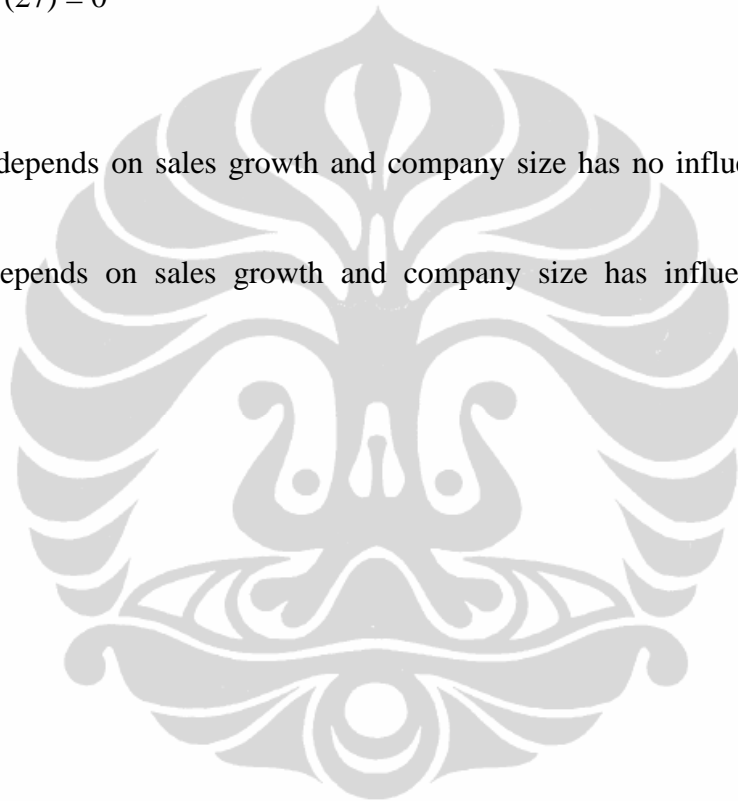
In addition, the analytical hypothesis can be described as follows:

H₀: C (26) = C (27) = 0

H₁: not H₀

H₀: Leverage depends on sales growth and company size has no influence to CSR disclosure.

H₁: leverage depends on sales growth and company size has influence to CSR disclosure.



3.5 Data Processing and Analysis Framework

The framework of data processing and analysis on this study is described as follows:

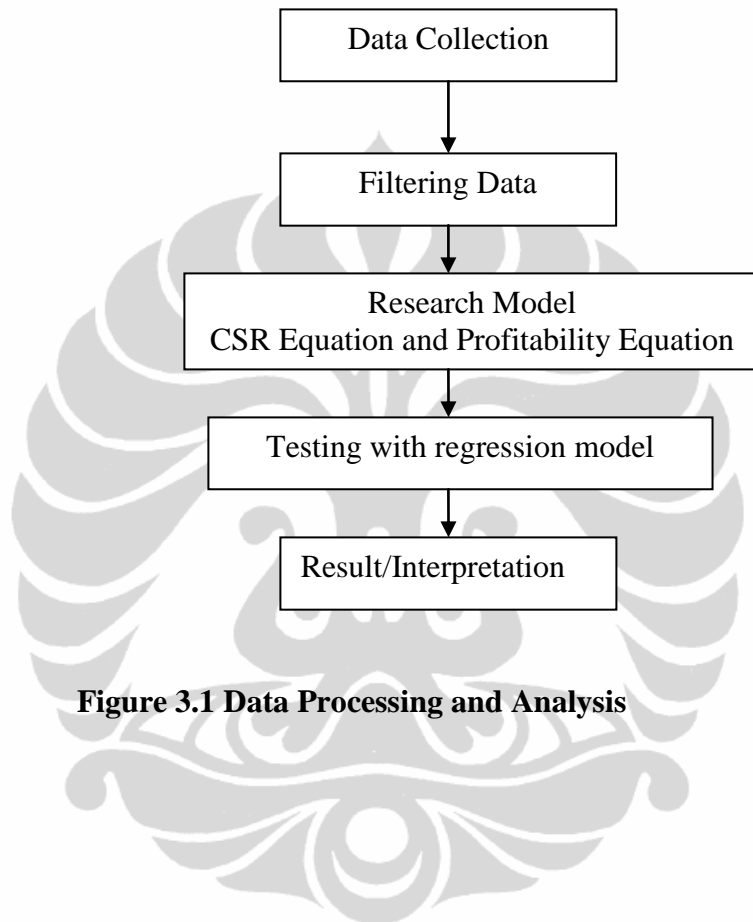


Figure 3.1 Data Processing and Analysis

CHAPTER 4

ANALYSIS AND DISCUSSION

4.1 Sample selection and descriptive statistics

To select the final sample of companies, this study begins with all mining listed companies in IDX who give information on company social responsibility in their annual reports. As stated in the previous chapter that the main purpose of the study is to determine the influence of internal factors on the level disclosure of social information and the level of financial performance.

Another purpose of this study is to determine the differences level of social disclosure over the period 2007 to 2010. The number of samples studied is 16 mining companies obtained from public listed companies in IDX.

The following analysis will discuss the statistical description of each variables used in accordance with the problems exposed.

4.1.1. Indicators on the Company Social Responsibility Disclosure

CSR disclosures were measured by content analysis method with using indexing techniques yes/no approach to CSR indicators that have been determined. Indicators CSR disclosure referred to the index used in the research by Hossain et al (1993, 1994), McKinnon and Dalimuntle (1993), Aitken (1997) which have around 96 indicators. However the 96 indicators have been modified into 61 indicators based on the KEP-134/BL/2006.

Table 4.1 shows the percentage for each item indicators of CSR disclosure which were calculated dividing the total number of indicators with total number of items that should be disclosed.

Table 4.1
Percentage of CSR Indicators Over Time

No.	Indicators	Total items	Year 2010	Year 2009	Year 2008	Year 2007	Average
			%	%	%	%	%
1	General Company Information	6	70	66	65	58	66
2	Acquisition and Disposal	3	0	0	0	0	0
3	Financial Overview	7	13	12	11	12	12
4	Research an development	4	39	31	30	24	31
5	Future Prospect	13	25	25	20	22	23
6	Employee Information	14	50	48	46	47	48
7	Social Reporting and Value Added Information	5	60	59	60	54	58
8	Segmental Reporting	4	69	67	64	67	67
9	Foreign Currency	2	63	50	44	44	50
10	Capital Market Data	2	47	41	31	34	38
	Total	61	42	39	37	36	38

The Table 4.1 describes the percentage of amount CSR indicators since 2007 to 2010 from 16 mining companies which are listed in IDX. The indicators are divided by 10 categories. The table shows the average CSR Index mining company in annual report increased from 36 in 2007 to 42% in 2010.

The table also shows there are only 4 from 10 indicators that have disclosed above 50% such as General Company Information, Social Reporting and Value Added Information, Segmental Reporting and Foreign Currency. On the other hand there are 6 from 10 indicators that have stated below 50% such as Acquisition and Disposal, Financial Overview, Research and Development, Future Prospect, Employee Information and Capital Market Data.

This definitely shows that level of disclosure by mining company samples tends to be low because the average CSR Indicators is still less than 50%.

4.1.2 Descriptive Statistics

There are 16 companies as samples for the correlation analysis. Table 4.2 to Table 4.5 show the minimum (Min), maximum (Max), mean, median, and standard deviation for the independent variables such as: company size represented by total assets (LnSize), Sales Growth (SGRW), Financial Leverage (LEV), Social Information Disclosure (SCORE), and Profitability (PRO) with detail result as follow:

Table 4.2
Descriptive Statistics- Year 2007

	N	Minimum	Maximum	Mean	Std. Deviation
SGRW	16	-.22	1.13	.3030	.37889
LEV	16	.01	12.27	1.7258	2.96882
LnSize	16	25.92	31.03	29.1458	1.45720
POR	16	.02	.73	.2987	.19456
Score07	16	.00	46.00	21.8125	16.48522
PRO	16	-.07	.62	.1395	.18741
Valid N (listwise)	16				

The Table 4.2 shows that in year 2007:

1. The Social Information Disclosure (SCORE07) has standard deviation of 0.37889 with mean value is 21.8125, minimum value is 0, and maximum values is 46 The minimum value is from PT. Eksploitasi Energi Indonesia Tbk and the maximum value is from PT. Elnusa Tbk
2. The Company Size (LnSize) consists of a variety amount as standard deviation of 1.45720 with mean value is 29.1458, minimum value is 25.92 and maximum value is 31.03. The minimum value is from PT. Citatah

Industri Marmer,Tbk and the maximum value is from PT. Bumi Resources, Tbk.

3. The financial leverage (LEV) which is measured by Debt Equity Ratio has a variant result with standard deviation of 2.96882, mean value is 1.7258, minimum value is 0.01, and maximum values is 12.27. The minimum value is from PT. Elnusa,Tbk and the maximum value is from PT. Bayan Resources, Tbk.
4. The ratio of public ownership (POR) has a standard deviation of 0.18741 with mean value is 0.2987, minimum value is 0.02, and maximum values is 0.73. The minimum value is from PT. Darma Henwa,Tbk and the maximum value is from PT. Bumi Resources, Tbk
5. The sales growth (SGRW) has a variant result with standard deviation of 0.37889 with mean value is 0.3030, minimum value is (0.22), and maximum values is 1.13 The minimum value is from PT. Energy Mega Persada,Tbk and the maximum value is from PT. Aneka Tambang, Tbk.

Above result explains that in 2007 LnSIZE is related to public ownership ratio which represent by PT. Bumi Resources Tbk that has the highest ratio of 0.73 including total assets with amounts to IDR 29.885 million. However there is no relation between CSR disclosure and financial leverage as showed by PT. Elnusa, Tbk that has minimum value of financial leverage of 0.01 but the CSR disclosure has a maximum value of 46.

Table 4.3
Descriptive Statistics- Year 2008

	N	Minimum	Maximum	Mean	Std. Deviation
SGRW	16	-.34	.98	.2901	.33646
LEV	16	.01	3.46	1.2013	1.15172
LnSize	16	26.04	31.49	29.4248	1.46080
POR	16	.13	.74	.3306	.16096
Score08	16	.00	49.00	22.2500	17.21821
PRO	16	.00	.28	.0981	.09565
Valid N (listwise)	16				

Table 4.3 shows that in year 2008:

1. The Social Information Disclosure (SCORE08) has standard deviation of 17.21821 with mean value is 22.25, minimum value is 0 and maximum values is 49 The minimum value is from PT. Eksploitasi Energi Indonesia Tbk and the maximum value is from PT. Bukit Asam (Persero) Tbk.
2. The Company Size (LnSize) consists of a variety amount as showed from standard deviation of 1.46080 with mean value is 29.4248, minimum value is 26.04 and maximum values is 31.49. The minimum value is from PT. Dharma Henwa,Tbk and the maximum value is from PT. Bumi Resources, Tbk.
3. The financial leverage (LEV) which is measured by Debt Equity Ratio has a variant result with standard deviation of 1.15172 with mean value is 1.2013, minimum value is 0.01 and maximum values is 3.46. The minimum value is from PT. Elnusa,Tbk and the maximum value is from PT. Citatah Industri, Tbk.
4. The ratio of public ownership (POR) has a standard deviation of 0.16096 with mean value is 0.3306, minimum value is 0.13 and maximum values is 0.74. The minimum value is from PT. Bayan Resources,Tbk and the maximum value is from PT. Bumi Resources, Tbk.
5. The sales growth (SGRW) has a variant result with standard deviation of 0.33646 with mean value is 0.2901, minimum value is (0.34) and maximum values is 0.98 The minimum value is from PT. International Nickel

Indonesia, Tbk and the maximum value is from PT. Indo Tambangraya Megah, Tbk.

Above result explains that on 2008 LnSIZE is related to public ownership ratio which represent by PT. Bumi Resources Tbk that has the highest ratio of 0.93 including total assets with amounts to IDR47.636 million. However there is no relation between CSR disclosure and financial leverage as showed by PT. Citatah Industry, Tbk who has maximum value of financial leverage of 3.46 but the maximum value of CSR disclosure is come from PT. Elnusa.

Table 4.4
Descriptive Statistics- Year 2009

	N	Minimum	Maximum	Mean	Std. Deviation
SGRW	16	-.55	.59	.0009	.32033
LEV	16	.21	4.87	1.3411	1.36732
LnSize	16	25.97	31.87	29.4550	1.50776
POR	16	.11	.93	.3494	.20109
Score09	16	.00	51.00	23.8125	18.58393
PRO	16	-.17	.34	.0749	.11988
Valid N (listwise)	16				

In 2009 the result shows:

1. The Social Information Disclosure (SCORE09) has standard deviation of 18.58393 with mean value is 23.8125, minimum value is 0 and maximum values is 51 The minimum value is from PT. Eksploitasi Energi Indonesia Tbk and the maximum value is from PT. Bukit Asam (Persero) Tbk.
2. The Company Size (LnSize) consists of a variety amount as showed from standard deviation of 1.50776 with mean value is 29.4550, minimum value is 25.97 and maximum values is 31.87. The minimum value is from PT. Citatah Industri Marmer, Tbk and the maximum value is from PT. Bumi Resources, Tbk

3. The financial leverage (LEV) which is measured by Debt Equity Ratio has a variant result with standard deviation of 1.36732 with mean value is 1.3411, minimum value is 0.21 and maximum values is 4.87. The minimum value is from PT. Aneka Tambang,Tbk and the maximum value is from PT. Energy Mega Persada, Tbk.
4. The ratio of public ownership (POR) has a standard deviation of 0.20109 with mean value is 0.3494, minimum value is 0.11 and maximum values is 0.93. The minimum value is from PT. Bukit Asam, Tbk and the maximum value is from PT. Bumi Resources, Tbk.
5. The sales growth (SGRW) has a variant result with standard deviation of 0.32033 with mean value is 0.0009, minimum value is (0.55) and maximum values is 0.59 The minimum value is from PT. International Nickel Indonesia,Tbk and the maximum value is from PT. Indo Tambangraya Megah, Tbk.

Above result explains that in 2009 that there is no relationship between CSR Disclosure and financial performance namely public ownership ratio, sales growth, size and leverage.

Table 4.5
Descriptive Statistics- Year 2010

	N	Minimum	Maximum	Mean	Std. Deviation
SGRW	16	-.13	1.17	.1968	.32693
LEV	16	.28	4.06	1.1441	.96642
LnSize	16	26.02	32.00	29.5301	1.50368
POR	16	.10	.95	.3676	.20537
Score10	16	.00	51.00	25.3125	18.55701
PRO	16	-.01	.23	.0951	.07904
Valid N (listwise)	16				

In 2010 the result shows:

1. The Social Information Disclosure (SCORE10) has standard deviation of 18.585701 with mean value is 25.3125, minimum value is 0 and maximum values is 51 The minimum value is from PT. Citatah Industri Marmer,Tbk and the maximum value is from PT. Bukit Asam (Persero) Tbk.
2. The Company Size (LnSize) consists of a variety amount as showed from standard deviation of 1.50368 with mean value is 29.5301, minimum value is 26.02 and maximum values is 32. The minimum value is from PT. Citatah Industri Marmer,Tbk and the maximum value is from PT. Bumi Resources, Tbk
3. The financial leverage (LEV) has a variant result with standard deviation of 0.96642 with mean value is 1.1441, minimum value is 0.28 and maximum values is 4.06. The minimum value is from PT. Aneka Tambang,Tbk and the maximum value is from PT. Bumi Resourdes, Tbk.
4. The ratio of public ownership (POR) has a standard deviation of 0.20537 with mean value is 0.3676, minimum value is 0.10 and maximum values is 0.95. The minimum value is from PT. Bayan Resources, Tbk and the maximum value is from PT. Bumi Resources, Tbk.
5. The sales growth (SGRW) which is measured by Debt Equity Ratio has a variant result with standard deviation of 0.32693 with mean value is 0.1968, minimum value is (0.13) and maximum values is 1.17 The minimum value is come from PT. Energi Mega Persada,Tbk and the maximum value is from PT. Exploitas Energi Indonesia, Tbk.

Above result describe that during 2010, size is related to public ownership ratio and leverage which represent by PT. Bumi Resources Tbk that has the highest public ownership ratio of 0.93 including leverage 4.46 and total assets with amounts to IDR47.636 million. However there is no relation between CSR disclosures with the above financial performance. The highest score of CSR disclosure is obtained by PT. Bukit Asam, Tbk.

In overall, the result over period 2007-2010 is found as follows:

Table 4.6
Descriptive Statistics- Year 2007-2010

	N	Minimum	Maximum	Mean	Std. Deviation
SGRW	64	-.55	1.17	.1977	.35473
LEV	64	.01	12.27	1.3531	1.77035
LNSIZE	64	25.92	32.00	29.3889	1.45423
POR	64	.02	.95	.3366	.18845
SCORE	60	.00	51.00	24.8500	16.81185
PRO	64	-.17	.62	.1019	.12653
Valid N (listwise)	60				

Table 4.6 shows the combined calculation on period 2007 to 2010 with result as follows:

1. The Social Information Disclosure (SCORE) has standard deviation of 16.81185 with mean value is 24.85 minimum value is 0 and maximum values is 51. The minimum value is from PT. Eksploitasi Energi Indonesia,Tbk and PT. Citatah Industri Marmer,Tbk, and the maximum value is from PT. Bukit Asam (Persero) Tbk,
2. The Company Size (LnSize) come with standard deviation is 1.45423 with mean values is 29.3889, minimum value is 25.92 and a maximum value is 32. The minimum value is from PT. Citatah Industri Marmer,Tbk and the maximum value is from PT. Bumi Resources, Tbk.
3. The financial leverage (LEV) which is measured by Debt Equity Ratio has a standard deviation of 1.77035 with mean value is 1.3531, minimum value is 0.01 and maximum values is 12.27. The minimum value is from PT. Elnusa,Tbk and the maximum value is from PT. Bayan Resources, Tbk.

4. The ratio of public ownership (POR) has a standard deviation of 0.18845 with mean value is 0.3366, minimum value is 0.02 and maximum values is 0.95. The minimum value is from PT. Darma Henwa,Tbk and the maximum value is from PT. Bumi Resources, Tbk .
5. The sales growth (SGRW) has a variant result with standard deviation of 0.35473 with mean value is 0.1977, minimum value is (0.55) and maximum values is 1.17 The minimum value is from PT. International Nickel Indonesia,Tbk and the maximum value is from PT. Aneka Tambang, Tbk.

Above combined result describe that during 2010, size is related to public ownership ratio and leverage which represent by PT. Bumi Resources Tbk that has the highest public ownership ratio of 0.95 including total assets with amounts to IDR47.636 million. However there is no relation between CSR disclosures with the above financial performance. The highest score of CSR disclosure is obtained by PT. Bukit Asam, Tbk.

4.1.3 The influence level of leverage to CSR disclosure

a. Year 2007

The Bivariate analysis using Pearson correlation shows there is no relationship between level of leverage and CSR disclosure ($p= 0.275$ $r = -0.290$). This is because there is no guarantee that level of leverage gives contribution to the increasing of CSR disclosure, as shown on the following scatter plot.

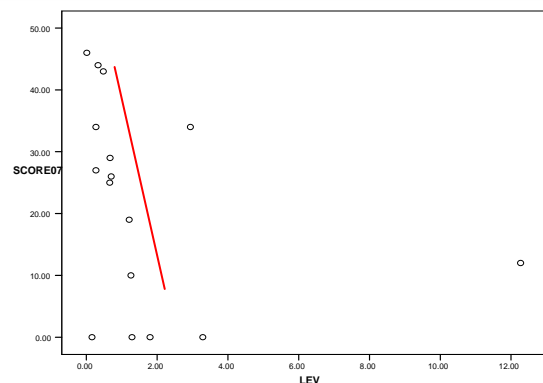


Figure 4.1
Scatter Plot - SCORE07 vs LEV
Year 2007

Above Figure 4.1 shows that there is extreme data that appears at BYAN which has high level of leverage but low level of CSR disclosure.

b. Year 2008

The Bivariate analysis using Pearson correlation shows that there is a relationship between leverage and CSR disclosure ($p= 0.004$ $r = -0.682$). This is because there is guarantee that the level of leverage gives contribution to the increasing of CSR disclosure, as shown on the following scatter plot.

