International Journal of Current Economics & Business Ventures, 5 (2) 2025, 548-564
International Journal of Current Economics & Business Ventures
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THE EFFECT OF COMPANY SIZE, PUBLIC SHARE OWNERSHIP AND PROFITABILITY ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE IN MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) IN 2022 – 2023

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Abstract:
This study aims to examine the effect of company size, public share ownership, and profitability on Corporate Social Responsibility (CSR) disclosure in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2023 period. The study sample consisted of 33 companies, with data analysis using descriptive statistics, multiple linear regression, analysis requirements testing, classical assumption testing, and hypothesis testing. The results show that company size has a significant effect on CSR disclosure; the larger the company scale, the more extensive the CSR disclosure. Conversely, public share ownership and profitability do not show a significant effect partially on CSR disclosure. However, simultaneously, all three independent variables have a significant effect on CSR disclosure. This finding indicates that large-scale companies with extensive public share ownership and high profitability tend to make more extensive CSR disclosures as a form of responsibility for the social and environmental impacts of their operations.

Keywords: Firm Size, Public Share Ownership, Profitability, Corporate Social Responsibility Disclosure.

BACKGROUND

The emergence of environmental issues such as "global warming, ozone layer depletion, forest destruction, mining site damage, water pollution from toxic waste, air pollution, and seawater pollution from oil tank leaks," as well as social issues such as companies neglecting Occupational Safety and Health (K3) for workers, are negative consequences of business activities solely focused on profit (the single bottom line) without regard for the negative impacts on society and the planet. The concept of Corporate Social Responsibility (CSR) emerged as a response to actions that have harmed society and the planet. CSR is an effort and commitment made by companies to positively impact society and stakeholders through their business processes (Ratri et al., 2021). CSR refers to actions taken by companies to address environmental, social, and economic issues (the triple bottom line) (Halkos & Nomikos, 2021). Although CSR is a set of policies, programs, and initiatives aimed at improving social and environmental well-being, its implementation still maintains the entity's primary objectives (Anggraeni & Djakman, 2018). Developments in the current business world also require companies to increase their awareness of the social environment and focus not only on management and shareholders, but also on employees, consumers, the community, and the environment. In Indonesia, companies are required to actively implement CSR as stipulated in Law No. 23 of 1997 concerning Limited Liability Companies, Law No. 40 of 2007 concerning Limited Liability Companies, Law No. 32 of 2009 concerning Environmental Protection and Management, Regulation of the Capital Market and Financial

Institution Supervisory Agency (Bapepam-LK) No. X.K.6 concerning Submission of Annual Reports of Issuers or Public Companies through the Attachment to the Decree of the Chairman of Bapepam-LK number: Kep-431/BK/2012, and Government Regulation (PP) No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. Therefore, all companies in Indonesia whose businesses are in the field related to natural resources are required to implement CSR and disclose the company's CSR in their annual financial reports. CSR disclosure is one of the important ways to improve transparency, accountability, reputation, corporate legitimacy, awareness of environmental and social practices, and the company's performance (Ratri et al., 2021). Various CSR activities are disclosed in a report, which aims to elaborate on various activities and company achievements to preserve the environment and society, while considering their economic impact (Anggraeni & Djakman, 2018). CSR activities can be disclosed through social reports, corporate social responsibility reports (CSR reports), sustainability reports, and similar reports.

Although CSR provisions and reporting are stipulated in law, and the Ministry of Environment and Forestry has conducted PROPER assessments, in practice, numerous cases of environmental damage and labor issues involving companies in Indonesia remain. For example, in June 2022, PT Kimu Sukses Abadi in West Cikarang was sealed by the Bekasi Regency government due to six violations, including not having environmental documents and discharging production wastewater directly into water bodies without adequate treatment (bekasikab.go.id, 2022). In 2023, PT Indoaluminium Intikarsa Industri, PT Lautan Steel Indonesia, PT Multy Makmur Limbah Nasional, and PT Sariwarna Adiperkasa added to the long list of companies found guilty of environmental pollution through activities related to air pollution and waste management (Wicaksono, 2024). The phenomenon of environmental pollution by these companies is certainly very detrimental to the environment because it can increase dust or particulate pollution into the air, thereby degrading air quality. In addition to environmental damage, companies operating in Indonesia frequently neglect Occupational Safety and Health (OHS), including PT Gunbuster Nickel Industry. PT GNI is another company that has neglected OHS, resulting in workplace accidents.

Beyond environmental damage, the Indonesian public is also concerned about the neglect of OHS by PT Alpen Food Industry, commonly known as Aice Group. Aice Group has been accused of abusing Aice factory workers in violation of company regulations (Sandi, 2020). In addition to failing to guarantee job protection for outsourced workers, Aice Group was previously reported to the Law Enforcement Agency (Balai Gakum) for similar violations of the Manpower Law. The Aice factory also reported hazardous, toxic, and odorous waste (B3) produced by the company, which could damage the environment (Y. E. Purnomo & Ubaidah, 2019).

This demonstrates that some companies still neglect their CSR programs and consider them a burden. However, it is undeniable that the level of CSR disclosure has increased year after year. This increasing level of CSR disclosure is undoubtedly influenced by several factors. Previous studies on sustainability reporting have linked several factors that can impact the level of CSR disclosure. These factors will be discussed in this study, namely company size, public share ownership, and profitability as a mediating variable.

Company size was chosen to assess the level of CSR disclosure implemented by large, medium, and small companies. Based on previous studies on the relationship between company

size and CSR disclosure, Nur et al. (2019) showed that company size has a positive impact on CSR disclosure. Furthermore, a study conducted by Dwitarini & Sari (2021) showed that company size has an impact on CSR disclosure. This study also aligns with a study conducted by Dewi & Diatmika (2021), which concluded that company size has a significant impact on CSR disclosure. The study conducted by Dwitarini and Sari (2021) showed no impact of company size on CSR disclosure.

The second factor in this study is public share ownership. Public share ownership is defined as the proportion of shares held by the public/community in a company's stock. Public shareholders are defined as individuals or institutions holding less than 5% of a company's shares, outside of management and with no special relationship to the company. Public shareholders, or those holding less than 5% of a company's shares, generally represent a combination of ownership from several members of the public. Public shareholders are the term for this category of shareholders (Hamdani et al., 2017). In a study by Rivandi (2020), public share ownership significantly impacted CSR disclosure. This finding aligns with a study by Indraswari & Mimba (2017), which found an impact of public ownership on CSR disclosure. Meanwhile, research by Hunafah et al. (2022) found no effect of public share ownership on CSR disclosure.

The final factor included in this study is profitability. Profitability is defined as a company's income, derived from revenue minus all costs incurred over a specific period (Alarussi & Alhaderi, 2018). profitability is one of the important elements for performance evaluation, which is The ratio of profit to investment in assets, equity, or sales (T. N. L. Nguyen & Nguyen, 2020). Profitability can be estimated using a ratio called Return on Assets (ROA). ROA is the ratio between profit and the assets or capital that generates the profit (Ali, 2019). In a study conducted by Wuttichindanon (2017), profitability has a significant impact on CSR disclosure. This statement aligns with a study conducted by Hotria & Afriyenti, 2018. However, a study conducted by Hunafah et al., 2022, found no impact of profitability on CSR disclosure.

The sample used in this study was manufacturing companies listed on the Indonesia Stock Exchange (IDX) that reported their financial statements and Corporate Social Responsibility (CSRD) disclosures for the 2022-2023 period. Manufacturing companies were chosen because they offer greater opportunities for social responsibility due to their more complex operations. Furthermore, Indonesia's manufacturing sector has the largest and most numerous corporate entities, allowing for adequate data collection and diverse results.

Based on previous studies examining CSR disclosure, few studies have focused on the factors influencing CSR disclosure in Indonesia. This study's novelty lies in using a population of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2022-2023 period, encompassing all subsectors. This period also reflects the post-pandemic situation. This further highlights CSR in the context of post-pandemic sustainability. This study focuses on manufacturing companies, which are the entities with the greatest environmental and social impact, making CSR highly relevant. This study also seeks to uncover the impact of the variables of company size and public share ownership on CSR disclosure, which have been frequently discussed in previous research. However, the combination of these three independent variables simultaneously on CSR disclosure is limited, for which recent data is still available.