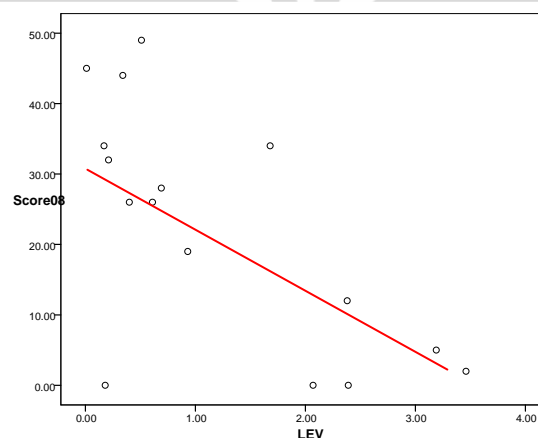


Figure 4.2
Scatter Plot -SCORE08 vs LEV
Year 2008

Above Figure 4.2 shows some extreme data at company CTTH and BUMI which have high level of leverage but low level of CSR disclosure.

c. Year 2009

The Bivariate analysis using Pearson Correlation shows there is a relationship between level of leverage and CSR disclosure ($p= 0.023$ $r = - 0.562$). This is because

there is a guarantee that the level of leverage gives contribution on the increasing of CSR disclosure, as shown on the following scatter plot.

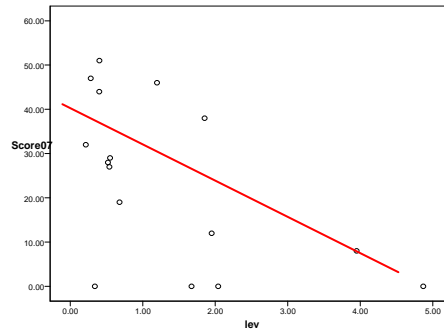


Figure 4.3
Scatter Plot - SCORE09 vs LEV
Year 2009

Above Figure 4.3 shows some extreme data appear at ENRC and BUMI because they have high level of leverage but low level of CSR disclosure.

b. Year 2010

The Bivariate analysis using Pearson Correlation shows there is no relationship between leverage and CSR disclosure ($p= 0.121$ $r = -0.404$). This is because there is no guarantee that leverage gives contribution on the increasing of CSR disclosure, as shown on the following scatter plot.

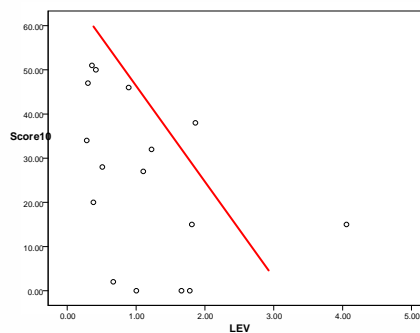


Figure 4.4
Scatter Plot- SCORE10 vs LEV
Year 2010

Figure 4.4 shows that an extreme data appears at BUMI which have high level of leverage but low level of CSR disclosure.

4.1.4 The influence of company size to CSR disclosure

a. Year 2007

The Bivariate analysis using Pearson correlation shows there is no relationship between company size and CSR disclosure ($p= 0.562$ $r = 0.157$). This is because there is no guarantee that the level of LnSize gives contribution to the increasing of CSR disclosure as shown on the following scatter plot:

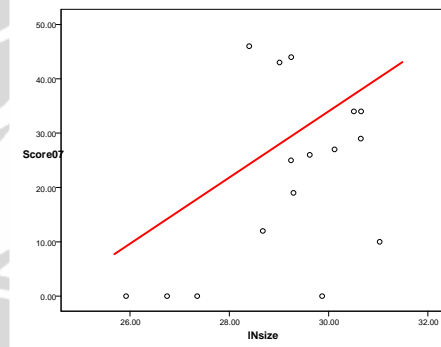


Figure 4.5
Descriptive Statistics- Year 2007
SCORE07 vs. LnSIZE

Above Figure 4.5 shows some extreme data appear at PGAS, MEDC, and INCO because they have high total assets and high level of CSR disclosure.

b. Year 2008

In 2008 the Bivariate analysis using Pearson Correlation shows there is no relationship between company size and CSR disclosure ($p= 0.954$ $r = -0.016$). This is because there is no guarantee that LnSize gives contribution on the increasing of CSR

disclosure. The reason of this result because the greater companies size the lower level of CSR report, as shown on the following scatter plot.

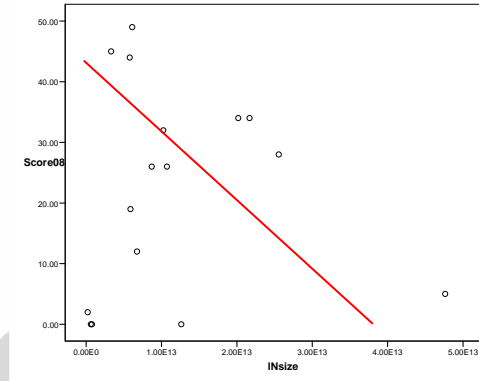


Figure 4.6
Scatter Plot- SCORE08 vs LnSIZE
Year 2008

The above Figure 4.6 shows an extreme data appears at BUMI that has high total assets but low level of CSR disclosure.

c. Year 2009

The Bivariate analysis using Pearson correlation shows there is no relationships between company size and CSR disclosure ($p= 0.975$ $r = -0.009$). This is because there is no guarantee that the level of LnSize gives contribution on the increasing of CSR disclosure. The reason of this result is because the greater the company size is not followed by the complete CSR report, as shows on the following scatter plot.

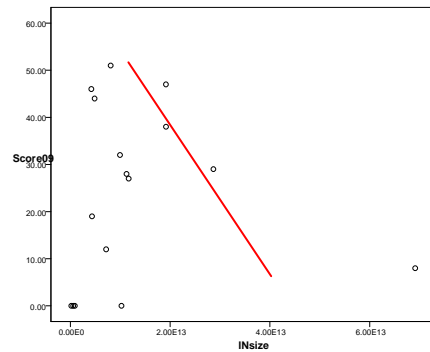


Figure 4.7
Scatter Plot - SCORE09 vs. LnSIZE
Year 2009

Figure 4.7 shows that there is an extreme data appears at BUMI because it has high total assets but low level of CSR disclosure.

d. Year 2010

The Bivariate analysis using Pearson correlation shows there is no relationship between company size and CSR disclosure ($p = 0.066$ $r = 0.471$). This is because there is no guarantee that LnSize gives contribution on the increasing of the CSR disclosure. The reason of this result is because the greater the size of company is followed with the complete level of the CSR report, as shown on the following scatter plot

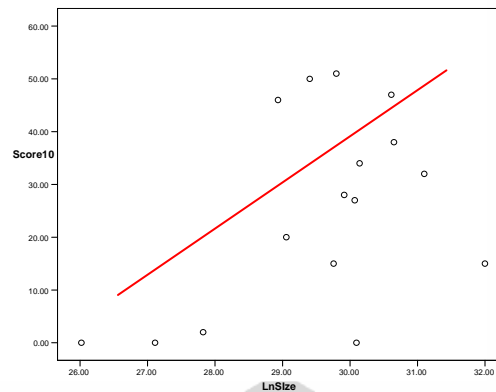


Figure 4.8
Scatter Plot- SCORE10 vs. LnSize
Year 2010

Figure 4.8 shows that an extreme data appears at BUMI as high total assets and high level of CSR disclosure.

4.1.5 The influence of sales growth to CSR disclosure

a. Year 2007

The Bivariate analysis using Pearson correlation shows there is a relationship between company size and the CSR disclosure ($p= 0.061$ $r = 0.478$). This is because there is no guarantee that the level of LnSize gives contribution on the increasing of CSR disclosure. The reason of this result is because that higher the sales growth will have a complete level of the CSR report, as shown on the following scatter plot.

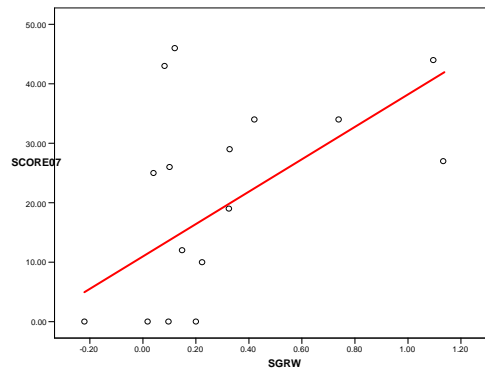


Figure 4.9
Scatter Plot- SCORE07 vs SGRW
Year 2007

Figure 4.9 shows that some extreme data that appears at company ANTM and TINS as they have high sales growth and high level of CSR disclosure.

b. Year 2008

The Bivariate analysis using Pearson correlation shows there is no relationship between company size and CSR disclosure ($p= 0.280$ $r = -0.299$) The reason of this result is because there is no guarantee that higher sales growth will have a complete CSR disclosure, as shown on the following scatter plot.

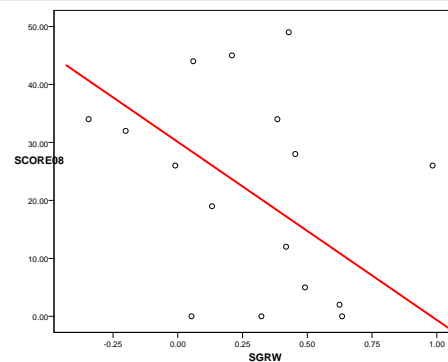


Figure 4.10
Scatter Plot- SCORE08 vs SGRW
Year 2008

Figure 4.10 d shows that there are extreme data appear at company ITMG and ENRG as high sales growth but low level of CSR disclosure.

c. Year 2009

The Bivariate analysis using Pearson correlation shows there is no relationship between company size and CSR disclosure ($p= 0.807$ $r = -0.067$) The reason of this result is because there is no guarantee that higher sales growth will have a complete level of the CSR report, as shown on the following scatter plot.

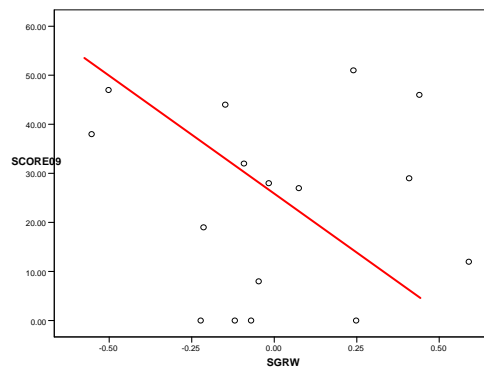


Figure 4.11
Scatter Plot- SCORE09 vs SGRW
Year 2009

Figure 4.11 shows that there are extreme data that appears at BYAN, ELSA, and PGAS which have high sales growth but low level of CSR disclosure.

d. Year 2010

The Bivariate analysis using Pearson correlation shows there is no relationship between company size and CSR disclosure ($p= 0.783$ $r = -0.075$) The reason of this result is because there is no guarantee that higher sales growth will have a complete CSR disclosure, as shown on the following scatter plot.

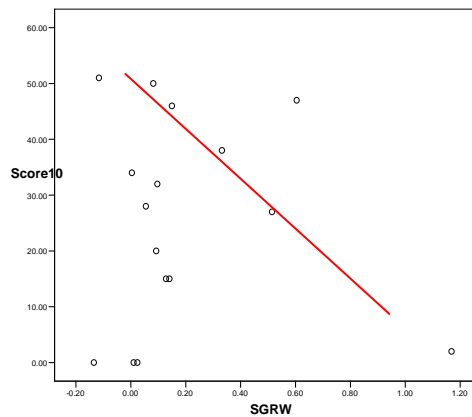


Figure 4.12
Scatter Plot- SCORE10 vs SGRW
Year 2010

Figure 4.12 shows that there are extreme data appear at CNKO, INDO, and INCO because they have high level of sales growth but low level of CSR disclosure.

4.1.6 The influence of public ownership ratio to CSR disclosure.

a. Year 2007

The Bivariate analysis using Pearson Correlation shows there is no relationship between public ownership ratio and CSR disclosure ($p= 0.368$ $r = -0.241$). The reason of this result is because the public ownership ratio is not considered on the increasing of the level of CSR report, as shown on the following scatter plot.

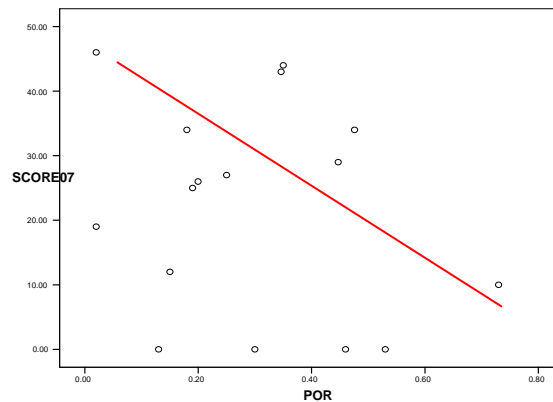


Figure 4.13
Scatter Plot- SCORE07 vs POR –Year 2007

Figure 4.13 shows that there is an extreme data appears at BUMI which has high public ownership ratio but low level of CSR disclosure.

b. Year 2008

The Bivariate analysis using Pearson Correlation shows there is no relationship between company size and CSR disclosure ($p= 0.064$ $r = -0.473$). The reason of this result is because the public ownership ratio is not considered on increasing of the CSR report, as shown on the following scatter plot.

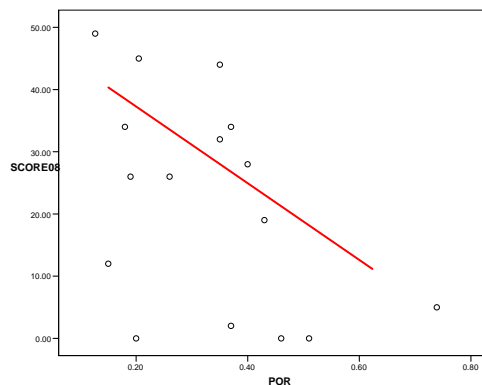


Figure 4.14
Scatter Plot- SCORE08 vs POR – Year 2008

Figure 4.14 shows that an extreme data appears at company BUMI which has the highest public ownership ratio but lower level of CSR disclosure.

c. Year 2009

The Bivariate analysis using Pearson Correlation shows there is no relationship between company size and CSR disclosure ($p= 0.092$ $r = -0.436$). The reason of this result is because the public ownership ratio is not considered on the increasing of CSR report, as shown on the following scatter plot.

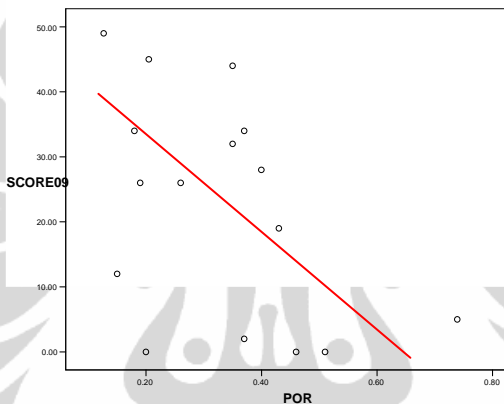


Figure 4.15
Scatter Plot- SCORE09 vs POR- Year 2009

Figure 4.15 shows that an extreme data appears at BUMI which has the highest public ownership ratio but lower level of social information disclosure.

d. Year 2010

The Bivariate analysis using Pearson Correlation shows there is no relationship between company size and CSR disclosure ($p= 0.138$ $r = -0.388$). The reason of this result is because public ownership ratio is not considered on the increasing of CSR report, as shown on the following scatter plot

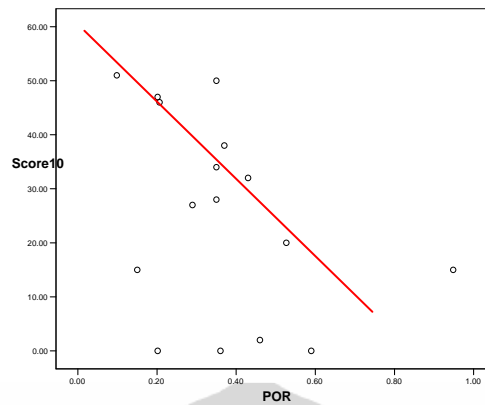


Figure 4.16
Scatter Plot- SCORE10 vs POR – Year 2010

The above data distribution shows that an extreme data appears at company BUMI which has higher public ownership ratio but lower level of social information disclosure.

4.2 Company performance that give influence to profitability

Level of company profitability is measured by Return on Assets (ROA). The ROA will be used as a relevant variable of the five independent variables used, such as: Value scores of CSR disclosure (SCORE), company size (LnSIZE), sales growth (SGRW), financial leverage (LEV) and public ownership ratio (POR).

Below are the illustrations of the above internal factors compared to the profitability of company:

4.2.1 The relationship of sales growth to profitability

Year 2007

The result of Bivariate analysis using Pearson Correlation shows there is a relationship between sales growth and profitability ($p = 0.001$ $r = 0.743$). This is because sales growth is a determine factor to profitability. The higher is sales growth the higher the profitability as explained in the following scatter plot:

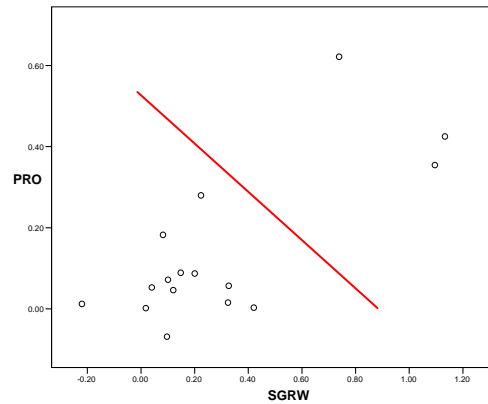


Figure 4.17
Scatter Plot - SGRW vs PRO
Year 2007

Year 2008

The result of Bivariate analysis using Pearson Correlation shows there is no relationships between sales growth and profitability ($p = 0.742$ $r = -0.089$). This is because sales growth is not a determine factor to profitability which described with scatter plot as follows:

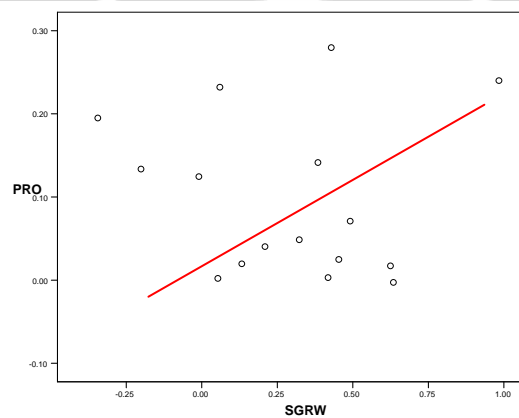


Figure 4.18
Scatter Plot - SGRW vs PRO
Year 2008

Year 2009

The result of Bivariate analysis using Pearson Correlation shows there is no relationship between sales growth and profitability ($p = 0.197$ $r = 0.340$). This is because the level of sales growth is not a determine factor to profitability. The scatter plot is described as follows:

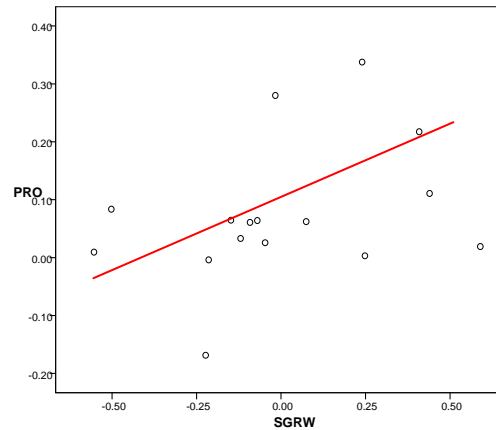


Figure 4.19
Scatter Plot - SGRW vs PRO
Year 2009

Year 2010

The result of Bivariate analysis using Pearson Correlation shows there is no relationship between sales growth and profitability ($p = 0.807$ $r = -0.66$). This is because the level of sales growth is not a determine factor to profitability. The scatter plot is described as follows:

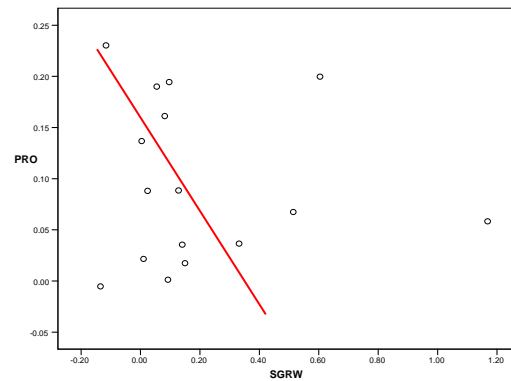


Figure 4.20
Scatter Plot - SGRW vs PRO
Year 2010

4.2.2 The relationship of financial leverage to profitability

Year 2007

The result of Bivariate analysis using Pearson Correlation indicates there is no relationship between financial leverage and company profitability ($p = 0.407$ $r = -0.223$). This is because financial leverage is not a determine factor to profitability. It can be seen in the following scatter plot:

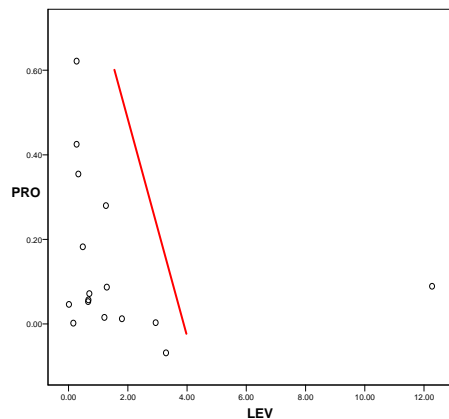


Figure 4.21
Scatter Plot - PRO vs LEV
Year 2007

Year 2008

The result of Bivariate analysis using Pearson Correlation indicates there is no relationship between leverage and profitability ($p = 0.079$ $r = -0.451$). This is because financial leverage is not a determine factor to profitability. It can be seen in the following scatter plot:

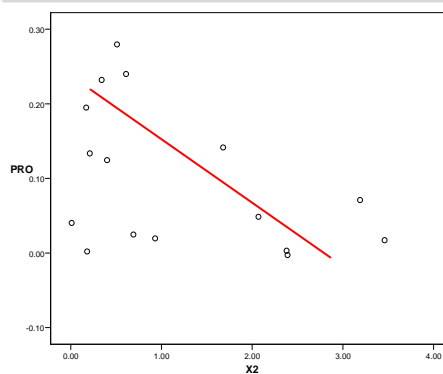


Figure 4.22
Scatter Plot - PRO vs LEV
Year 2008

Year 2009

The result of Bivariate analysis using Pearson Correlation indicates there is a relationship between financial leverage and profitability ($p = 0.015$ $r = -0.593$). This is because financial leverage is a determine factor to profitability. The financial leverage will decrease to profitability. It can be seen in the following scatter plot:

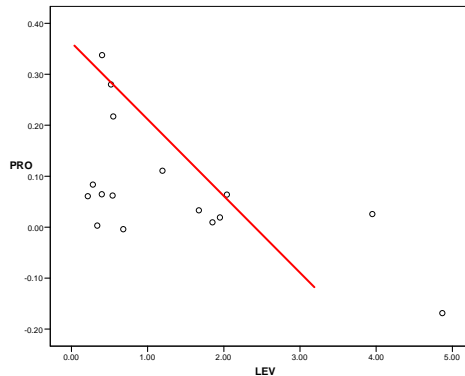


Figure 4.23
Scatter Plot - PRO vs LEV
Year 2009

Year 2010

The result of Bivariate analysis using Pearson Correlation indicates there is no relationship between financial leverage and profitability ($p = 0.109$ $r = -0.416$). This is because financial leverage is not a determine factor to profitability. It can be seen in the following scatter plot:

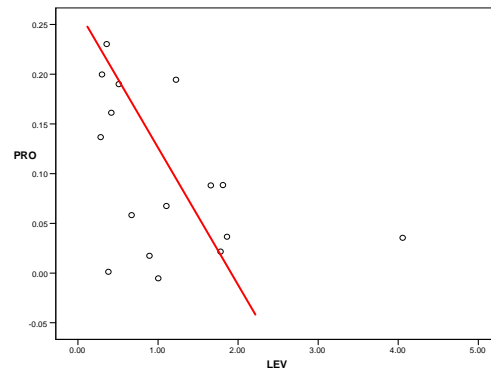


Figure 4.24
Scatter Plot - PRO vs LEV
Year 2010

4.2.3 The Relationship between company size to profitability

Year 2007

The results of Bivariate analysis using Pearson Correlation show there is no relationship between company size and profitability ($p = 0.134$ $r = 0.391$). This is because financial leverage is not a determine factor to profitability. It can be seen in the scatter plot the following:

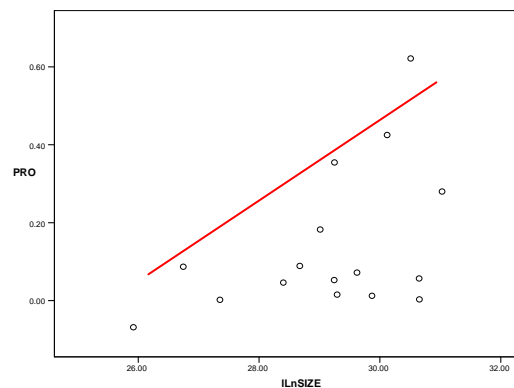


Figure 4.25
Scatter Plot - PRO vs LnSIZE
Year 2007

Year 2008

The result of Bivariate analysis using Pearson Correlation shows there is no relationship between size and profitability ($p = 0.828$ $r = 0.059$). This is because the company with higher size is expected to increase its profitability. It can be seen in the scatter plot the following:

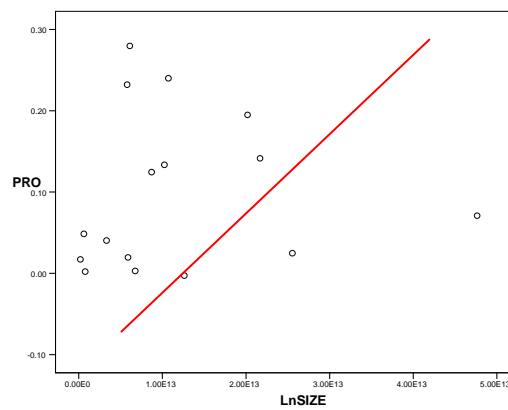


Figure 4.26
Scatter Plot - PRO vs LnSIZE
Year 2008

Year 2009

The result of Bivariate analysis using Pearson Correlation shows there is no relationship between size and profitability ($p = 0.951$ $r = 0.017$). This is because the company with higher size is not expected to increase its profitability. It can be seen in the following scatter plot:

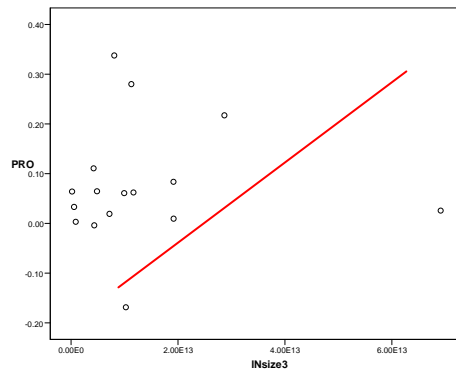


Figure 4.27
Scatter Plot - PRO vs LnSIZE
Year 2009

Year 2010

The results of Bivariate analysis using Pearson Correlation shows there is no relationship between company size and profitability ($p = 0.370$ $r = 0.240$). This is because the company with higher size is expected to increase its profitability. It can be seen in the scatter plot the following:

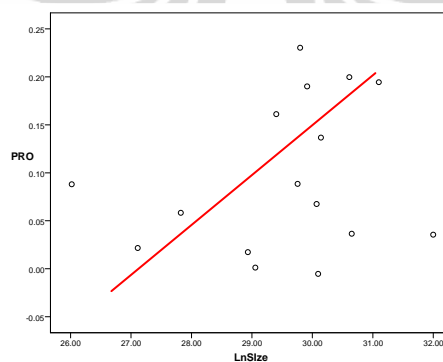


Figure 4.28
Scatter Plot - PRO vs LnSIZE
Year 2009

4.2.4 The relationship between the public ownership ratio to profitability

Year 2007

The results of Bivariate analysis using Pearson Correlation indicates there is no relationship between public ownership ratio and profitability ($p = 0.965$ $r = 0.012$). It can be seen in the following scatter plot:

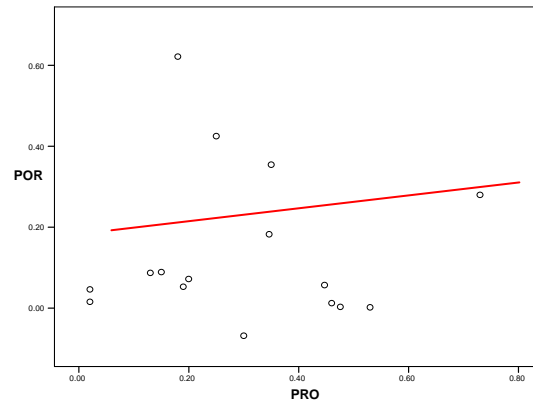


Figure 4.29
Scatter Plot - PRO vs POR
Year 2007

Year 2008

The results of Bivariate analysis using Pearson Correlation indicates there is no relationship between public ownership ratio and profitability ($p = 0.150$ $r = -0.377$). It can be seen in the following scatter plot:

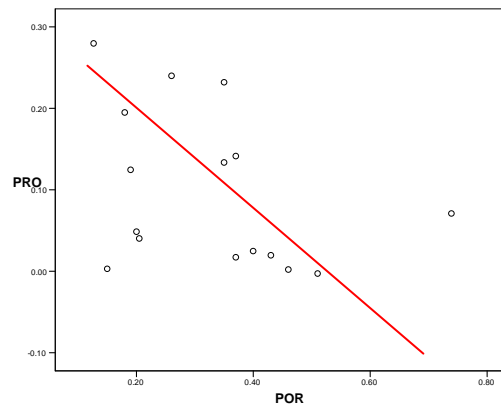


Figure 4.30
Scatter Plot - PRO vs POR
Year 2008

Year 2009

The results of Bivariate analysis using Pearson Correlation indicates there is no relationship between the public ownership ratio and profitability ($p = 0.113$ $r = -0.412$). It can be seen in the following scatter plot:

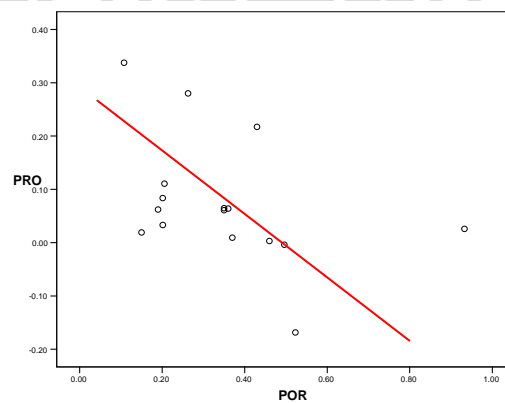


Figure 4.31
Scatter Plot - PRO vs POR
Year 2009

Year 2010

The results of Bivariate analysis using Pearson Correlation indicates there is no relationship between public ownership ratio and profitability ($p = 0.017$ $r = 0.585$). It can be seen in the following scatter plot:

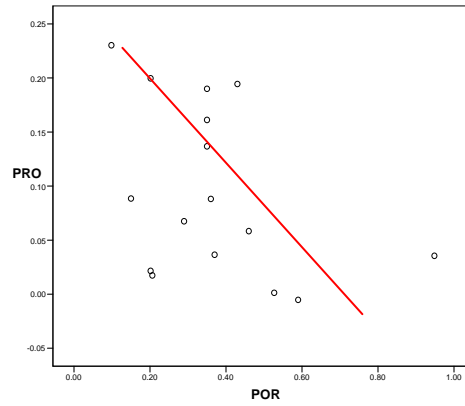


Figure 4.32
Scatter Plot - PRO vs POR
Year 2010

4.2.5 The influence of CSR disclosure to profitability

Year 2007

The result of Bivariate analysis using Pearson Correlation shows there is no relationship between CSR disclosure and profitability ($p = 0.123$ $r = 0.401$). It shows that CSR disclosure can increase profitability which can be seen in the following scatter plot.

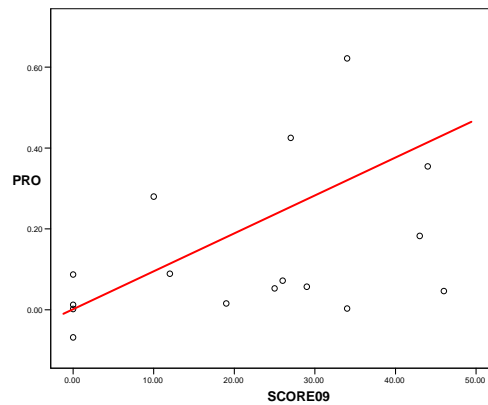


Figure 4.33
Scatter Plot - PRO vs SCORE07-
Year 2007

Year 2008

The results of Bivariate analysis using Pearson Correlation shows there is no relationship between the level of CSR disclosure and profitability ($p = 0.707$ $r = 0.002$). This describes that CSR disclosure can increase profitability. It can be seen in the following scatter plot:

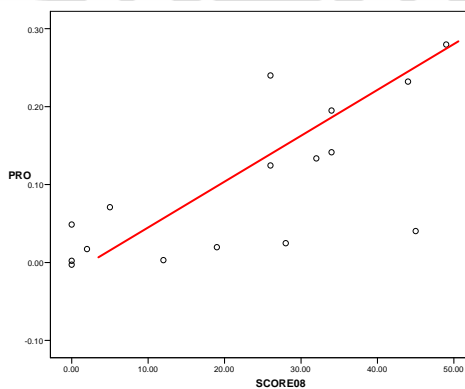


Figure 4.34
Scatter Plot - PRO vs SCORE08- Year 2008

Year 2009

The result of Bivariate analysis using Pearson Correlation shows there is no relationship between the level of CSR disclosure profitability ($p = 0.569$ $r = 0.21$). This shows that CSR disclosure can increase profitability. It can be seen in the following scatter plot:

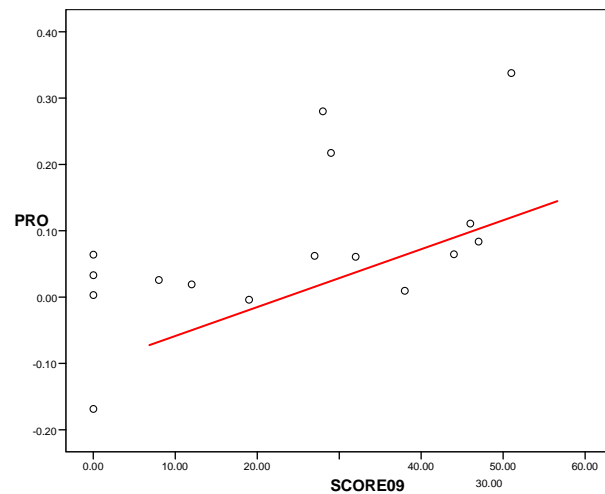


Figure 4.35
Scatter Plot - PRO vs SCORE09
Year 2009

Year 2010

The result of Bivariate analysis using Pearson Correlation show there is no relationship between the level of CSR disclosure and profitability ($p = 0.585$ $r = 0.017$). It shows that CSR disclosure can increase profitability which can be seen in the following scatter plot:

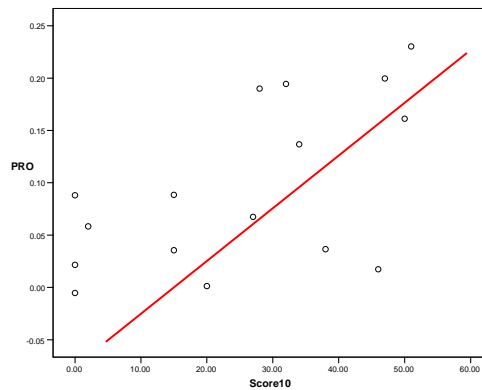


Figure 4.36
Scatter Plot - PRO vs SCORE10
Year 2010

4.3 Bivariate Correlation Analysis

The analysis is prepared in order to test the hypothesis of a positive effect from one variable to other variables.

$$H_0: \rho \leq 0$$

$$H_1: \rho > 0$$

The Bivariate Correlation is analyzed with Pearson Correlation under Statistical Package for Social Science (SPSS) version 15.00 in order to meet the objectives of the study.