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THEORETICAL FRAMEWORK

Agency Theory

Agency is defined as a relationship formed by mutual consent, where one party (the agent) agrees to act on behalf of the other party (the principal) (Schroeder et al., 2014). Agency theory describes the correlation between agency relationships and employment contracts involving two parties (Rindiyawati & Arifin, 2019). Agency theory, also known as positive accounting theory, defines a company as a contractual intermediary between various economic agents (Wuttichindanon, 2017). This statement aligns with Peter Virag's (2021) explanation, which posits that agency theory involves one party, called the principal, who employs another party, called the agent, because the principal believes that the resulting relationship generates higher value than working alone (Virag, 2021). Agency theory suggests that companies facing contract costs and low monitoring costs tend to report lower profits or, in other words, will incur costs for management purposes (one of which is costs that can improve the company's reputation in the eyes of the public, namely costs related to corporate social responsibility) (Abbas et al., 2019). Managers are considered agents of shareholders, so they can act opportunistically for three reasons: 1) maximizing their bonuses, 2) misrepresenting financial statements to avoid violating debt covenants, and 3) applying accounting methods to make profit figures unattractive to politicians or the government (Wuttichindanon, 2017). In the context of CSR, image building and public interest can regulate managers' decisions to incur costs on social performance and to disclose social responsibility information.

Stakeholder Theory

Stakeholder theory suggests that a company is not merely an entity operating for its own interests but must also provide benefits to its stakeholders (Freeman (1984) in Merawati & Pramitha, (2020). These benefits can be achieved through the implementation of CSR programs. Companies implementing CSR programs will consider the impact of their activities on social and environmental conditions and strive to positively impact their stakeholders (Hotria & Afriyenti, 2018). Stakeholders significantly influence a company's survival, both directly and indirectly. Therefore, company management will strive to implement activities and strategies that align with the desires of its stakeholders in order to attract their support (Urmila & Mertha, 2017). Companies cannot operate independently; they require stakeholder support, as this support plays a role in their long-term sustainability (Ramadhani & Maresti, 2021). Therefore, companies strive to meet stakeholder needs. CSR disclosure can be an effective way to build communication between the company and its stakeholders.

Legitimacy Theory

Legitimacy theory focuses on the interaction between companies and society. Deegan (2002) suggests that legitimacy theory states that companies will react in accordance with the expectations of society and the local environment. This idea serves as a foundation for businesses to consider what society expects of them and adapt to social standards in the areas where they operate (Abbas et al., 2019). Based on this, it can be seen that company activities must have social values that align with societal values, namely through reporting on social activities and maximizing their long-term financial strength. Based on legitimacy theory, large entities engage in more transactions (Dwitarini & Sari, 2021), which inevitably have broader environmental and social impacts.

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Company Size

Company size is defined as a measure that projects a company's assets. Generally, company size is categorized into three categories: large, medium, and small. These categories are based on the company's market capitalization (Anam & Afrohah, 2020). According to Lindawati (2019), company size is defined as a value that indicates the size of a company, which can refer to the company's asset level, sales level, and market share. Gahani Purnama Wati (2017) explains that company size is a combination of a company's businesses in several groups: large, medium, and small. Company size determines the ability to negotiate various contracts related to the company's operations. Therefore, the larger the company, the greater the profits it can earn. Therefore, it can be concluded that company size is a classification of companies based on the amount of assets they own, which can be classified into several categories: large, medium, and small.

Public Share Ownership

Companies in Indonesia have a different ownership structure than companies in other countries. Because the majority of businesses in Indonesia are concentrated, founders often hold positions on the board of directors or commissioners. Furthermore, agency conflicts may arise between majority and minority shareholders, as well as between managers and owners. As Jensen & Meckling (1976) argued, agency conflicts arise due to the separation of ownership and control of a company. Agency theory describes how various parties involved in a company, including managers, owners, and creditors, will behave because they fundamentally have different interests.