Table 4.7
Bivariate Data- Year 2007

Correlations

		SGRW	LEV	LnSIZE	POR	Score07	PRO
SGRW	Pearson Correlation	1	-.192	.253	-.080	.478	.743**
	Sig. (2-tailed)		.477	.345	.768	.061	.001
	N	16	16	16	16	16	16
LEV	Pearson Correlation	-.192	1	-.142	-.119	-.290	-.223
	Sig. (2-tailed)	.477		.600	.660	.275	.407
	N	16	16	16	16	16	16
LnSIZE	Pearson Correlation	.253	-.142	1	.590*	.157	.391
	Sig. (2-tailed)	.345	.600		.016	.562	.134
	N	16	16	16	16	16	16
POR	Pearson Correlation	-.080	-.119	.590*	1	-.241	.012
	Sig. (2-tailed)	.768	.660	.016		.368	.965
	N	16	16	16	16	16	16
Score07	Pearson Correlation	.478	-.290	.157	-.241	1	.401
	Sig. (2-tailed)	.061	.275	.562	.368		.123
	N	16	16	16	16	16	16
PRO	Pearson Correlation	.743**	-.223	.391	.012	.401	1
	Sig. (2-tailed)	.001	.407	.134	.965	.123	
	N	16	16	16	16	16	16

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.8
Summary of Bivariate Correlation and Hypothesis- Year 2007

Hypothesis	Bivariate Result	Summary
SGRW Vs SCORE07	Positive	Data do not support Hypothesis
LEV Vs SCORE07	Negative	Data do not support Hypothesis
LNSIZE Vs SCORE07	Positive	Data do not support Hypothesis
POR Vs SCORE07	Negative	Data do not support Hypothesis
SGRW Vs LEV	Negative	Data do not support Hypothesis
LNSIZE Vs LEV	Negative	Data do not support Hypothesis
SGRW Vs PRO	Positive	Data support Hypothesis
LEV Vs PRO	Negative	Data do not support Hypothesis
LNSIZE Vs PRO	Positive	Data do not support Hypothesis
POR Vs PRO	Positive	Data do not support Hypothesis
SCORE07 Vs PRO	Positive	Data do not support Hypothesis

Table 4.9
Bivariate Data- Year 2008

Correlations

	SGRW	LEV	LnSIZE	POR	SCORE08	PRO
SGRW Pearson Correlation	1	.544*	.101	.191	-.299	-.089
Sig. (2-tailed)		.029	.709	.479	.260	.742
N	16	16	16	16	16	16
LEV Pearson Correlation	.544*	1	.266	.423	-.682**	-.451
Sig. (2-tailed)	.029		.319	.102	.004	.079
N	16	16	16	16	16	16
LnSIZE Pearson Correlation	.101	.266	1	.588*	-.016	.059
Sig. (2-tailed)	.709	.319		.016	.954	.828
N	16	16	16	16	16	16
POR Pearson Correlation	.191	.423	.588*	1	-.473	-.377
Sig. (2-tailed)	.479	.102	.016		.064	.150
N	16	16	16	16	16	16
SCORE08 Pearson Correlation	-.299	-.682**	-.016	-.473	1	.707**
Sig. (2-tailed)	.260	.004	.954	.064		.002
N	16	16	16	16	16	16
PRO Pearson Correlation	-.089	-.451	.059	-.377	.707**	1
Sig. (2-tailed)	.742	.079	.828	.150	.002	
N	16	16	16	16	16	16

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.10
Summary of Bivariate Correlation and Hypothesis- Year 2008

Hypothesis	Bivariate Result	Summary
SGRW Vs SCORE08	Negative	Data do not support Hypothesis
LEV Vs SCORE08	Negative	Data support Hypothesis
LNSIZE Vs SCORE08	Negative	Data do not support Hypothesis
POR Vs SCORE08	Negative	Data do not support Hypothesis
SGRW Vs LEV	Positive	Data support Hypothesis
LNSIZE Vs LEV	Positive	Data do not support Hypothesis
SGRW Vs PRO	Positive	Data do not support Hypothesis
LEV Vs PRO	Negative	Data do not support Hypothesis
LNSIZE Vs PRO	Positive	Data do not support Hypothesis
POR Vs PRO	Negative	Data do not support Hypothesis
SCORE08 Vs PRO	Positive	Data support Hypothesis

Table 4.11
Bivariate Data- Year 2009

Correlations

	SGRW	LEV	LnSIZE	POR	SCORE09	PRO
SGRW Pearson Correlation	1	-.139	-.099	-.214	-.067	.340
Sig. (2-tailed)		.608	.716	.426	.807	.197
N	16	16	16	16	16	16
LEV Pearson Correlation	-.139	1	.411	.561*	-.562*	-.593*
Sig. (2-tailed)	.608		.114	.024	.023	.015
N	16	16	16	16	16	16
LnSIZE Pearson Correlation	-.099	.411	1	.706**	-.009	.017
Sig. (2-tailed)	.716	.114		.002	.975	.951
N	16	16	16	16	16	16
POR Pearson Correlation	-.214	.561*	.706**	1	-.436	-.412
Sig. (2-tailed)	.426	.024	.002		.092	.113
N	16	16	16	16	16	16
SCORE09 Pearson Correlation	-.067	-.562*	-.009	-.436	1	.569*
Sig. (2-tailed)	.807	.023	.975	.092		.021
N	16	16	16	16	16	16
pro Pearson Correlation	.340	-.593*	.017	-.412	.569*	1
Sig. (2-tailed)	.197	.015	.951	.113	.021	
N	16	16	16	16	16	16

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.12
Summary of Bivariate Correlation and Hypothesis- Year 2009

Hypothesis	Bivariate Result	Summary
SGRW Vs SCORE09	Negative	Data do not support Hypothesis
LEV Vs SCORE09	Negative	Data support Hypothesis
LNSIZE Vs SCORE09	Negative	Data do not support Hypothesis
POR Vs SCORE09	Negative	Data do not support Hypothesis
SGRW Vs LEV	Negative	Data do not support Hypothesis
LNSIZE Vs LEV	Negative	Data do not support Hypothesis
SGRW Vs PRO	Positive	Data do not support Hypothesis
LEV Vs PRO	Negative	Data support Hypothesis
LNSIZE Vs PRO	Positive	Data do not support Hypothesis
POR Vs PRO	Negative	Data do not support Hypothesis
SCORE09 Vs PRO	Positive	Data support Hypothesis

Table 4.13
Bivariate Data- Year 2010

Correlations

		SGRW	LEV	LnSize	POR	Score10	PRO
SGRW	Pearson Correlation	1	-.089	-.068	.015	-.075	-.066
	Sig. (2-tailed)		.743	.803	.955	.783	.807
	N	16	16	16	16	16	16
LEV	Pearson Correlation	-.089	1	.199	.565*	-.404	-.416
	Sig. (2-tailed)	.743		.459	.023	.121	.109
	N	16	16	16	16	16	16
LnSize	Pearson Correlation	-.068	.199	1	.344	.471	.240
	Sig. (2-tailed)	.803	.459		.192	.066	.370
	N	16	16	16	16	16	16
POR	Pearson Correlation	.015	.565*	.344	1	-.388	-.403
	Sig. (2-tailed)	.955	.023	.192		.138	.122
	N	16	16	16	16	16	16
Score10	Pearson Correlation	-.075	-.404	.471	-.388	1	.585*
	Sig. (2-tailed)	.783	.121	.066	.138		.017
	N	16	16	16	16	16	16
PRO	Pearson Correlation	-.066	-.416	.240	-.403	.585*	1
	Sig. (2-tailed)	.807	.109	.370	.122	.017	
	N	16	16	16	16	16	16

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.14
Summary of Bivariate Correlation and Hypothesis- Year 2010

Hypothesis	Bivariate Result	Summary
SGRW Vs SCORE10	Negative	Data do not support Hypothesis
LEV Vs SCORE10	Negative	Data support Hypothesis
LNSIZE Vs SCORE10	Positive	Data do not support Hypothesis
POR Vs SCORE10	Negative	Data do not support Hypothesis
SGRW Vs LEV	Negative	Data do not support Hypothesis
LNSIZE Vs LEV	Positive	Data do not support Hypothesis
SGRW Vs PRO	Negative	Data do not support Hypothesis
LEV Vs PRO	Negative	Data do not support Hypothesis
LNSIZE Vs PRO	Positive	Data do not support Hypothesis
POR Vs PRO	Negative	Data do not support Hypothesis
SCORE10 Vs PRO	Positive	Data support Hypothesis

Table 4.15
Bivariate Data- Year 2007-2010

		Correlations					
		SGRW	LEV	LNSIZE	POR	SCORE	PRO
SGRW	Pearson Correlation	1	-.024	.020	-.057	-.066	.375**
	Sig. (2-tailed)		.848	.878	.657	.617	.002
	N	64	64	64	64	60	64
LEV	Pearson Correlation	-.024	1	-.047	.182	-.380**	-.303*
	Sig. (2-tailed)	.848		.713	.151	.003	.015
	N	64	64	64	64	60	64
LNSIZE	Pearson Correlation	.020	-.047	1	.309*	.387**	.271*
	Sig. (2-tailed)	.878	.713		.013	.002	.031
	N	64	64	64	64	60	64
POR	Pearson Correlation	-.057	.182	.309*	1	-.372**	-.239*
	Sig. (2-tailed)	.657	.151	.013		.003	.057
	N	64	64	64	64	60	64
SCORE	Pearson Correlation	-.066	-.380**	.387**	-.372**	1	.444**
	Sig. (2-tailed)	.617	.003	.002	.003		.000
	N	60	60	60	60	60	60
PRO	Pearson Correlation	.375**	-.303*	.271*	-.239*	.444**	1
	Sig. (2-tailed)	.002	.015	.031	.057	.000	
	N	64	64	64	64	60	64

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.16
Summary of Bivariate Correlation and Hypothesis- Year 2007-2010

Hypothesis	Bivariate Result	Summary
SGRW vs SCORE10	Negative	Data do not support hypothesis
LEV vs SCORE10	Negative	Data support hypothesis
LNSIZE vs SCORE10	Positive	Data support hypothesis
POR vs SCORE10	Negative	Data support hypothesis
SGRW vs LEV	Negative	Data do not support hypothesis
LNSIZE vs LEV	Negative	Data do not support hypothesis
SGRW vs PRO	Positive	Data support hypothesis
LEV vs PRO	Negative	Data support Hypothesis
LNSIZE vs PRO	Positive	Data support Hypothesis
POR vs PRO	Negative	Data do not support Hypothesis
SCORE10 vs PRO	Positive	Data support hypothesis

4.4 Multiple Regression Analysis

4.4.1 Model 1: Summation Model

The hypothesis performed using the equation system with software E-views. The result is described as follows:

Year 2007

Table 4.17
Analysis with the Additive Model- Year 2007

System: UNTITLED
Estimation Method: Iterative Seemingly Unrelated Regression
Date: 06/22/11 Time: 05:54
Sample: 1 16
Included observations: 16
Total system (balanced) observations 48
Simultaneous weighting matrix & coefficient iteration
Convergence achieved after: 1 weight matrix, 2 total coef iterations

	Coefficient	Std. Error	t-Statistic	Prob.	Remark
C(11)	-0.965531	0.712028	-1.356028	0.1840	NS
C(12)	0.331788	0.088996	3.728138	0.0007	S
C(13)	-0.005292	0.010584	-0.500044	0.6203	NS
C(14)	0.036032	0.026332	1.368371	0.1802	NS
C(15)	-0.053105	0.183421	-0.289525	0.7739	NS
C(16)	-0.000947	0.002482	-0.381527	0.7052	NS
C(21)	-122.5057	64.84274	-1.889275	0.0674	NS
C(22)	10.95533	8.534451	1.283660	0.2079	NS
C(23)	-1.229569	1.020648	-1.204694	0.2366	NS
C(24)	5.255526	2.303689	2.281352	0.0289	S
C(25)	-33.66812	16.44419	-2.047417	0.0484	S
C(31)	7.683394	15.18396	0.506021	0.6161	NS
C(32)	-1.260214	2.026557	-0.621850	0.5382	NS
C(33)	-0.191307	0.526927	-0.363062	0.7188	NS
Determinant residual covariance		13.13693			

NS = Not Significant (Hypothesis H0 accepted)

S = Significant (Hypothesis H0 rejected)

Based on the table 4.17, the regression model-1 will be described as follows:

$$\text{PRO} = -0.965530603975 + 0.331787618254[\text{SGRW}] - 0.00529231361955[\text{LEV}] + \\ 0.036032134879[\text{LNSIZE}] - 0.053104890406[\text{POR}] - \\ 0.000947051021239[\text{SCORE07}]$$

$$\text{SCORE07} = -122.505749524 + 10.9553307716[\text{SGRW}] - 1.22956872913*[\text{LEV}] + \\ 5.25552605405*[\text{LNSIZE}] - 33.6681188673*[\text{POR}]$$

$$\text{LEV} = 11.2442922368 - 0.323222061527*[\text{SGRW}] + 0.323222061527*[\text{LNSIZE}]$$

Year 2008

Table 4.18
Analysis with the Additive Model- Year 2008

System: UNTITLED
Estimation Method: Iterative Seemingly Unrelated Regression
Date: 06/22/11 Time: 07:00
Sample: 1 16
Included observations: 16
Total system (balanced) observations 48
Simultaneous weighting matrix & coefficient iteration
Convergence achieved after: 1 weight matrix, 2 total coef iterations

	Coefficient	Std. Error	t-Statistic	Prob.	Remark
C(11)	-0.148148	0.380681	-0.389167	0.6996	NS
C(12)	0.041070	0.058758	0.698974	0.4893	NS
C(13)	-0.002451	0.022664	-0.108147	0.9145	NS
C(14)	0.006090	0.014160	0.430046	0.6699	NS
C(15)	-0.064696	0.135234	-0.478401	0.6354	NS
C(16)	0.003574	0.001594	2.242321	0.0316	S
C(21)	-90.37912	55.26458	-1.635390	0.1112	NS
C(22)	2.973481	9.185445	0.323717	0.7481	NS
C(23)	-7.417240	3.032487	-2.445926	0.0198	S
C(24)	4.537480	1.909333	2.376474	0.0233	S
C(25)	-38.82708	18.85833	-2.058883	0.0472	S
C(31)	3.931334	4.824415	0.814883	0.4208	NS
C(32)	1.837799	0.708923	2.592380	0.0140	S
C(33)	-0.110897	0.163285	-0.679160	0.5016	NS

Determinant residual covariance 0.347002

Based on the table 4.18, the regression model-1 will be described as follows:

$$\text{PRO} = -0.148148390604 + 0.0410703033912[\text{SGRW}] - 0.00245098586159[\text{LEV}] + 0.0060896315281[\text{LNSIZE}] - 0.0646961938918[\text{POR}] + 0.00357426810347[\text{SCORE08}]$$

$$\text{SCORE08} = -90.3791198481 + 2.97348082085[\text{SGRW}] - 7.4172403028[\text{LEV}] + 4.53747985132[\text{LNSIZE}] - 38.8270843297[\text{POR}]$$

$$\text{LEV} = 3.93133427023 + 1.83779897242[\text{SGRW}] - 0.11089664661[\text{LNSIZE}]$$

Year 2009

Table 4.19
Analysis with the Additive Model- Year 2009

System: UNTITLED
Estimation Method: Iterative Seemingly Unrelated Regression
Date: 06/22/11 Time: 07:21
Sample: 1 16
Included observations: 16
Total system (balanced) observations 48
Simultaneous weighting matrix & coefficient iteration
Convergence achieved after: 1 weight matrix, 2 total coef iterations

	Coefficient	Std. Error	t-Statistic	Prob.	Remark
C(11)	-0.024702	0.541698	-0.045602	0.9639	NS
C(12)	0.121076	0.068024	1.779906	0.0840	NS
C(13)	-0.029564	0.021632	-1.366687	0.1807	NS
C(14)	0.002651	0.020721	0.127950	0.8989	NS
C(15)	0.003714	0.149653	0.024816	0.9803	NS
C(16)	0.002510	0.002017	1.244207	0.2219	NS
C(21)	-175.2994	50.86755	-3.446193	0.0015	S
C(22)	-9.171197	8.113678	-1.130338	0.2662	NS
C(23)	-5.868474	2.244259	-2.614882	0.0132	S
C(24)	7.471099	1.762951	4.237838	0.0002	S
C(25)	-37.40998	16.01886	-2.335371	0.0256	S
C(31)	-1.621273	6.607225	-0.245379	0.8076	NS
C(32)	-0.550050	1.054546	-0.521599	0.6053	NS
C(33)	0.100589	0.224040	0.448977	0.6563	NS
Determinant residual covariance		1.029673			

Based on the Table 4.19, the regression model-1 will be described as follows:

$$\text{PRO} = -0.0247023150928 + 0.121075574358[\text{SGRW}] - 0.0295642227592[\text{LEV}] + 0.00265129803995[\text{LNSIZE}] + 0.00371384572565[\text{POR}] + 0.00250952634288[\text{SCORE09}]$$

$$\text{SCORE09} = -175.299394806 - 9.17119749202[\text{SGRW}] - 5.86847356378[\text{LEV}] + 7.47109879146[\text{LNSIZE}] - 37.409975637[\text{POR}]$$

$$\text{LEV} = -1.62127276836 - 0.550050334619[\text{SGRW}] + 0.100588928899[\text{LNSIZE}]$$

Year 2010

Table 4.20
Analysis with the Additive Model- Year 2010

System: UNTITLED
Estimation Method: Seemingly Unrelated Regression
Date: 06/28/11 Time: 19:03
Sample: 1 16
Included observations: 16
Total system (balanced) observations 48
Linear estimation after one-step weighting matrix

	Coefficient	Std. Error	t-Statistic	Prob.	Remark
C(11)	-0.226811	0.407460	-0.556645	0.5814	NS
C(12)	-0.010491	0.046794	-0.224190	0.8240	NS
C(13)	-0.016671	0.020372	-0.818333	0.4189	NS
C(14)	0.011718	0.015436	0.759103	0.4530	NS
C(15)	-0.095591	0.108407	-0.881785	0.3841	NS
C(16)	0.001271	0.001317	0.964958	0.3414	NS
C(21)	-201.4463	58.68857	-3.432462	0.0016	S
C(22)	-2.656605	8.856496	-0.299961	0.7660	NS
C(23)	-5.440606	3.619509	-1.503134	0.1420	NS
C(24)	8.426755	2.036000	4.138878	0.0002	S
C(25)	-41.71723	17.73611	-2.352108	0.0246	S
C(31)	-2.498068	4.663636	-0.535648	0.5957	NS
C(32)	-0.224709	0.723657	-0.310519	0.7581	NS
C(33)	0.124836	0.157339	0.793424	0.4330	NS

Determinant residual covariance 0.352260

Based on the Table 4.20, the regression model-1 will be described as follows:

$$\text{PRO} = -0.226810655896 - 0.010490753527[\text{SGRW}] - 0.0166714862783[\text{LEV}] + 0.0117176938814[\text{LNSIZE}] - 0.0955912762392[\text{POR}] + 0.00127104128442[\text{SCORE10}]$$

$$\text{SCORE10} = -201.446314338 - 2.65660544945[\text{SGRW}] - 5.44060574263[\text{LEV}] + 8.42675465597[\text{LNSIZE}] - 41.7172334745[\text{POR}]$$

$$\text{LEV} = -2.49806777653 - 0.224709334457[\text{SGRW}] + 0.124836336617[\text{LNSIZE}]$$

Table 4.21
Analysis with the Additive Model- Year 2007 to 2010

System: UNTITLED
Estimation Method: Iterative Seemingly Unrelated Regression
Date: 07/19/11 Time: 09:18
Sample: 1 64
Included observations: 64
Total system (unbalanced) observations 184
Simultaneous weighting matrix & coefficient iteration
Convergence achieved after: 1 weight matrix, 2 total coef iterations

	Coefficient	Std. Error	t-Statistic	Prob.	Remarks
C(11)	-0.501201	0.330143	-1.518131	0.1308	NS
C(12)	0.127964	0.035746	3.579847	0.0004	S
C(13)	-0.008727	0.007848	-1.111983	0.2677	NS
C(14)	0.019434	0.012229	1.589184	0.1139	NS
C(15)	-0.092833	0.086918	-1.068063	0.2870	NS
C(16)	0.002114	0.001077	1.962822	0.0513	NS
C(21)	-152.6915	34.31148	-4.450157	0.0000	S
C(22)	-3.285940	4.263419	-0.770729	0.4419	NS
C(23)	-2.504741	0.883382	-2.835401	0.0051	S
C(24)	6.662205	1.186851	5.613345	0.0000	S
C(25)	-45.29015	8.622422	-5.252603	0.0000	S
C(31)	3.035499	4.471571	0.678844	0.4982	NS
C(32)	-0.117064	0.623097	-0.187874	0.8512	NS
C(33)	-0.056460	0.151993	-0.371462	0.7108	NS

Determinant residual covariance 4.015510

Based on the Table 4.21, the regression model-1 will be described as follows:

$$\text{PRO} = -0.501200945941 + 0.127964220737*[\text{SGRW}] - 0.00872726783442*[\text{LEV}] + 0.0194336744653*[\text{LNSIZE}] - 0.0928333789719*[\text{POR}] + 0.00211413134427*[\text{SCORE}]$$

$$\text{SCORE} = -152.691462136 - 3.28593993705*[\text{SGRW}] - 2.50474084192*[\text{LEV}] + 6.66220530302*[\text{LNSIZE}] - 45.290153677*[\text{POR}]$$

$$\text{LEV} = 3.03549887332 - 0.117063945581*[\text{SGRW}] - 0.0564595030368*[\text{LNSIZE}]$$

4.4.1.1 Hypothesis testing

In accordance with the general purpose of research based on the model-1 will test the hypothesis as follows:

1. To study the influence of financial performance to profitability and CSR disclosure with statistical hypothesis is as follows:

$$H_0: C(12) = C(13) = C(14) = C(15) = C(22) = C(23) = C(24) = C(25) = 0$$

H_1 : Not H_0

H_0 : Sales growth, financial leverage, company size and public ownership ratio do not influence the CSR disclosure and profitability.

H_1 : Sales growth, financial leverage, company size and public ownership ratio influence the CSR disclosure and profitability.

YEAR 2007

Table 4.22
F test_ Profitability and CSR Disclosure
Year 2007

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	33.88156	8	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.331788	0.088996
C(13)	-0.005292	0.010584
C(14)	0.036032	0.026332
C(15)	-0.053105	0.183421
C(22)	10.95533	8.534451
C(23)	-1.229569	1.020648
C(24)	5.255526	2.303689
C(25)	-33.66812	16.44419

Restrictions are linear in coefficients.

Based on table 4.22, chi-square value = 33.88156 df = 8 with significance of 0.0000 ($< \alpha$ 0.05) indicates that H_0 is rejected, means that all financial performance has significantly influence to the profitability and CSR disclosure. This means that in 2007 the increasing of financial performance will increase level of profitability and CSR disclosure as well.