Public share ownership is defined as the total shares held by the public. The public is defined as individuals outside management who have no special relationship with the company (Abbas et al., 2019). Public ownership is the percentage of share ownership held by outsiders (Agustina & Soelistya, 2018). Another opinion suggests that company share ownership is by the general public or external parties (Febriana, 2010). Public share ownership is the proportion of shares held by the public/community to the company's shares (Hamdani et al., 2017). The public is defined as individuals or institutions holding less than 5% of shares outside management and having no special relationship with the company. A public shareholder group is often a collection of ownership by several individuals, where each shareholder holds less than 5% of the company's shares. This group of shareholders is called a public shareholder group. Generally, public shareholders hold a minority stake in the company.

Shares owned by the general public, or a large group of people unrelated to investment institutions or individuals, are referred to as public ownership (Sundjaja, 2003). Public ownership can be estimated using the ratio of the number of publicly held shares to the total number of outstanding shares. The greater the public ownership, the more efficient the use of company assets and is also expected to act as a deterrent against waste by management (Ali, 2019). In this study, the public share ownership variable will be calculated using the formula below (Hamdani et al., 2017):

$$\boldsymbol{KSP} = \frac{\boldsymbol{< 5\%}}{\boldsymbol{Total\ Company\ Shares}} \times \boldsymbol{100\%}$$

Profitability

Profitability is defined as a company's income generated by subtracting all costs incurred during a specific period (Alarussi & Alhaderi, 2018). Profitability is one of the important elements for performance evaluation, showing the proportion of profit compared to investment in assets, equity, or sales (T. N. L. Nguyen & Nguyen, 2020). (Kasmir, 2018) also proposed another definition of profitability, namely the profitability ratio, which is the ability to evaluate the effectiveness of a company's management. The higher the company's profit, the better the company's performance, and vice versa (Rahayu, 2020). This is evident from the profit generated from sales and investment returns.

Based on the definitions above, profitability is defined as a company's capability to generate net profit from its capital or assets within a specific period. Investors and creditors will assess a company's sustainability through profitability.

To facilitate the calculation of company profitability, several proxies are used. According to (Fahmi, 2011) and (Hery, 2019), a bank's profitability ratios can be broadly divided into four ratios: Net Profit Margin (NPM), Gross Profit Margin (GPM), Return on Equity (ROE), and Return on Assets (ROA). The calculation is as follows:

$$ROA = \frac{Earning\ After\ Taxes}{Total\ Assets}$$

Corporate Social Responsibility (CSR) Disclosure

According to Government Regulation Number 47 of 2012 concerning Social Responsibility and Limited Liability Companies, every company, as a legal entity, has social and environmental responsibilities. Meanwhile, ISO 26000 defines CSR, or corporate social responsibility, as a company's responsibility for the impact of its activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including public health and welfare, taking into account stakeholder expectations, and in accordance with applicable law and consistent with international norms of behavior.

Reports specifically addressing a company's environmental and social responsibilities are disclosed in a sustainability report. This report discloses information about the company's involvement and efforts in the social and environmental sphere (Pranesti et al., 2022). Sustainability reports must be prepared in accordance with standards. The Global Reporting Institute (GRI) is one standard that provides guidance on sustainability reporting (Satria, 2023). Sustainability reporting, introduced by the GRI standards, is a practice of transparently reporting on economic, environmental, and social impacts because these aspects contribute to sustainable development.

The GRI standards are designed to align with interrelated standards and are developed to assist organizations in preparing sustainability reports based on reporting principles and focusing on material topics (Global Reporting Initiative, 2021).

"The GRI standards are divided into two main sections, the 100 series, encompassing three standards (Mihai, F., 2023):

1. GRI 101: Establishes reporting principles to determine the content and quality of financial reports. GRI 101 covers specific information to be included in a sustainability report.

2. GRI 102: Disclosures for reporting information on the organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting processes.

3. GRI 103: Management's approach to reporting information on a company's mitigation efforts. The organization can provide a narrative explanation of each topic deemed significant, the topic boundaries, and how the organization mitigates its impacts."

Reports specifically addressing the company's environmental and social responsibilities are disclosed in the sustainability report. CSRD is measured using the GRI Standard index, which includes disclosure of Basic Company Information, Economic Performance, Environmental Performance, and Social Performance (Mihai, F., 2023). These indicators are outlined in 98 disclosure items. In the GRI Standard scoring method, each disclosed item is given a different weight. The CSRDI assessment refers to Nurkhin's (2009) study, which uses a content analysis method, where each CSR item in the study instrument is given a value of 1 if disclosed and a value of 0 if not disclosed (M. N. Nugroho & Yulianto, 2015). The scores for each disclosure item are summed to obtain an indicator score (Ariadi et al., n.d.). The score is then compared with the total number of indicators in the report. The calculation formula is as follows:

$$\boldsymbol{CSRDi} = \frac{\sum \boldsymbol{X_{yi}}}{\boldsymbol{ni}}$$

METHOD

The unit of analysis is the element to be tested by the researcher, which will then serve as the basis for supporting the research argument (Purwohedi, 2022). The unit of analysis contains various topics to be observed, measured, and tested in a study. Therefore, the various aspects of the study will be presented as units of analysis. The unit of analysis in this study is a number of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2022-2023. Information about the companies was obtained from the website www.idx.co.id or from the companies' official websites. The data used by the researcher in conducting the study is in the form of financial reports.

The population is all available data for the study (Purwohedi, 2022). The population in this study is all manufacturing companies listed on the IDX for the period 2022-2023, totaling 149 companies.

The sample is a subset of the population that will be used as study data (Purwohedi, 2022). Information obtained from the sample can be generalized to the entire population, therefore, it is important for the selected sample to be representative of the research population. The sampling technique applied in this study was purposive sampling. Purposive sampling applies several criteria in selecting a sample from the population. These criteria can be based on the study design or previous references (Purwohedi, 2022).

The researcher used several criteria based on references to previous research as the basis for sample selection. "The sample selection criteria for this study were:

1. Manufacturing companies consistently listed on the Indonesia Stock Exchange (IDX) for the 2022-2023 period.
2. Manufacturing companies listed on the IDX whose annual financial reports for the 2022-2023 period can be accessed on the IDX website and the company's official website.
3. Manufacturing companies listed on the IDX whose annual financial report closing date for the 2022-2023 period is December 31st.
4. Manufacturing companies listed on the IDX that report their annual financial reports in Rupiah for the 2022-2023 period.
5. Manufacturing companies listed on the IDX that disclose CSR in their annual financial reports for the 2022-2023 period."

This study applies a quantitative approach, where "quantitative research aims to prove a theory or conceptual model in order to explain a problematic phenomenon within the unit of analysis being studied." Quantitative research tests various theories by examining correlations between variables. Each variable is then measured using various research instruments, resulting in numerical data that can be tested using statistical procedures (Purwohedi, 2022).

The data utilized in this study is secondary data. Secondary data is data obtained by a researcher not through direct fieldwork, but through reports, documents, or books (Sugiyono, 2019). The data for this study was collected from audited annual financial reports published on the official IDX website (www.idx.co.id) or company websites. The data obtained will be compiled in MS Excel and processed in SPSS.

RESULT

Multiple linear regression analysis is performed to demonstrate the existence of a correlation between two or more variables. The results of the multiple linear regression test are:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.076	.041		1.847	.075
	SIZE	.011	.001	.735	7.606	.000
	KSP	-.051	.020	-.252	-2.577	.015
	GPM	-.001	.000	-.408	-4.178	.000

a. Dependent Variable: GRI

$$\hat{Y} = \mathbf{0.076} + \mathbf{0.011}X1 - \mathbf{0.051}X2 - \mathbf{0.001}X3 + \mathbf{e}$$

Description:
Y: Dependent Variable – CSR Disclosure
a: Constant
X1: Independent Variable – Company Size
X2: Independent Variable – Public Share Ownership
X3: Independent Variable – Profitability
E: Error

Analysis Requirements Test
Based on the table below, the Asym. Sig. value is 0.200, which is above 0.05. Therefore, the conclusion is that the data for each variable is normally distributed.