Year 2008

Table 4.23
F test _Profitability and CSR Disclosure
Year 2008

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	29.26522	8	0.0003

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.041070	0.058758
C(13)	-0.002451	0.022664
C(14)	0.006090	0.014160
C(15)	-0.064696	0.135234
C(22)	2.973481	9.185445
C(23)	-7.417240	3.032487
C(24)	4.537480	1.909333
C(25)	-38.82708	18.85833

Restrictions are linear in coefficients.

Based on table 4.23, chi-square value = 29.26522 df = 8 with significance of 0.0003 ($< \alpha$ 0.05) indicates that H_0 is rejected, means that financial performance has significantly influence to profitability and CSR disclosure. This means that in 2008 the increasing of financial performance will increase level of profitability and social information disclosure as well.

Year 2009

Table 4.24
F test _Profitability and CSR Disclosure
Year 2009

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	44.85035	8	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.121076	0.068024
C(13)	-0.029564	0.021632
C(14)	0.002651	0.020721
C(15)	0.003714	0.149653
C(22)	-9.171197	8.113678
C(23)	-5.868474	2.244259
C(24)	7.471099	1.762951
C(25)	-37.40998	16.01886

Restrictions are linear in coefficients.

Based on table 4.24, chi-square value = 44.85035 df = 8 with significance of 0.0000 ($< \alpha$ 0.05) indicates that H_0 is rejected. The result shows that financial performance is significantly influence to profitability and CSR disclosure. This means that in 2009 the increasing of financial performance will increase profitability and CSR disclosure as well.

Year 2010

Table 4.25
F test_ Profitability and CSR Disclosure
Year 2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	27.93771	8	0.0005

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	-0.010491	0.046794
C(13)	-0.016671	0.020372
C(14)	0.011718	0.015436
C(15)	-0.095591	0.108407
C(22)	-2.656605	8.856496
C(23)	-5.440606	3.619509
C(24)	8.426755	2.036000
C(25)	-41.71723	17.73611

Restrictions are linear in coefficients.

Based on table 4.25, chi-square value = 27.93771 df = 8 with significance of 0.0005 ($< \alpha$ 0.05) indicates that H_0 is rejected, means that financial performance has significantly influence to profitability and CSR disclosure. This means that in 2010 the increasing of financial performance will increase profitability and CSR disclosure as well.

Year 2007- 2010

Table 4.26
F test_ Profitability and CSR Disclosure
Year 2007-2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	78.91169	8	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.127964	0.035746
C(13)	-0.008727	0.007848
C(14)	0.019434	0.012229
C(15)	-0.092833	0.086918
C(22)	-3.285940	4.263419
C(23)	-2.504741	0.883382
C(24)	6.662205	1.186851
C(25)	-45.29015	8.622422

Restrictions are linear in coefficients.

Based on table 4.26, chi-square value = 78.91169 df = 8 with significance of 0.0005 ($< \alpha$ 0.05) indicates that H_0 is rejected which indicate that financial performance has significantly influence to profitability and CSR disclosure. In addition, this result shows that the increasing of financial performance will increase profitability and CSR disclosure as well.

2. To study the influence of financial performance and CSR disclosure to profitability with the following statistical hypotheses:

$H_0: C(12) = C(13) = C(14) = C(15) = C(16) = 0$

$H_1: \text{not } H_0$

H_0 : Sales growth, financial leverage (DER), company size, public ownership ratio and CSR disclosure level have no influence to profitability.

H_1 : Sales growth, financial leverage (DER), company size, public ownership ratio and CSR disclosure have influence to profitability.

Table 4.27
F test Profitability –Year 2007

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	25.13466	5	0.0001

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.331788	0.088996
C(13)	-0.005292	0.010584
C(14)	0.036032	0.026332
C(15)	-0.053105	0.183421
C(16)	-0.000947	0.002482

Restrictions are linear in coefficients.

The results of regression analysis in table 4.27 are chi-square value = 25.13466, $df = 5$ with a significance of 0.000 01 ($< \alpha 0.05$) show that H_0 is rejected, means financial performance and CSR disclosure calculated in the model is significantly influence to profitability. This means in 2007 the increase sales growth, financial leverage, company size, ratio of public ownership, and CSR disclosure will increase profitability as well.

Table 4.28
F test Profitability-Year 2008

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	17.71745	5	0.0033

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.041070	0.058758
C(13)	-0.002451	0.022664
C(14)	0.006090	0.014160
C(15)	-0.064696	0.135234
C(16)	0.003574	0.001594

Restrictions are linear in coefficients.

The results of regression analysis in table 5.8 are chi-square value = 17.71745 $df = 5$ with a significance of 0.0033 ($< \alpha 0.05$) show that H_0 is rejected, means financial performance and CSR disclosure calculated in the model is significantly influence to profitability. This means that in 2008 the increase sales growth, financial leverage, company size, public ownership ratio and CSR disclosure will increase profitability as well.

Table 4.29
F test Profitability- Year 2009

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	18.30941	5	0.0026

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.121076	0.068024
C(13)	-0.029564	0.021632
C(14)	0.002651	0.020721
C(15)	0.003714	0.149653
C(16)	0.002510	0.002017

Restrictions are linear in coefficients.

The results of regression analysis in table 4.29 are chi-square value = 18.30941 df = 5 with a significance of 0.0026 ($< \alpha$ 0.05) show that H_0 is rejected, means all internal factors and the level of social information disclosure calculated in the model has significant influence on levels of profitability. This means in 2009 the increase sales growth, financial leverage, company size, public ownership ratio and social information disclosure will also increase the level of profitability.

Table 4.30
F test Profitability –Year 2010

$H_0 : C(12)=C(13)=C(14)=C(15)=C(16)=0$

$H_1 : \text{Not } H_0$

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	11.39904	5	0.0440

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	-0.010491	0.046794
C(13)	-0.016671	0.020372
C(14)	0.011718	0.015436
C(15)	-0.095591	0.108407
C(16)	0.001271	0.001317

Restrictions are linear in coefficients.

The results of regression analysis in table 4.30 are chi-square value = 11.39904 df = 5 with a significance of 0.0440 ($< \alpha$ 0.05) show that H_0 is rejected, means all internal factors and the level of social information disclosure are calculated in the model has significant influence on level of profitability. This means in 2010 the increase sales growth, financial leverage, company size, public ownership ratio and social information disclosure will also increase the level of profitability.

Table 4.31
F test Profitability –Year 2007-2010

$H_0 : C(12)=C(13)=C(14)=C(15)=C(16)=0$

$H_1 : \text{Not } H_0$

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	36.07624	5	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(12)	0.127964	0.035746
C(13)	-0.008727	0.007848
C(14)	0.019434	0.012229
C(15)	-0.092833	0.086918
C(16)	0.002114	0.001077

Restrictions are linear in coefficients.

The results of regression analysis in table 4.31 are chi-square value = 36.07624 df = 5 with a significance of 0.0000 ($< \alpha$ 0.05) show that H_0 is rejected. This result shows financial performance and CSR disclosure is significantly influence on level of profitability. In addition, this result shows that on period 2007 to 2010 the increase sales growth, financial leverage, company size, public ownership ratio and CSR disclosure will also increase profitability.

3. To study the hypothesis of financial performance and CSR disclosure with the hypothesis statistic as follows:

$H_0: c(22) = c(23) = c(24) = c(25) = 0$

$H_1: \text{not } H_0$

H_0 : Sales growth, financial leverage, company size and public ownership ratio have no influence on CSR disclosure.

H_1 : Sales growth, financial leverage, company size and public ownership ratio have influence on CSR disclosure.

Table 4.32
F test_ CSR Disclosure- Year 2007

Wald Test:
System: Untitled

Test Statistic	Value	Df	Probability
Chi-square	15.37679	4	0.0040

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(22)	10.95533	8.534451
C(23)	-1.229569	1.020648
C(24)	5.255526	2.303689
C(25)	-33.66812	16.44419

Restrictions are linear in coefficients.

Based on table 4.32, chi-square value = 15.37679 df = 4 with significance of 0.0040 ($< \alpha 0.05$) indicates that H_0 is rejected, means all internal factors in the model have significant effect to the level of social information disclosure. This means that in

the year 2007 the sales growth, financial leverage, company size, and the public ownership ratio will also increase CSR disclosure.

Table 4.33
F test _ CSR Disclosure-Year 2008

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	28.41510	4	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(22)	2.973481	9.185445
C(23)	-7.417240	3.032487
C(24)	4.537480	1.909333
C(25)	-38.82708	18.85833

Restrictions are linear in coefficients.

Based on table 4.33, chi-square value = 28.41510 df = 4 with significance of 0.0000 ($< \alpha$ 0.05) indicates that H_0 is rejected, means all internal factors have significantly influence to CSR disclosure. This means that in 2008 the increase of sales growth, financial leverage, company size, and public ownership ratio will also increase CSR disclosure.

Table 4.34
F test_ CSR Disclosure- Year 2009

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	37.66343	4	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(22)	-9.171197	8.113678
C(23)	-5.868474	2.244259
C(24)	7.471099	1.762951
C(25)	-37.40998	16.01886

Restrictions are linear in coefficients.

Based on table 4.34, chi-square value = 37.66343 df = 4 with significance of 0.0000 ($< \alpha$ 0.05) indicates that H_0 is rejected, means financial performance is significantly influence to CSR disclosure. Means that in 2009 the increased of sales growth, financial leverage, company size, and public ownership ratio will also increase the CSR disclosure.

Table 4.35
F test_ CSR Disclosure- Year 2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	25.92043	4	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(22)	-2.656605	8.856496
C(23)	-5.440606	3.619509
C(24)	8.426755	2.036000
C(25)	-41.71723	17.73611

Restrictions are linear in coefficients.

Based on table 4.35, chi-square value = 25.92043 df = 4 with significance of 0.0000 ($< \alpha$ 0.05) indicates that H_0 is rejected, means financial performance is significantly influence to CSR disclosure. In addition, this result shows that the increase of sales growth, financial leverage, company size, and public ownership ratio will increase the level of CSR disclosure as well.

Year 2007-2010

Table 4.36
F test_ CSR Disclosure- Year 2007- 2010

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	61.78148	4	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(22)	-3.285940	4.263419
C(23)	-2.504741	0.883382
C(24)	6.662205	1.186851
C(25)	-45.29015	8.622422

Restrictions are linear in coefficients.

Based on table 4.35, chi-square value = 61.78148 df = 4 with significance of 0.0000 ($< \alpha$ 0.05) indicates that H_0 is rejected. This data shows financial performance is significantly influence to CSR disclosure. In addition, the increase of sales growth, financial leverage, company size, and public ownership ratio will be followed by the increasing of CSR disclosure.

4. To study the hypothesis of growth factors on sales and company size levels of financial leverage with the hypothesis statistic as follows:

$$H_0: c(32) = c(33) = 0$$

$$H_1: \text{not } H_0$$

Table 4.37
F test _ Financial Leverage (DER)- Year 2007

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	0.746523	2	0.6885

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(32)	-1.260214	2.026557
C(33)	-0.191307	0.526927

Restrictions are linear in coefficients.

Based on table 4.36, chi-square value = 0.746523 df = 2 with significance of 0.6885 ($> \alpha 0.05$) shows that the H_0 is accepted, it means both public ownership ratio and company size do not influence to the level of leverage. This means that in 2007, the increasing of sales growth and size of the company will not be followed by the increasing of the leverage.

Table 4.38
F test level of Financial Leverage (DER)- Year 2008

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	7.368071	2	0.0251

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(32)	1.837799	0.708923
C(33)	-0.110897	0.163285

Restrictions are linear in coefficients.

Based on table 4.37, chi-square value = 7.368071 df = 2 with a significance of 0.0251 ($< \alpha$ 0.05) indicates that H_0 is rejected, means ratio of public ownership and company size is significantly influence to the level of leverage. As a result, that in 2008 the increasing of sales growth and company size will increase the level of leverage.

Table 4.39
F test level of Financial Leverage (DER)- Year 2009

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	0.520516	2	0.7709

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(32)	-0.550050	1.054546
C(33)	0.100589	0.224040

Restrictions are linear in coefficients.

Based on table 4.38, chi-square value = 0.520516 df = 2 with significance of 0.7709 ($> \alpha 0.05$) shows that the H_0 is accepted. This data shows that public ownership ratio and company size do not influence the financial leverage. In addition the increasing sales growth and company size will not be followed by the increasing levels of leverage.

Table 4.40
F test_ Financial Leverage (DER)- Year 2010

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	0.762784	2	0.6829

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(32)	-0.224709	0.723657
C(33)	0.124836	0.157339

Restrictions are linear in coefficients.

Based on table 4.39, chi-square value = 0.762784 df = 2 with significance of 0.6829 ($> \alpha 0.05$) shows that H_0 is accepted, means that public ownership ratio and company size do not influence to the financial leverage. In addition the increasing of sales growth and company size will not be followed by the increasing levels of leverage.

Table 4.40
F test_ Financial Leverage (DER)- Year 2007-2010

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	0.176072	2	0.9157

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(32)	-0.117064	0.623097
C(33)	-0.056460	0.151993

Restrictions are linear in coefficients.

Based on table 4.40, chi-square value = 0.176072 df = 2 with significance of 0.9157 ($> \alpha 0.05$) shows that H_0 is accepted, means that public ownership ratio and company size have do not influence the financial leverage. In addition the increasing of sales growth and company size will not be followed by the increasing levels of leverage.

5. Partial testing

- The relationship between sales growth and CSR disclosure
 $H_0: C(22) \leq 0$ (Sales growth has negative influence to CSR disclosure).
 $H_1: C(22) > 0$ (Sales growth has positive influence to CSR disclosure).

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	10.95533	1.283660	0.1040	H ₀ Received
2008	2.973481	0.323717	0.3741	H ₀ Received
2009	-9.171197	-1.130338	0.1331	H ₀ Received
2010	-2.656605	-0.299961	0.3830	H ₀ Received

The data shows that on period 2007 to 2010, H₀ received (the data do not support the hypothesis ($< \alpha$ 0.05) which means that after considering the other independent variables shows the sales growth has a positive relationship to CSR disclosure.

In addition, the combined regression calculation of 2007-2010 shows on table 4.21 is described as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	-3.285940	-0.77079	0.22095	H ₀ Received

The combined data of 2007 to 2010 shows that H₀ received (the data do not support the hypothesis ($< \alpha$ 0.05) which means that after considering the other independent variables shows the sales growth has a positive relationship to CSR disclosure.

This finding suggests that sales growth does not consider to be disclosed on the CSR report. The sales growth reflects the company successful only if it can improve the productivity which hope will gain good profit.

- The relationship between leverage and CSR disclosure

H₀: C (23) \geq 0 (Level of leverage has positive influence to CSR disclosure)

H₁: C (23) $<$ 0 (Level of leverage has negative influence to CSR disclosure)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-1.229569	1.020648	0.1183	H ₀ Received
2008	-7.417240	3.032487	0.0099	H ₀ Rejected
2009	-5.868474	8.113678	0.0066	H ₀ Rejected
2010	-5.440606	3.619509	0.0710	H ₀ Received

Based on the above data, it shows that on 2007 and 2010 the H₀ is received (the data do not supports hypothesis) which mean that financial leverage (DER) after considering other independent variables is not influence (alpha level of 5%) and has a negative correlation to the level of CSR disclosure.

On the other hand, that during 2008-2009 shows that Ho is rejected (the data supports hypothesis), which means that leverage after considering other independent variables have a significant additional effect on the alpha level of 5% and has a negative relationship to the level of CSR disclosure.

This finding is contrary to the findings of Hossain et al (1993, 1994); Aitken (1997); Bradburry (1991); Morgan (1992); Craswell (1992); Sitanggang (2002) supports the agency theory estimates that the level of financial leverage has positive influence on the level of willingness to disclose information to the public.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	-2.504741	-0.2835401	0.00255	H ₀ Rejected

Based on the above data, it shows that on period 2007 to 2010 the data support hypothesis (H₀ is rejected). This is shows that financial leverage (DER) after considering other independent variables is significantly influence (alpha level of 5%) with a negative correlation to the level of CSR disclosure.

These findings support the results of research Susanto (1992), McKinnon and Dalimunthe (1993), Suropto (1999) and Gunawan (2000). Agency theory predicts that companies with a leverage ratio higher will reveal more information, because the agency costs is involved with the higher capital structure.

- The relationship between company size and CSR disclosure

$H_0: C(24) \leq 0$ (Company size has a negative influence to CSR disclosure).

$H_1: C(24) > 0$ (Company size has a positive influence to CSR disclosure).

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	5.255526	2.281352	0.0145	H_0 Rejected
2008	4.537480	2.376474	0.0117	H_0 Rejected
2009	7.471099	4.237838	0.0001	H_0 Rejected
2010	8.426755	4.138878	0.0001	H_0 Rejected

The results of above regression analysis in the year 2007 to 2010 show that H_0 is rejected (the data supports hypothesis) which means that company size after consider at other independent variable has additional influence with a positive relationship to CSR disclosure.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	6.662205	1.18851	0	H_0 Rejected

Based on the above data, it shows that on period 2007 to 2010 the data support hypothesis (H_0 is rejected). With this result the company size after consider on other independent variable has additional influence with a positive relationship to CSR disclosure.

The above findings support the research of Cooke (1989); Susanto (1992); Hossain et al (1993, 1994); McKinnon and Dalimunthe (1993); Aitken (1997) and

Suripto (1999); Sitanggang (2002). Large companies which have consumer visibility, high political risk or face high competition tend to disclose more CSR disclosure compare to small company. This is due to CSR report will increase sales and brand of the company.

- The relationship between public ownership ratio and CSR disclosure

H_0 : $C(25) \leq 0$ (public ownership ratio has a negative influence to CSR disclosure).

H_1 : $C(25) > 0$ (public ownership ratio has a positive influence to CSR disclosure).

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-41.71723	-2.352108	0.0123	H_0 Rejected
2008	-37.40998	-2.335371	0.0128	H_0 Rejected
2009	-38.82708	-2.058883	0.0236	H_0 Rejected
2010	-33.66812	-2.047417	0.0242	H_0 Rejected

The above data shows H_0 rejected (the data support hypothesis). The data shows that public ownership ratio after considering other independent variables has a positive influence to CSR disclosure with a negative relationship.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	-42.21568	-4.223573	0	H_0 Rejected

Based on the above data, it shows that the combined regression on period 2007 to 2010 shows the data support hypothesis (H_0 is rejected). With this result the company size after consider at other independent variable has a positive influence to CSR disclosure with a negative relationship.

These above results support the findings of McKinnon and Dalimunthe (1993); Hossain et al. (1994) and Gillian (1990) showed that public ownership ratio is

measured by the proportion of shares held by community (public) significantly influence the level information disclosed to the public.

- The relationship between sales growth and profitability

H0: $C(12) \leq 0$ (Sales growth has a negative influence to profitability)

H1: $C(12) > 0$ (Sales growth has a positive influence to profitability)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	0.331788	0.088996	0.0004	H ₀ Rejected
2008	0.041070	0.698974	0.2447	H ₀ Accepted
2009	0.121076	0.068024	0.0420	H ₀ Rejected
2010	-0.010491	-0.224190	0.4120	H ₀ Accepted

The results of regression analysis in above shows that in 2007 and 2009, the partial sales growth shows H₀ is rejected (data support the hypothesis), therefore sales growth has influence and positive relationship to company profitability.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	0.028457	0.455707	0.3246	H ₀ Accepted

Based on the above combined regression result, it shows that on period 2007 to 2010 the data support hypothesis (H₀ is accepted), therefore sales growth has a negative influence with a positive relationship to company profitability.

Profitability is the net profit level that can be achieved by company at the time of running the operation. Net profits derived from circulation of business less the cost of production, costs of operations, etc. Companies with a positive sales growth ratio indicate that they can maintain their positions in the industry. The higher company sales growth the higher possibility of company to increase profitability.