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One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		33
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.11739018
Most Extreme Differences	Absolute	.077
	Positive	.077
	Negative	-.059
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Additionally, to test for normality, a Normal Probability Plot can be used to conclude whether the data is normally distributed. Below is a P = Plot image for this study:

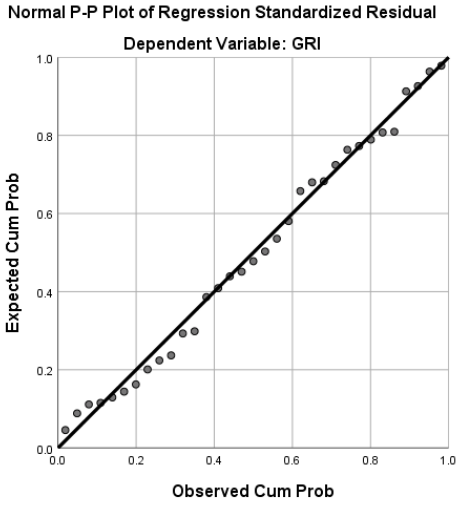


Figure. Probability Plot Results

This image illustrates that this study is normally distributed. This is because the points are spread along the diagonal line.

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y * X1	Between Groups	(Combined)	,286	29	,010	1,162	,527
		Linearity	,060	1	,060	7,117	,076
		Deviation from Linearity	,226	28	,008	,949	,616
	Within Groups		,025	3	,008		
	Total		,312	32			

Based on Table 4.8, it can be seen from the Deviation from Linearity that the relationship between X1 and Y is 0.616, which means that the value exceeds 0.05, therefore it can be concluded that X1 and Y are in a linear correlation.

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ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y * X3	Between Groups	(Combined)	,230	29	,008	,289	,971
		Linearity	,040	1	,040	1,463	,313
		Deviation from Linearity	,189	28	,007	,247	,984
	Within Groups		,082	3	,027		
	Total		,312	32			

Based on Table 4.10, it can be seen from the Deviation from Linearity that the relationship between X3 and Y is 0.984, which means that the value exceeds 0.05, therefore it can be concluded that X3 and Y are in a linear correlation.

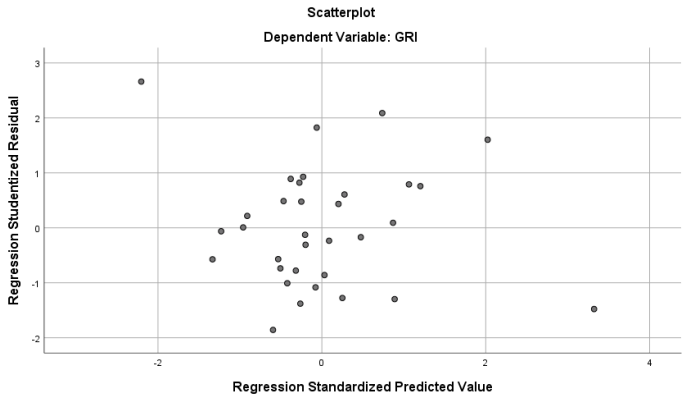
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.015	.020		-.747	.461
	SIZE	.001	.001	.230	1.320	.197
	KSP	.010	.010	.174	.988	.331
	GPM	.000	.000	.212	1.204	.238

a. Dependent Variable: ABS_RES

Based on Table 4.11, the significance value for the company size variable is 1.320, public share ownership is 0.988, and profitability is 1.204. All three significance values for each variable exceed 0.05. Therefore, it can be concluded that there are no symptoms of heteroscedasticity in this study.

Furthermore, heteroscedasticity testing can be done graphically by observing the distribution of points in scatterplots. The following graphical representation of the heteroscedasticity test results is shown.



The image above shows no signs of heteroscedasticity. This is because the points don't form a specific pattern either below or above the 0 axis.

Coefficients[a]

Model		Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	SIZE	1.000	1.000
	KSP	.978	1.022
	GPM	.978	1.023

a. Dependent Variable: GRI

Based on Table 4.12, it can be concluded that there are no symptoms of multicollinearity. This is based on the tolerance values for the company size variable, which is 1.000, public share ownership is 0.978, and profitability is 0.978. All three tolerance values for each variable are

above 0.1. Furthermore, the VIF values for company size are 1.000, public share ownership is 1.022, and profitability is 1.023. All three VIF values for each variable are <10.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.854[a]	.729	.701	.01807	1.806