Based on research data, the highest return on assets (ROA) were obtained by PT. Antam, Tbk (2007), PT. Bukit Asam, Tbk (2008 to 2010) with ratio of 0.43, 0.28, 0.34 and 0.23 respectively while the average ROA was 0.10.

- The relationship between financial leverage and profitability

H_0 : $C(13) \geq 0$ (financial leverage has a positive influence to profitability)

H_1 : $C(13) < 0$ (financial leverage has a negative influence to profitability)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-0.005292	-0.500044	0.31015	H_0 Accepted
2008	-0.002451	-0.108147	0.45725	H_0 Accepted
2009	-0.029564	0.021632	0.09035	H_0 Accepted
2010	-0.016671	-0.818333	0.20945	H_0 Accepted

The results of regression analysis in the above data with $\alpha > 0.05$ shows that H_0 is accepted (data do not support hypothesis), means that level of leverage have a positive influence with a negative relationship to profitability.

Based on research data, the highest return on assets (ROA) were obtained by PT. Antam, Tbk and PT. Bukit Asam, Tbk with financial ratio (2008 to 2010) with ratio of 0.43, 0.28, 0.34 and 0.23 respectively while the average ROA was 0.10.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	0.023900	1.620758	0.0535	H_0 Accepted

Based on the combined regression result, it shows that on period 2007 to 2010 the data do not support hypothesis (H_0 is accepted) means that level of leverage have a positive influence with a positive relationship to profitability.

The above finding do not according to Kusmawati (2000) in research of industrial companies at the IDX explained that leverage have no significant influence on profitability with a negative influence. If the other variables are equal, an increase in liability will automatically increase the burden of the company to pay the loan interest which will influence on the level of net income. It means the higher the liability of company, the lower the further of profitability.

- The relationship between company size and profitability
 $H_0: C(14) \leq 0$ (Company size has a negative influence to profitability)
 $H_1: C(14) > 0$ (Company size has a positive influence to profitability)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	0.036032	1.368371	0.0901	H_0 Accepted
2008	0.006090	0.430046	0.33495	H_0 Accepted
2009	0.002651	0.127950	0.44945	H_0 Accepted
2010	0.011718	0.759103	0.2265	H_0 Accepted

The results of regression analysis in above table indicates H_0 is accepted (the data support the hypothesis) with meaning the company size of the company after considering other independent variables have a negative influence to profitability with a positive relationship.

The above finding supports Audretsch, Prince and Thurik (1998) who are suggested there is a relationship between company size and profitability. The company size determines the economic scale run by the company, which means by the achievement of economic scale a company will be able to improve efficiency and provide further opportunities to improve profitability. However, this finding contradicts to the findings of Kusmawati (2000) which stated company size does not significantly influence the profitability.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	0.022256	1.862582	0.03215	H ₀ Rejected

Based on the above data, it shows that on period 2007 to 2010 the data support hypothesis (H₀ is rejected) with meaning the company size of the company after considering other independent variables have no influence to profitability with a positive relationship.

- The relationship between public ownership ratio and profitability
H₀: C (15) ≤ 0 (Public ownership ratio has a negative influence to profitability)
H₁: C(15) > 0 (Public ownership ratio has a positive influence to profitability)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-0.053105	-0.289525	0.38695	H ₀ Accepted
2008	-0.064696	-0.478401	0.3177	H ₀ Accepted
2009	0.003714	0.024816	0.49015	H ₀ Accepted
2010	-0.095591	-0.881785	0.19205	H ₀ Accepted

The results of regression analysis indicate H₀ is accepted (data do not support the hypothesis) which shows that public ownership ratio after attention to other independent variables have no significant influence to profitability with a negative relationship in year 2007, 2008 and 2010 and a positive relationship in year 2009.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	-0.072495	-0.624872	0.26645	H ₀ Accepted

Based on the above data, it shows that on period 2007 to 2010 the data do not support hypothesis (H_0 is accepted) H_0 is accepted which shows that public ownership ratio have no significant influence to profitability with a negative relationship in year 2007, 2008 and 2010 and a positive relationship in year 2009.

The findings are partially consistent with the findings of the hypothesis that use bivariate correlations which has a negative result (data support the Hypothesis).

This above data is inconsistent with the results of the study Sarkar and Sarkar (1999,2000) who conducted the study in 1995 and 1996 showed that the majority shareholders has a role in supervising and control of the company profitability. Average public ownership in 2006 only about 29% and not considered so that the majority of direct involvement in ensuring the company improving the profitability of the company is very limited. The relationship between public investors and company profitability were not significant.

- The relationship between CSR disclosure and profitability
 $H_0: C(16) \leq 0$ (CSR disclosure has a negative influence to profitability)
 $H_1: C(16) > 0$ (CSR disclosure has a positive influence to profitability)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-0.000947	-0.381527	0.3526	H_0 Rejected
2008	0.003574	2.242321	0.0158	H_0 Accepted
2009	0.002510	1.244207	0.11095	H_0 Rejected
2010	0.001271	0.964958	0.1707	H_0 Rejected

The results of regression analysis in the above table showed that during in year 2007,2009 and 2010 show H_0 is rejected, means that CSR disclosure have a positive influence to profitability. However in 2008 describe H_0 is accepted, means that CSR disclosure have a negative influence to profitability.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	0.003900	1.941324	0.02695	H ₀ Rejected

Based on the above data, it shows that on period 2007 to 2010 the data support hypothesis (H₀ is rejected), means that CSR disclosure have a positive influence to profitability

The discovery is in line with Belkaoui & Karpik (1989) who described that social and community has force management to make the company become profitable. This finding is contrary to research conducted Gray et. al (1995) and which concluded that there was no evidence of the correlation between information social disclosure and company' profitability, at least not in the same year and Hackston & Milne (1996) found no significant relationship between level profitability and CSR disclosure

In addition, the profitability of companies in addition is influenced by internal factors and external company. The findings show that during 2007-2010 the profitability of the listed mining companies is remaining stable on the average of 0.1 which this is also influenced by the CSR reports. The companies realized that the CSR report is as important as the financial statements. As a natural disaster prone area with large population size, Indonesia is an area with very high risk of natural hazards. With respect to this condition and especially to support the social programs, the Government Regulation No.93/2010, issued on December 30, 2010, provides guidance on how to claim tax deductions for non commercial donations. These donations include donations for natural disasters, research and development, education, sports, and social infrastructure. So the influence can be felt by the various parties, the company via tax saving, community and government as it will not burdened in response to the disasters cost in the State Budget of Revenues and Expenditures (APBN).

- .The relationship between sales growth and financial leverage

$H_0: C(32) \leq 0$ (Sales growth has a negative influence to financial leverage)

$H_1: C(32) > 0$ (Sales growth has a positive influence to financial leverage)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-1.260214	-0.621850	0.2691	H_0 Accepted
2008	1.837799	2.592380	0.0070	H_0 Rejected
2009	-0.550050	-0.521599	0.30265	H_0 Accepted
2010	-0.224709	-0.310519	0.37905	H_0 Accepted

The results of regression analysis in above table indicate that during period of 2007, 2009 and 2010 show H_0 is accepted (the data do not supports hypothesis), means sales growth after consider the other variable independent do not influence with a negative correlation to financial leverage in 2007, 2009 and 2010. However, in 2008 sales growth has a positive correlation to financial leverage.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	-0.117064	-0.187874	0.4256	H_0 Accepted

Based on the above data, it shows that on period 2007 to 2010 the data do not support hypothesis (H_0 is accepted), means sales growth after consider the other variable independent do not influence with a negative correlation to financial leverage.

The above findings are consistent with the findings of the hypothesis that use bivariate correlations. The results of bivariate correlation show the relationship between the sales growth and financial leverage also have a negative influence. This is due to in 2007 to 2010 there were several companies that have high sales growth and high leverage, such as BYAN, BUMI and MEDC. The above results are

consistent with the theory Sartono (1999), where companies with high sales growth tend to use a big amount of debt compare than companies with lower sales growth. However, the results of the study are not inline with research Yahya (1999).

The increasing of levels of debts might due to companies are prefer to make loans to third parties and to make another loans to repay the matured loans; easy access loans to shareholders and there is maximum tax savings of 30% of the interest loan (Indonesian Tax Law No. 17 Year 2000). However, the companies should make sure the loans will be paid in the timely manner in order to maintain the company performance.

- The relationship between company size and financial leverage

$H_0: C(33) \leq 0$ (Company size has a negative influence to financial leverage)

$H_1: C(33) > 0$ (Company size has a positive influence to financial leverage)

The results of regression analysis in table 4.17 to 4.20 can be summarized as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007	-0.191307	0.526927	0.35940	H_0 Accepted
2008	-0.110897	-0.679160	0.25080	H_0 Accepted
2009	0.100589	0.448977	0.32815	H_0 Accepted
2010	0.124836	0.793424	0.21650	H_0 Accepted

The results of regression analysis in above table indicate that H_0 is accepted (the data supports hypothesis), which means that the company size after considering other independent variables has a positive influence with a positive correlation to financial leverage in year 2009 to 2010 including a negative correlation to the financial leverage in period of year 2007 to 2008.

In addition, in overall the result of combined regression calculation of year 2007 to 2010 shows on table 4.21 is as follows:

Year	Regression Coefficient	t-Statistic	Sig. 1-Tailed (sig t/2)	Remarks
2007-2010	-0.056460	-0.371462	0.3554	H_0 Accepted

Based on the above data, it shows that on period 2007 to 2010 the data do not support hypothesis (H_0 is accepted) which means that the company size after considering other independent variables has a positive influence with a negative correlation to financial leverage.

These above findings support research by Wahidahwati (2001) which found that company size is partially contribute positive influence to financial leverage.

The findings are also partially consistent with the hypothesis findings using bivariate correlation. The results of bivariate correlation show the relationship between the company size and financial leverage also has a positive correlation relationship because in 2009 and 2010 there are several big companies that prefer to borrow big loan rather than to use their own capital such as BUMI and ENRG with total loan in 2009 and 2010 were IDR 58.987.907.031,015 (2010); IDR 55.219.644.227.800 (2009) and 5.875.002.790 (2010); IDR 8.477.966.841 (2009), respectively.

4.4.2 Model 2: Two Way Interaction Model

This model is applied to the study and test hypotheses about the influence CSR disclosure to the level of profitability which depends on financial performance. The statistical hypothesis is described as follows:

$$H_0: C(16) = C(17) = C(18) = C(19) = 0$$

$$H_1: \text{not } H_0$$

H_0 : The CSR disclosure that depends on sales growth, financial leverage, company size and public ownership ratio influence profitability.

H_1 : The CSR disclosure that depends on sales growth, financial leverage, company size and public ownership ratio do not influence profitability.

Year 2007

Table 4.42
F test- The influence of CSR disclosure to
profitability which depends on sales growth, financial leverage,
company size and public ownership ratio
Year 2007

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	19.08134	4	0.0008

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(16)	-0.006560	0.006602
C(17)	-0.002109	0.002498
C(18)	-0.000169	0.000136
C(19)	-0.004573	0.011339

Restrictions are linear in coefficients.

Based on the table 4.34, the chi-square value = 19.08134 df = 4 with significance of 0.0008 ($< \alpha 0.05$) indicates that H_0 is rejected, meaning that in 2007 the CSR disclosure that depends on financial performance is significantly influence to profitability.

Furthermore, this model is applied to study the hypotheses regarding the influence of financial leverage to CSR disclosure which is depend on the sales growth and company size with a statistical hypothesis is as follows:

$H_0: C(26) = C(27) = 0$

$H_1: \text{not } H_0$

H_0 : The financial leverage that depends on sales growth and company size do not influence CSR disclosure.

H_1 : The financial leverage that depends on sales growth and company size do influence CSR disclosure.

Table 4.43
F test the influence of the financial leverage to the CSR disclosure which depend on sales growth and company size-Year 2007

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	2.545383	2	0.2801

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(26)	19.53868	12.43254
C(27)	-0.558783	1.614099

Restrictions are linear in coefficients.

Based on the table 4.42, the chi-square value = 2.54 df = 2 with significance of 0.2801 ($> \alpha 0.05$) shows that the H_0 is accepted, shows that in 2007 the financial leverage which depends on sales growth and company size do not influence the CSR disclosure.

Year 2008

Table 4.44
F test- The influence of CSR disclosure level to level
profitability which depends on sales growth, financial leverage, size
companies and public ownership ratio-Year 2008

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	19.81318	4	0.0005

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(16)	-0.004313	0.008959
C(17)	0.001497	0.002632
C(18)	0.000339	0.000122
C(19)	-0.010884	0.009421

Restrictions are linear in coefficients.

Based on the table 4.43, the chi-square value = 19.81318 df = 4 with significance of 0.0005 ($< \alpha$ 0.05) indicates that H_0 is rejected, meaning that in 2008 the CSR disclosure that depends on financial performance have a significant influence to profitability.

Furthermore, this model is applied to study the hypotheses regarding the influence of the financial leverage to CSR disclosure which is depend on the sales growth and company size with a statistical hypothesis as follows:

$$H_0: C(26) = C(27) = 0$$

$$H_1: \text{not } H_0$$

H_0 : The financial leverage that depends on sales growth and company size do not influence CSR disclosure.

H_1 : The financial leverage that depends on sales growth and company size do influence CSR disclosure.

Table 4.45
F test - The influence of the financial leverage to CSR disclosure which depend on sales growth and company size- Year 2008

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	1.394180	2	0.4980

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(26)	-3.144314	16.58309
C(27)	-1.774673	1.609156

Restrictions are linear in coefficients.

Based on table 4.44, the chi-square value = 1.394180 df = 2 with significance of 0.4980 ($> \alpha 0.05$) shows that H_0 is accepted, means in 2008 the leverage which depends on factors sales growth and company size is not significantly influence to CSR disclosure.

Year 2009

Table 4.46
F test- The influence of CSR disclosure level to level
profitability which depends on sales growth, financial leverage, company size
and public ownership ratio- Year 2009

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	959.2450	4	0.0000

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(16)	0.008149	0.004405
C(17)	0.000412	0.001401
C(18)	0.001705	9.13E-05
C(19)	-0.011042	0.009133

Restrictions are linear in coefficients.

Based on the table 4.38, the chi-square value = 959.2450 df = 4 with significance of 0.0000 ($< \alpha 0.05$) indicates that H_0 is rejected, meaning that in 2009 the CSR disclosure which depends on financial performance is significantly influence the profitability.

Furthermore, this model is applied to study the hypotheses regarding the influence of the financial leverage to CSR disclosure which is depend on the sales growth and company size with a statistical hypothesis as follows:

$$H_0: C(26) = C(27) = 0$$

$$H_1: \text{not } H_0$$

H_0 : The financial leverage that depends on sales growth and company size do not influence on the social information disclosure.

H_1 : The financial leverage that depends on sales growth and company size do influence the social information disclosure.

Table 4.47
F test -The influence of the financial leverage to the CSR disclosure which depends on sales growth and company size-Year 2009

Wald Test:
System: Untitled

Test Statistic	Value	df	Probability
Chi-square	0.434382	2	0.8048

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(26)	0.776291	1.573902
C(27)	-0.199274	0.409734

Restrictions are linear in coefficients.

Based on the table 4.39, chi-square value = 0.434382 df = 2 with significance of 0.8048 ($> \alpha 0.05$) shows that the H_0 is accepted, it means that in 2009 level of financial leverage which depend on sales growth and company size has no influence to CSR disclosure.

Year 2010

Table 4.48
F test the influence of CSR disclosure to
profitability which depends on sales growth, financial leverage,
company size and public ownership ratio- Year 2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	12.87321	4	0.0119

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(16)	-0.004145	0.002032
C(17)	-0.004253	0.001362
C(18)	0.000102	6.16E-05
C(19)	0.004249	0.004870

Restrictions are linear in coefficients.

Based on table 4.40, the chi-square value = 12.87321 df = 4 with significance of 0.0119 ($< \alpha 0.05$) indicates that H_0 is rejected, meaning that in 2010 the CSR disclosure which depends on financial performance is significantly influence the profitability.

Furthermore, this model is applied to study the hypotheses regarding the influence of the financial leverage to CSR disclosure which is depend on the sales growth and company size with a statistical hypothesis is as follows:

$H_0: C(26) = C(27) = 0$

$H_1: \text{not } H_0$

H_0 : The financial leverage that depends on sales growth and company size do not influence CSR disclosure.

H_1 : The financial leverage that depends on sales growth and company size do influence CSR disclosure.

Table 4.49
F test the influence of the financial leverage to CSR disclosure which depend on sales growth and company size- Year 2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	8.370423	2	0.0152

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(26)	18.48047	26.07613
C(27)	8.035153	3.117693

Restrictions are linear in coefficients.

Based on the table 4.41, the chi-square value = 8.370423 df = 2 with significance of 0.0152 ($< \alpha$ 0.05) indicates that H_0 is rejected, which mean that in 2010 level of leverage which depends on sales growth and company size is significantly influence to CSR disclosure.

Year 2007-2010

Table 4.50
F test the influence of CSR disclosure to
profitability which depends on sales growth, financial leverage,
company size and public ownership ratio- Year 2007-2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	16.27916	4	0.0027

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(16)	0.003900	0.002009
C(17)	-0.002403	0.001004
C(18)	0.000122	6.12E-05
C(19)	0.000154	0.005103

Restrictions are linear in coefficients.

Based on table 4.42, the chi-square value = 16.27916 df = 4 with significance of 0.0027 ($< \alpha 0.05$) indicates that H_0 is rejected, meaning that during year 2007 to 2010 the CSR disclosure which depends on financial performance is influence the profitability.

Furthermore, this model is applied to study the hypotheses regarding the influence of the financial leverage to CSR disclosure which is depend on the sales growth and company size with a statistical hypothesis is as follows:

$H_0: C(26) = C(27) = 0$

$H_1: \text{not } H_0$

H_0 : The financial leverage that depends on sales growth and company size do not influence CSR disclosure.

H_1 : The financial leverage that depends on sales growth and company size do influence CSR disclosure.

Table 4.51
F test the influence of the financial leverage to CSR disclosure which depend on sales growth and company size- Year 2010

Wald Test:

System: Untitled

Test Statistic	Value	df	Probability
Chi-square	0.983742	2	0.6115

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(26)	-4.249697	4.945937
C(27)	-0.535293	0.912105

Restrictions are linear in coefficients.

Based on the table 4.43, the chi-square value = 0.983742 df = 2 with significance of 0.6115 ($> \alpha 0.05$) indicates that H_0 is accepted, which mean that during 2007 to 2010 level of leverage which depends on sales growth and company size is not significantly influence to CSR disclosure.

CHAPTER 5

CONCLUSION AND SUGGESTIONS

5.1 Conclusion

1. Based on findings presented in Chapter 4, the study finds that during 2007 to 2010 the independent variables that significantly affected to the CSR disclosure are sales growth, size, and public ownership ratio. While at the same time financial leverage do not influence the level of CSR disclosure. But the financial leverage and public ownership ratio have a negative relationship with the level of CSR disclosure. In addition, descriptive analysis indicated that the trend average CSR disclosure mining company in Indonesia during period 2007-2010 shows an increasing trend but the increase is not too high. This can be seen from the average level of CSR disclosure still the range of less than 50%.

2. Based on the partial test results, the study finds that during 2007 to 2010, independent variables that influence significantly to the company profitability are sales growth, financial leverage (Debt Equity Ratio), company size, public ownership ratio, and the level of CSR disclosure. However the relationship level of financial leverage and the ratio of public ownership ratio have a negative relationship with the level of profitability.

3. The study proved that the relationship of CSR disclosure with the level of company profitability has a positive and significant relationship. It can be seen from the result of F-Test on period year 2007 to 2010. This suggests that the disclosure of social information performed by the company has a good influence on the financial performance company. During year 2007 to 2010, the highest ROA were obtained by PT. Antam, Tbk and PT. Bukit Asam, Tbk,

5.2 Limitations

1. The total sample on this study is limited to 16 companies in mining industry. In addition, the object that used on this study also limited to period 2007 to 2010.
2. The measurement of the level of disclosure of social information, including CSR information used in this study is general and not specific to activities undertaken by the company.

5.3 Suggestions

Some of the suggestions obtained from the study are as follows:

5.3.1. For Government (Indonesian Capital Market Supervisory Agency /Bapepam)

1. Bapepam is expected to encourage the public companies promote awareness to disclose a better CSR report. At this time, some companies are still included the CSR report on the annual report.
2. Bapepam is expected to paid attention to develop legally binding and enforceable social information standards to regulate the industry.

5.3.2 For Company

1. CSR is one form of activity that is very positive in order to realize sustainability development. This can be realized as CSR is one way that can be done by the company to established positive image for its stakeholders. As a result the company is expected to provide accurate, clear and transparent social information disclosure to the public.
2. By considering the results of this study which showed that there is a positive relationship between profitability and social information disclosure, therefore a company is expected to have no worries to spend its funds on the social information

disclosure. The disclosure of social information would be a beneficial extensive for human resource development, environment and the growth of the company in the future.

5.3.3. For Further Research

1. More extensive studies are needed to explore the mechanism linking CSR disclosure to profitability and to determine whether or not those relationships hold consistently overtime.
2. The results of this study show the two-way relationship between the social information disclosure and profitability. In order to obtain more accurate results, more studies should be done to add more variables into the model such as earnings per share and liquidity as well as looking for a relationship between social information and stock performance. Another area that is worth looking at is to expand the business sectors samples such as manufacturing, services, retail and others private sectors.
3. The area reliability of the CSR data is also an important issue. For the above research to be realized, more data on CSR should be available.

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**KEPUTUSAN KETUA BADAN PENGAWAS PASAR MODAL
NOMOR KEP-38/PM/1996
TENTANG**

LAPORAN TAHUNAN

KETUA BADAN PENGAWAS PASAR MODAL,

- Menimbang : bahwa dengan berlakunya Undang-undang Nomor 8 Tahun 1995 tentang Pasar Modal, dipandang perlu untuk mengubah Keputusan Ketua Bapepam Nomor Kep-17/PM/1995 tentang Laporan Tahunan dengan menetapkan Keputusan Ketua Bapepam yang baru;
- Mengingat : 1. Undang-undang Nomor 8 Tahun 1995 tentang Pasar Modal (Lembaran Negara Tahun 1995 Nomor 64, Tambahan Lembaran Negara Nomor 3608);
2. Peraturan Pemerintah Nomor 45 Tahun 1995 tentang Penyelenggaraan Kegiatan di Bidang Pasar Modal (Lembaran Negara Tahun 1995 Nomor 86, Tambahan Lembaran Negara Nomor 3617);
3. Keputusan Presiden Republik Indonesia Nomor 322/M Tahun 1995;

M E M U T U S K A N :

- Menetapkan : **KEPUTUSAN KETUA BADAN PENGAWAS PASAR MODAL TENTANG LAPORAN TAHUNAN.**

Pasal 1

Ketentuan mengenai Laporan Tahunan diatur dalam Peraturan Nomor VIII.G.2 sebagaimana dimuat dalam Lampiran Keputusan ini.

Pasal 2

Dengan ditetapkannya Keputusan ini, maka Keputusan Ketua Bapepam Nomor Kep-17/PM/1995 tanggal 9 Juni 1995 dinyatakan tidak berlaku lagi.

Pasal 3

Keputusan ini mulai berlaku sejak tanggal ditetapkan.

Ditetapkan di : Jakarta
pada tanggal : 17 Januari 1996

BADAN PENGAWAS PASAR MODAL
Ketua,

I PUTU GEDE ARY SUTA
NIP. 060065493

LAMPIRAN

Keputusan Ketua Badan
Pengawas Pasar Modal
Nomor : Kep-38/PM/1996
Tanggal : 17 Januari 1996

PERATURAN NOMOR VIII.G.2 : LAPORAN TAHUNAN

1. UMUM

Peraturan ini berlaku bagi Perusahaan yang telah melakukan Penawaran Umum dan Perusahaan Publik.

2. KEWAJIBAN MENYAMPAIKAN LAPORAN TAHUNAN

- a. Laporan Tahunan Perusahaan yang telah melakukan Penawaran Umum Saham dan Perusahaan Publik wajib disampaikan kepada Bapepam sebanyak 4 (empat) rangkap dan tersedia bagi para pemegang saham selambat-lambatnya 14 (empat belas) hari sebelum Rapat Umum Tahunan Pemegang Saham.
- b. Laporan Tahunan Perusahaan yang telah melakukan Penawaran Umum Efek bersifat hutang wajib disampaikan kepada Bapepam sebanyak 4 (empat) rangkap selambat-lambatnya 5 (lima) bulan setelah tahun buku perusahaan berakhir. Kewajiban ini berlaku selama Efek bersifat hutang yang bersangkutan belum dilunasi atau jatuh tempo.

3. BENTUK DAN ISI LAPORAN TAHUNAN

a. Ketentuan Umum

- 1) Laporan Tahunan Perusahaan wajib memuat Ikhtisar Data Keuangan Penting, Analisis dan Pembahasan Umum oleh Manajemen, Laporan Keuangan yang telah diaudit, dan Laporan Manajemen.
- 2) Laporan Tahunan harus dalam bahasa Indonesia. Dalam hal Laporan Tahunan juga dibuat selain dalam bahasa Indonesia, baik dalam dokumen yang sama maupun terpisah, maka Laporan Tahunan dimaksud harus tersedia dalam waktu yang sama dan memuat informasi yang sama.
- 3) Laporan Tahunan harus dicetak dalam bentuk yang memungkinkan untuk direproduksi dengan fotokopi.
- 4) Laporan Tahunan harus dicetak pada kertas berwarna terang yang berkualitas baik, berukuran kurang lebih 21 X 30 sentimeter.
- 5) Laporan Tahunan dapat memuat gambar dan grafik, kecuali dalam bagian mengenai Laporan Keuangan.

b. Laporan Manajemen

1) Penjelasan Umum

Perusahaan bebas memberikan penjelasan umum mengenai perusahaan, selama tidak menyesatkan dan bertentangan dengan informasi yang disajikan dalam bagian lainnya. Penjelasan ini antara lain dapat memuat :

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- a) sambutan komisaris, direksi, baik sendiri-sendiri maupun bersama-sama, yang ditujukan kepada para pemegang saham, pelanggan atau masyarakat umum;
- b) uraian mengenai keikutsertaan perusahaan dalam kegiatan pelayanan masyarakat, program kemasyarakatan, amal atau acara sosial lainnya;
- c) uraian mengenai program perusahaan dalam rangka pengembangan sumber daya manusia;
- d) informasi mengenai perkembangan perusahaan;
- e) uraian tentang aspek pemasaran atas produk dan jasa perusahaan;
- f) riwayat hidup para anggota komisaris dan/atau direksi; dan
- g) informasi lain yang bersifat umum yang berkaitan dengan hal-hal yang ingin dicapai di masa depan.

2) Penjelasan Khusus

Penjelasan khusus mencakup antara lain hal-hal sebagai berikut :

- a) lokasi dan jenis dari aktiva tetap berwujud utama yang bernilai lebih dari 5% (lima perseratus) dari jumlah aktiva tetap perusahaan tersebut dan anak-anak perusahaannya. Apabila aktiva tetap dimaksud dijadikan jaminan atas suatu kewajiban, maka uraian mengenai jaminan dimaksud wajib diberikan;
- b) nama bursa dimana Efek perusahaan diperdagangkan;
- c) untuk setiap masa triwulan dalam 2 (dua) tahun buku terakhir, harga saham tertinggi dan terendah serta jumlah saham yang diperdagangkan, jika dapat diterapkan. Harga saham sebelum perubahan permodalan terakhir wajib disesuaikan dalam hal terjadi pemecahan saham, dividen saham, dan saham bonus;
- d) pernyataan mengenai kebijakan dividen dan tanggal serta jumlah dividen kas per saham dan jumlah dividen per tahun yang diumumkan atau dibayar selama 4 (empat) tahun buku terakhir;
- e) Realisasi Penggunaan Dana Hasil Penawaran Umum secara kumulatif sampai dengan saat terakhir apabila belum dinyatakan habis. Dalam hal terdapat perubahan dari Prospektus agar dijelaskan; dan
- f) informasi material, antara lain mengenai investasi, ekspansi, divestasi, akuisisi, transaksi yang mengandung benturan kepentingan dan sifat transaksi dengan Pihak afiliasi.

c. Bagian mengenai Ikhtisar Data Keuangan Penting

Perusahaan harus menyajikan informasi perbandingan selama 5 (lima) tahun buku atau sejak memulai usahanya jika perusahaan tersebut menjalankan kegiatan usahanya selama kurang dari 5 (lima) tahun, antara lain :

- 1) penjualan atau pendapatan;
- 2) laba kotor;
- 3) laba usaha;

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- 4) laba bersih;
 - 5) jumlah saham yang beredar;
 - 6) laba (rugi) per saham;
 - 7) proforma penjualan atau pendapatan bersih (jika diperlukan);
 - 8) proforma laba bersih (jika diperlukan);
 - 9) proforma laba (rugi) per saham (jika diperlukan);
 - 10) modal kerja bersih;
 - 11) jumlah aktiva;
 - 12) jumlah investasi;
 - 13) jumlah kewajiban;
 - 14) jumlah ekuitas;
 - 15) rasio laba terhadap jumlah aktiva;
 - 16) rasio laba terhadap ekuitas;
 - 17) rasio lancar;
 - 18) rasio kewajiban terhadap ekuitas;
 - 19) rasio kewajiban terhadap jumlah aktiva;
 - 20) rasio kredit yang diberikan terhadap jumlah simpanan;
 - 21) rasio kecukupan modal; dan
 - 22) informasi keuangan perbandingan lainnya yang relevan dengan perusahaan.
- d. Bagian Mengenai Analisis dan Pembahasan Umum oleh Manajemen
- Perusahaan harus memberikan uraian singkat yang membahas dan menganalisis laporan keuangan dan informasi lain dengan penekanan pada perubahan-perubahan material yang terjadi sejak Laporan Tahunan terakhir atau sejak Pernyataan Pendaftaran diajukan. Sebagai contoh bahasan dan analisis dimaksud adalah :
- 1) uraian tentang kegiatan usaha;
 - 2) bahasan mengenai ikatan yang material untuk investasi barang modal dengan penjelasan tentang tujuan dari ikatan tersebut, sumber dana yang diharapkan untuk memenuhi ikatan-ikatan tersebut, mata uang yang menjadi denominasi, dan langkah-langkah yang direncanakan perusahaan untuk melindungi risiko dari posisi mata uang asing yang terkait;
 - 3) bahasan tentang seberapa jauh hasil usaha atau keadaan keuangan perusahaan pada masa yang akan datang menghadapi risiko fluktuasi kurs atau suku bunga, dalam hal ini harus diberikan keterangan tentang semua pinjaman dan ikatan tanpa proteksi yang dinyatakan dalam mata uang asing, atau hutang yang suku bunganya tidak ditentukan terlebih dahulu;

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- 4) bahasan dan analisis tentang informasi keuangan yang telah dilaporkan yang mengandung kejadian yang sifatnya luar biasa dan tidak akan berulang lagi di masa datang;
 - 5) uraian tentang kejadian atau transaksi yang tidak normal dan jarang terjadi atau perubahan material dalam ekonomi yang dapat mempengaruhi jumlah pendapatan yang dilaporkan dalam laporan keuangan yang telah diaudit, dengan penekanan pada laporan keuangan terakhir. Selain itu, uraian tentang komponen-komponen material dari pendapatan atau beban lainnya yang dianggap perlu oleh perusahaan untuk dapat mengetahui hasil usaha perusahaan;
 - 6) jika laporan keuangan mengungkapkan peningkatan atau penurunan yang material dari penjualan atau pendapatan bersih, perlu adanya bahasan tentang sejauh mana perubahan tersebut dapat dikaitkan dengan perubahan harga, jumlah barang atau jasa yang dijual, dan atau adanya produk atau jasa baru;
 - 7) bahasan tentang dampak perubahan harga terhadap penjualan dan pendapatan bersih perusahaan serta laba operasi perusahaan selama 2 (dua) tahun atau sejak perusahaan memulai usahanya jika baru memulai usahanya kurang dari 2 (dua) tahun;
 - 8) keterangan tentang risiko usaha yang disebabkan antara lain oleh :
 - a) persaingan;
 - b) pasokan bahan baku;
 - c) ketentuan negara lain atau peraturan internasional; dan
 - d) kebijaksanaan pemerintah.Pengungkapan risiko agar dilakukan sesuai dengan bobot masing-masing risiko.
 - 9) informasi dan fakta material yang terjadi setelah tanggal Laporan Akuntan;
 - 10) uraian tentang prospek usaha dari perusahaan sehubungan dengan industri, ekonomi secara umum dan pasar internasional serta dapat disertai data pendukung kuantitatif jika ada sumber data yang layak dipercaya.
- e. Bagian Mengenai Laporan Keuangan
- 1) Bagian ini wajib memuat laporan keuangan yang disusun sesuai dengan Standar Akuntansi Keuangan yang ditetapkan oleh Ikatan Akuntan Indonesia dan peraturan Bapepam di bidang akuntansi serta harus diaudit oleh Akuntan yang terdaftar di Bapepam. Jika terdapat perbedaan pendapat antara perusahaan dan Akuntan atas laporan keuangan yang disajikan, dan jika perselisihan tersebut mengakibatkan Akuntan memberikan pendapat tidak wajar, menolak memberikan pendapat atas laporan keuangan, dan mengundurkan diri atau diberhentikan, maka perusahaan harus mengungkapkan fakta ini serta hal ikhwal perselisihan dan aspek-aspek penting dari laporan keuangan yang telah diperselisihkan;
 - 2) Laporan keuangan disajikan untuk jangka waktu 2 (dua) tahun terakhir atau sejak usaha dimulai bagi perusahaan yang memulai usahanya kurang dari 2 (dua) tahun buku sebagai berikut :
 - a) Neraca;

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- b) Laporan Laba Rugi;
 - c) Laporan Saldo Laba;
 - d) Laporan Arus Kas;
 - e) Catatan atas Laporan Keuangan;
 - f) Laporan lain serta materi penjelasan yang merupakan bagian integral dari Laporan Keuangan jika dipersyaratkan, seperti Laporan Komitmen dan Kontijensi untuk Emiten dan Perusahaan Publik yang bergerak dalam bidang perbankan.
- 3) Catatan atas Laporan Keuangan harus menunjukkan secara terpisah jumlah dari setiap jenis transaksi dan saldo dengan para direktur, pegawai, komisaris, pemegang saham utama, dan Pihak-pihak yang mempunyai hubungan istimewa sebagaimana dimaksud dalam Standar Akuntansi Keuangan. Ikhtisar terpisah tersebut diperlukan untuk piutang, hutang, penjualan atau pendapatan dan biaya. Apabila jumlah transaksi untuk masing-masing kategori tersebut dengan Pihak tertentu melebihi Rp 1.000.000.000,00 (satu miliar rupiah), maka jumlah tersebut harus disajikan secara terpisah dan nama Pihak tersebut wajib diungkapkan;
- 4) Perusahaan wajib mengungkapkan semua transaksi yang mempengaruhi akun modal dan mencocokkan dengan saldo awal dan saldo akhir pada ikhtisar terpisah dalam Catatan atas Laporan Keuangan;
- 5) Catatan atas Laporan Keuangan harus mengungkapkan informasi segmen usaha sebagaimana yang diatur dalam Standar Akuntansi Keuangan yang berlaku; dan
- 6) Informasi tambahan berikut harus diungkapkan dalam catatan akun yang sesuai dalam laporan keuangan :
- a) rincian kepemilikan saham oleh direksi, komisaris dan pemegang saham yang memiliki 5% (lima perseratus) atau lebih (jumlah saham, nilai nominal, dan persentase);
 - b) uraian ringkas mengenai tuntutan hukum yang belum terselesaikan yang mungkin mempunyai pengaruh lebih dari 2% (dua perseratus) dari kekayaan bersih atau laba tahunan perusahaan dan anak perusahaannya;
 - c) penjualan ekspor atau pendapatan dari luar negeri sebesar lebih dari 10% (sepuluh perseratus) dari jumlah penjualan atau pendapatan;
 - d) penjualan atau pendapatan yang berkaitan dengan jenis usaha tertentu, sebagaimana ditentukan dalam perusahaan atau anak-anak perusahaannya, jika penjualan dimaksud berjumlah 10% (sepuluh perseratus) atau lebih dari penjualan atau pendapatan;
 - e) penjualan kepada atau pendapatan dari satu pelanggan atau sekelompok pelanggan terafiliasi yang besarnya lebih dari 20% (duapuluh perseratus) dari jumlah penjualan atau pendapatan;

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- f) beban atau biaya yang melebihi 5% (lima perseratus) dari jumlah beban atau biaya yang berkaitan dengan proyek atau produk yang hanya akan memberi penghasilan dalam tahun-tahun mendatang, atau yang tidak berhubungan dengan kegiatan yang menghasilkan.

Ditetapkan di : Jakarta
pada tanggal : 17 Januari 1996

BADAN PENGAWAS PASAR MODAL
Ketua,

I PUTU GEDE ARY SUTA
NIP. 060065493

**DEPARTEMEN KEUANGAN REPUBLIK INDONESIA
BADAN PENGAWAS PASAR MODAL DAN LEMBAGA KEUANGAN**

SALINAN

**KEPUTUSAN KETUA BADAN PENGAWAS PASAR MODAL
DAN LEMBAGA KEUANGAN
NOMOR: KEP-134/BL/2006**

TENTANG

**KEWAJIBAN PENYAMPAIAN LAPORAN TAHUNAN BAGI
EMITEN ATAU PERUSAHAAN PUBLIK**

**KETUA BADAN PENGAWAS PASAR MODAL
DAN LEMBAGA KEUANGAN,**

- Menimbang : a. bahwa laporan tahunan Emiten dan Perusahaan Publik merupakan sumber informasi penting bagi pemegang saham dan masyarakat dalam membuat keputusan investasi;
- b. bahwa dalam rangka meningkatkan kualitas keterbukaan informasi dalam penyusunan laporan tahunan Emiten dan Perusahaan Publik, dipandang perlu untuk menyempurnakan Peraturan Bapepam Nomor VIII.G.2, Lampiran Keputusan Ketua Bapepam Nomor: Kep-38/PM/1996 tentang Laporan Tahunan dengan menetapkan Keputusan Ketua Badan Pengawas Pasar Modal dan Lembaga Keuangan yang baru;
- Mengingat : 1. Undang-undang Nomor 8 Tahun 1995 tentang Pasar Modal (Lembaran Negara Tahun 1995 Nomor 64, Tambahan Lembaran Negara Nomor 3608);
2. Peraturan Pemerintah Nomor 45 Tahun 1995 tentang Penyelenggaraan Kegiatan di Bidang Pasar Modal (Lembaran Negara Tahun 1995 Nomor 86, Tambahan Lembaran Negara Nomor 3617) sebagaimana diubah dengan Peraturan Pemerintah Nomor 12 Tahun 2004 (Lembaran Negara Tahun 2004 Nomor 27, Tambahan Lembaran Negara Nomor 4372);
3. Peraturan Pemerintah Nomor 46 Tahun 1995 tentang Tata Cara Pemeriksaan di Bidang Pasar Modal (Lembaran Negara Tahun 1995 Nomor 87, Tambahan Lembaran Negara Nomor 3618);
4. Keputusan Presiden Republik Indonesia Nomor 45/M Tahun 2006.

MEMUTUSKAN:

- Menetapkan : **KEPUTUSAN KETUA BADAN PENGAWAS PASAR MODAL DAN LEMBAGA KEUANGAN TENTANG KEWAJIBAN PENYAMPAIAN LAPORAN TAHUNAN BAGI EMITEN ATAU PERUSAHAAN PUBLIK.**

**DEPARTEMEN KEUANGAN REPUBLIK INDONESIA
BADAN PENGAWAS PASAR MODAL DAN LEMBAGA KEUANGAN**

- 2 -

Pasal 1

Ketentuan mengenai Kewajiban Penyampaian Laporan Tahunan Bagi Emiten atau Perusahaan Publik diatur dalam Peraturan Nomor X.K.6 sebagaimana dimuat dalam Lampiran Keputusan ini.

Pasal 2

Ketentuan Peraturan Nomor X.K.6 sebagaimana dimuat dalam Lampiran Keputusan ini berlaku untuk penyusunan laporan tahunan untuk tahun buku yang berakhir pada atau setelah tanggal 31 Desember 2006.

Pasal 3

Dengan ditetapkannya Keputusan ini, maka Keputusan Ketua Bapepam Nomor: Kep-38/PM/1996 tanggal 17 Januari 1996 tentang Laporan Tahunan dinyatakan tidak berlaku lagi.

Pasal 4

Keputusan ini mulai berlaku sejak ditetapkan.

Agar setiap orang mengetahuinya, memerintahkan pengumuman Keputusan ini dengan penempatannya dalam Berita Negara Republik Indonesia.

Ditetapkan di : Jakarta
pada tanggal : 7 Desember 2006

**Ketua Badan Pengawas Pasar Modal
dan Lembaga Keuangan**

ttd.

A. Fuad Rahmany
NIP 060063058

Salinan sesuai dengan aslinya
Sekretaris Badan

ttd.

Abraham Bastari
NIP 060076245

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Keputusan Ketua Bapepam dan LK

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Tanggal : 7 Desember 2006

PERATURAN NOMOR X.K.6 : KEWAJIBAN PENYAMPAIAN LAPORAN TAHUNAN BAGI EMITEN ATAU PERUSAHAAN PUBLIK

1. KEWAJIBAN PENYAMPAIAN LAPORAN TAHUNAN

- a. Setiap Emiten atau Perusahaan Publik yang pernyataan pendaftarannya telah menjadi efektif wajib menyampaikan laporan tahunan kepada Badan Pengawas Pasar Modal dan Lembaga Keuangan selambat-lambatnya 4 (empat) bulan setelah tahun buku berakhir, sebanyak 4 (empat) eksemplar dan sekurang-kurangnya 1 (satu) eksemplar dalam bentuk asli.

Laporan tahunan dalam bentuk asli dimaksud adalah laporan tahunan yang wajib ditandatangani secara langsung oleh direksi dan komisaris.

- b. Dalam hal laporan tahunan telah tersedia bagi pemegang saham sebelum jangka waktu 4 (empat) bulan sejak tahun buku berakhir, maka laporan tahunan dimaksud wajib disampaikan kepada Badan Pengawas Pasar Modal dan Lembaga Keuangan pada saat yang bersamaan dengan tersedianya laporan tahunan bagi pemegang saham.
- c. Laporan tahunan wajib tersedia bagi para pemegang saham pada saat panggilan Rapat Umum Pemegang Saham Tahunan.
- d. Dalam hal Emiten hanya menerbitkan Efek Bersifat Utang, maka kewajiban penyampaian laporan tahunan berlaku sampai dengan Emiten telah menyelesaikan seluruh kewajiban yang terkait dengan Efek Bersifat Utang yang diterbitkannya.
- e. Dalam hal Emiten atau Perusahaan Publik menyampaikan laporan tahunan kepada Badan Pengawas Pasar Modal dan Lembaga Keuangan sebelum menyampaikan laporan keuangan tahunan, maka Emiten atau Perusahaan Publik dimaksud dikecualikan dari kewajiban menyampaikan laporan keuangan tahunan kepada Badan Pengawas Pasar Modal dan Lembaga Keuangan, sepanjang laporan tahunan dimaksud:
 - 1) disampaikan sebanyak 6 (enam) eksemplar; dan
 - 2) sekurang-kurangnya 1 (satu) eksemplar laporan tahunan yang memuat laporan keuangan tahunan dalam bentuk asli.

Dalam hal penyampaian laporan tahunan dimaksud melewati batas waktu penyampaian laporan keuangan tahunan sebagaimana diatur dalam Peraturan Bapepam Nomor X.K.2 tentang Kewajiban Penyampaian Laporan Keuangan Berkala, maka hal tersebut diperhitungkan sebagai keterlambatan penyampaian laporan keuangan tahunan.

2. BENTUK DAN ISI LAPORAN TAHUNAN

- a. Ketentuan Umum

- 1) Laporan tahunan wajib memuat ikhtisar data keuangan penting, laporan dewan komisaris, laporan direksi, profil perusahaan, analisis

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dan pembahasan manajemen, tata kelola perusahaan, tanggung jawab direksi atas laporan keuangan, dan laporan keuangan yang telah diaudit.

- 2) Laporan tahunan wajib disajikan dalam bahasa Indonesia. Dalam hal laporan tahunan juga dibuat selain dalam bahasa Indonesia, baik dalam dokumen yang sama maupun terpisah, maka laporan tahunan dimaksud harus memuat informasi yang sama. Apabila terdapat perbedaan penafsiran akibat penerjemahan bahasa, maka yang digunakan sebagai acuan adalah laporan tahunan dalam bahasa Indonesia.
 - 3) Laporan tahunan wajib dicetak pada kertas berwarna terang yang berkualitas baik, berukuran kurang lebih 21 X 30 sentimeter dan dimungkinkan untuk direproduksi dengan fotokopi.
- b. Ikhtisar Data Keuangan Penting
- 1) Laporan tahunan wajib memuat informasi keuangan dalam bentuk perbandingan selama 5 (lima) tahun buku atau sejak memulai usahanya jika perusahaan tersebut menjalankan kegiatan usahanya selama kurang dari 5 (lima) tahun, sekurang-kurangnya:
 - a) penjualan/pendapatan usaha;
 - b) laba (rugi) kotor;
 - c) laba (rugi) usaha;
 - d) laba (rugi) bersih;
 - e) jumlah saham yang beredar;
 - f) laba (rugi) bersih per saham ;
 - g) proforma penjualan/pendapatan usaha (jika ada);
 - h) proforma laba (rugi) bersih (jika ada);
 - i) proforma laba (rugi) bersih per saham (jika ada);
 - j) modal kerja bersih;
 - k) jumlah aktiva;
 - l) jumlah investasi;
 - m) jumlah kewajiban;
 - n) jumlah ekuitas;
 - o) rasio laba (rugi) terhadap jumlah aktiva;
 - p) rasio laba (rugi) terhadap ekuitas;
 - q) rasio lancar;
 - r) rasio kewajiban terhadap ekuitas;
 - s) rasio kewajiban terhadap jumlah aktiva;
 - t) rasio kredit yang diberikan terhadap jumlah simpanan (khusus untuk perbankan);
 - u) rasio kecukupan modal (khusus untuk perbankan); dan

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- v) informasi keuangan perbandingan lainnya yang relevan dengan perusahaan.
 - 2) Laporan tahunan wajib memuat informasi harga saham tertinggi, terendah, dan penutupan, serta jumlah saham yang diperdagangkan untuk setiap masa triwulan dalam 2 (dua) tahun buku terakhir (jika ada). Harga saham sebelum perubahan permodalan terakhir wajib disesuaikan dalam hal terjadi antara lain karena pemecahan saham, dividen saham, dan saham bonus.
- c. Laporan Dewan Komisaris
- Laporan dewan komisaris sekurang-kurangnya memuat hal-hal sebagai berikut:
- 1) penilaian terhadap kinerja direksi mengenai pengelolaan perusahaan;
 - 2) pandangan atas prospek usaha perusahaan yang disusun oleh direksi;
 - 3) komite-komite yang berada dibawah pengawasan dewan komisaris; dan
 - 4) perubahan komposisi anggota dewan komisaris (jika ada).
- d. Laporan Direksi
- Laporan direksi sekurang-kurangnya memuat antara lain uraian singkat mengenai:
- 1) kinerja perusahaan, yang mencakup antara lain kebijakan strategis, perbandingan antara hasil yang dicapai dengan yang ditargetkan, dan kendala-kendala yang dihadapi perusahaan;
 - 2) gambaran tentang prospek usaha;
 - 3) penerapan tata kelola perusahaan yang telah dilaksanakan oleh perusahaan; dan
 - 4) perubahan komposisi anggota direksi (jika ada).
- e. Profil Perusahaan
- Profil perusahaan sekurang-kurangnya memuat hal-hal sebagai berikut:
- 1) nama dan alamat perusahaan;
 - 2) riwayat singkat perusahaan;
 - 3) bidang dan kegiatan usaha perusahaan meliputi jenis produk dan atau jasa yang dihasilkan;
 - 4) struktur organisasi dalam bentuk bagan;
 - 5) visi dan misi perusahaan;
 - 6) nama, jabatan, dan riwayat hidup singkat anggota dewan komisaris;
 - 7) nama, jabatan, dan riwayat hidup singkat anggota direksi;
 - 8) jumlah karyawan dan deskripsi pengembangan kompetensinya (misalnya: aspek pendidikan dan pelatihan karyawan yang telah dan akan dilakukan);

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- 9) uraian tentang nama pemegang saham dan persentase kepemilikannya yang terdiri dari:
 - a) pemegang saham yang memiliki 5% (lima per seratus) atau lebih saham Emiten atau Perusahaan Publik;
 - b) direktur dan komisaris yang memiliki saham Emiten atau Perusahaan Publik; dan
 - c) kelompok pemegang saham masyarakat, yaitu kelompok pemegang saham yang masing-masing memiliki kurang dari 5% (lima per seratus) saham Emiten atau Perusahaan Publik;
 - 10) nama anak perusahaan dan perusahaan asosiasi, persentase kepemilikan saham, bidang usaha, dan status operasi perusahaan tersebut (jika ada);
 - 11) kronologis pencatatan saham dan perubahan jumlah saham dari awal pencatatan hingga akhir tahun buku serta nama Bursa Efek dimana saham perusahaan dicatatkan (jika ada);
 - 12) kronologis pencatatan Efek lainnya dan peringkat Efek (jika ada);
 - 13) nama dan alamat perusahaan peneringkat efek (jika ada);
 - 14) nama dan alamat lembaga dan atau profesi penunjang pasar modal;
 - 15) penghargaan dan sertifikasi yang diterima perusahaan baik yang berskala nasional maupun internasional (jika ada); dan
 - 16) nama dan alamat anak perusahaan dan atau kantor cabang atau kantor perwakilan (jika ada).
- f. Analisis dan Pembahasan Manajemen
- Laporan tahunan wajib memuat uraian singkat yang membahas dan menganalisis laporan keuangan dan informasi lain dengan penekanan pada perubahan-perubahan material yang terjadi dalam periode laporan keuangan tahunan terakhir. Uraian dimaksud sekurang-kurangnya memuat hal-hal sebagai berikut:
- 1) tinjauan operasi per segmen usaha, antara lain memuat pembahasan mengenai:
 - a) produksi;
 - b) penjualan/pendapatan usaha;
 - c) profitabilitas; dan
 - d) peningkatan kapasitas produksi;
 - 2) analisis kinerja keuangan yang mencakup perbandingan antara kinerja keuangan tahun yang bersangkutan dengan tahun sebelumnya, antara lain mengenai:
 - a) aktiva lancar, aktiva tidak lancar, dan jumlah aktiva;
 - b) kewajiban lancar, kewajiban tidak lancar, dan jumlah kewajiban;
 - c) penjualan/pendapatan usaha;
 - d) beban usaha; dan

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- e) laba bersih;
- 3) bahasan dan analisis tentang kemampuan membayar hutang dan tingkat kolektibilitas piutang Perseroan;
- 4) bahasan mengenai ikatan yang material untuk investasi barang modal dengan penjelasan tentang tujuan dari ikatan tersebut, sumber dana yang diharapkan untuk memenuhi ikatan-ikatan tersebut, mata uang yang menjadi denominasi, dan langkah-langkah yang direncanakan perusahaan untuk melindungi risiko dari posisi mata uang asing yang terkait;
- 5) bahasan dan analisis tentang informasi keuangan yang telah dilaporkan yang mengandung kejadian yang sifatnya luar biasa dan jarang terjadi;
- 6) komponen-komponen substansial dari pendapatan atau beban lainnya, untuk dapat mengetahui hasil usaha perusahaan;
- 7) jika laporan keuangan mengungkapkan peningkatan atau penurunan yang material dari penjualan atau pendapatan bersih, maka wajib disertai dengan bahasan tentang sejauh mana perubahan tersebut dapat dikaitkan antara lain dengan jumlah barang atau jasa yang dijual, dan atau adanya produk atau jasa baru;
- 8) bahasan tentang dampak perubahan harga terhadap penjualan dan pendapatan bersih perusahaan serta laba operasi perusahaan selama 2 (dua) tahun atau sejak perusahaan memulai usahanya, jika baru memulai usahanya kurang dari 2 (dua) tahun;
- 9) informasi dan fakta material yang terjadi setelah tanggal laporan akuntan;
- 10) prospek usaha dari perusahaan sehubungan dengan industri, ekonomi secara umum dan pasar internasional serta dapat disertai data pendukung kuantitatif jika ada sumber data yang layak dipercaya;
- 11) aspek pemasaran atas produk dan jasa perusahaan, antara lain: strategi pemasaran dan pangsa pasar;
- 12) kebijakan dividen dan tanggal serta jumlah dividen (kas per saham dan atau non kas) dan jumlah dividen per tahun yang diumumkan atau dibayar selama 2 (dua) tahun buku terakhir;
- 13) realisasi penggunaan dana hasil penawaran umum secara kumulatif sampai dengan saat terakhir apabila belum dinyatakan habis. Dalam hal terdapat perubahan dari Prospektus agar dijelaskan;
- 14) informasi material, antara lain mengenai investasi, ekspansi, divestasi, penggabungan/peleburan usaha, akuisisi, restrukturisasi utang/modal, transaksi yang mengandung benturan kepentingan dan sifat transaksi dengan Pihak Afiliasi;
- 15) perubahan peraturan perundang-undangan yang berpengaruh signifikan terhadap perusahaan dan dampaknya terhadap laporan keuangan (jika ada); dan

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16) perubahan kebijakan akuntansi, alasan dan dampaknya terhadap laporan keuangan (jika ada).

g. Tata Kelola Perusahaan (*Corporate Governance*)

Laporan tahunan wajib memuat uraian singkat mengenai penerapan tata kelola perusahaan yang telah dan akan dilaksanakan oleh perusahaan dalam periode laporan keuangan tahunan terakhir. Uraian dimaksud sekurang-kurangnya memuat hal-hal sebagai berikut:

- 1) Dewan komisaris, mencakup antara lain:
 - a) uraian pelaksanaan tugas dewan komisaris;
 - b) pengungkapan prosedur penetapan dan besarnya remunerasi anggota dewan komisaris; dan
 - c) frekuensi pertemuan dan tingkat kehadiran dewan komisaris;
- 2) Direksi, mencakup antara lain:
 - a) ruang lingkup pekerjaan dan tanggung jawab masing-masing anggota direksi;
 - b) pengungkapan prosedur penetapan dan besarnya remunerasi anggota direksi;
 - c) frekuensi pertemuan dan tingkat kehadiran anggota direksi; dan
 - d) program pelatihan dalam rangka meningkatkan kompetensi direksi;
- 3) komite audit, mencakup antara lain:
 - a) nama, jabatan, dan riwayat hidup singkat anggota komite audit;
 - b) uraian tugas dan tanggung jawab;
 - c) frekuensi pertemuan dan tingkat kehadiran masing-masing anggota komite audit; dan
 - d) laporan singkat pelaksanaan kegiatan komite audit;
- 4) komite-komite lain yang dimiliki oleh perusahaan (seperti: komite nominasi dan komite remunerasi), yang mencakup:
 - a) nama, jabatan, dan riwayat hidup singkat anggota komite;
 - b) independensi anggota komite;
 - c) uraian tugas dan tanggung jawab;
 - d) frekuensi pertemuan dan tingkat kehadiran komite; dan
 - e) uraian pelaksanaan kegiatan komite;
- 5) uraian tugas dan fungsi sekretaris perusahaan;
 - a) nama, jabatan, dan riwayat hidup singkat sekretaris perusahaan; dan
 - b) uraian pelaksanaan tugas sekretaris perusahaan;

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- 6) uraian mengenai sistem pengendalian intern yang diterapkan oleh perusahaan dan uraian mengenai pelaksanaan pengawasan intern (*internal control and audit*);
 - 7) penjelasan mengenai risiko-risiko yang dihadapi perusahaan serta upaya-upaya yang telah dilakukan untuk mengelola risiko tersebut, misalnya: risiko yang disebabkan oleh fluktuasi kurs atau suku bunga, persaingan usaha, pasokan bahan baku, ketentuan negara lain atau peraturan internasional, dan kebijakan pemerintah;
 - 8) uraian mengenai aktivitas dan biaya yang dikeluarkan berkaitan dengan tanggung jawab sosial perusahaan terhadap masyarakat dan lingkungan;
 - 9) perkara penting yang sedang dihadapi oleh Emiten atau Perusahaan Publik, anggota Direksi dan anggota dewan Komisaris yang sedang menjabat, antara lain meliputi:
 - a) pokok perkara/gugatan;
 - b) kasus posisi;
 - c) status penyelesaian perkara/gugatan;
 - d) pengaruhnya terhadap kondisi keuangan perusahaan; dan
 - 10) penjelasan tentang tempat/alamat yang dapat dihubungi pemegang saham atau masyarakat untuk memperoleh informasi mengenai perusahaan.
- h. Tanggung Jawab Direksi atas Laporan Keuangan
- Laporan tahunan wajib memuat Surat Pernyataan Direksi tentang Tanggung Jawab Direksi atas Laporan Keuangan sebagaimana diatur dalam Peraturan Nomor VIII.G.11 tentang Tanggung Jawab Direksi atas Laporan Keuangan.
- i. Laporan keuangan tahunan yang telah diaudit
- Laporan tahunan wajib memuat laporan keuangan tahunan yang disusun sesuai dengan Standar Akuntansi Keuangan yang ditetapkan oleh Ikatan Akuntan Indonesia dan peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan di bidang akuntansi serta wajib diaudit oleh Akuntan yang terdaftar di Badan Pengawas Pasar Modal dan Lembaga Keuangan.
- j. Tanda tangan anggota direksi dan anggota dewan komisaris
- 1) Laporan tahunan wajib ditandatangani oleh seluruh anggota direksi dan anggota dewan komisaris yang sedang menjabat;
 - 2) Tanda tangan dimaksud dituangkan pada lembaran tersendiri dalam laporan tahunan dimana dalam lembaran dimaksud wajib dicantumkan pernyataan bahwa direksi dan dewan komisaris bertanggung jawab penuh atas kebenaran isi laporan tahunan;
 - 3) Dalam hal terdapat anggota direksi atau anggota dewan komisaris yang tidak menandatangani laporan tahunan, maka yang bersangkutan harus menyebutkan alasannya secara tertulis dalam surat tersendiri yang dilekatkan pada laporan tahunan;

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- 4) Dalam hal terdapat anggota direksi atau anggota dewan komisaris yang tidak menandatangani laporan tahunan dan tidak memberi alasan secara tertulis, maka hal tersebut harus dinyatakan secara tertulis oleh anggota direksi atau anggota dewan komisaris yang menandatangani laporan tahunan dalam surat tersendiri yang dilekatkan pada laporan tahunan.
3. Dengan tidak mengurangi berlakunya ketentuan pidana di bidang Pasar Modal, Badan Pengawas Pasar Modal dan Lembaga Keuangan berwenang mengenakan sanksi terhadap setiap pihak yang melanggar ketentuan peraturan ini termasuk pihak yang menyebabkan terjadinya pelanggaran tersebut.

Ditetapkan di : Jakarta
pada tanggal : 7 Desember 2006

**Ketua Badan Pengawas Pasar Modal
dan Lembaga Keuangan**

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Salinan sesuai dengan aslinya
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