a. Predictors: (Constant), GPM, SIZE, KSP

b. Dependent Variable: GRI

Based on Table 4.13, it can be seen from the Durbin-Watson value of 1.806 applying a significance level of 0.05 and the number of samples is 33 and the number of independent variables is 3 or k = 3. This means that in this study the dW value is 1.806 below the dU value of 1.7298 and the dW value is 1.806 is between dU 1.7298 and 1.806 (obtained from 4 - 1.9270). Therefore, it can be concluded that there is no autocorrelation relationship in this study.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.076	.041		1.847	.075
	SIZE	.011	.001	.735	7.606	.000
	KSP	-.051	.020	-.252	-2.577	.015
	GPM	-.001	.000	-.408	-4.178	.000

a. Dependent Variable: GRI

The results of this test indicate that company size has a significant effect on CSR disclosure, as evidenced by the calculated t-value > t-table (7.606 > 1.697) and a sig. <0.05 (0.000). Therefore, the conclusion is that H1 is accepted, meaning company size has a significant impact on CSR disclosure.

The results of this test indicate that public share ownership has no impact on CSR disclosure, as evidenced by the calculated t-value < t-table (-2.577 < 1.697) and a sig. <0.05 (0.015). Therefore, the conclusion is that H2 is rejected, meaning public share ownership has no significant impact on CSR disclosure.

The results of this test indicate that profitability does not have a significant impact on CSR disclosure, as evidenced by the calculated t-value < t-table (-4.178 > 1.697) and a sig. <0.05 (0.000). Therefore, the conclusion is that H3 is rejected, which means that profitability does not have a significant impact on CSR disclosure.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.026	3	.009	26.047	.000[b]
	Residual	.009	29	.000		
	Total	.035	32			

a. Dependent Variable: GRI

b. Predictors: (Constant), GPM, SIZE, KSP

Based on Table 4.15, the calculated F value is 26.047, exceeding the F table of 3.328. Therefore, it can be concluded that there is a positive and significant impact between "company size, public share ownership, and profitability on CSR disclosure."

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Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854[a]	.729	.701	.01807

a. Predictors: (Constant), GPM, SIZE, KSP

b. Dependent Variable: GRI

Based on Table 4.16, it appears that R is the correlation value with the number 0.854, then the R square value is 0.729 and the Adjusted R square value is 0.701. Therefore, the conclusion is that "the percentage impact of company size, public share ownership, and profitability on CSR disclosure simultaneously is 70.1%".

DISCUSSION

A. The Influence of Company Size on CSR Disclosure

The findings of this study align with H1, namely that company size impacts CSR disclosure. This is evident from the T-test results, where the calculated t-value is > t-table (7.606 > 1.697), and the sig value is < 0.05 (0.000). Therefore, it can be concluded that H1 is accepted, indicating that company size has a significant impact on CSR disclosure.

The greater the number of assets a company has, the higher the level of CSR disclosure. "This relates to legitimacy theory, which states that to announce its existence to society, companies strive to act based on prevailing societal expectations. Legitimacy is important for companies because it represents public recognition of the company's existence and is necessary for maintaining its survival."

Large companies generally publish more information than smaller companies. By disclosing environmental concerns through financial reports, companies can avoid excessive long-term costs resulting from public demands (Handayani et al., 2021). Furthermore, larger companies will engage in more social activities than smaller companies because the public generally focuses more attention on large companies regarding all their operational activities, and large companies also have more funds available than small companies.

This aligns with studies by Abidin et al. (2020) and Dewi & Diatmika (2021), which found that larger companies disclose more extensive CSR information than smaller companies. Studies by T. D. Nguyen (2020) also show that larger companies and longer operating periods lead to greater levels of CSR disclosure. This also demonstrates that stakeholders have higher expectations and requirements for large and long-lived companies, which presents both opportunities and pressures for these companies.

CSR disclosure serves as a managerial instrument to mitigate potential social and environmental conflicts and reflects a company's accountability to the public by outlining the various social consequences resulting from its operations. Large companies, therefore, implement a relatively broader disclosure aspect because the scope of responsibility for their operational activities is greater than that of smaller companies (Wuttichindanon, 2017).

B. The Effect of Public Share Ownership on CSR Disclosure

The findings of this study reject the second hypothesis, namely that public share ownership impacts CSR disclosure. Based on the calculated t-value < t-table (-2.577 < 1.697) and the sig value > 0.05 (0.015), it can be concluded that H2 is rejected, meaning public share ownership does not have a significant impact on CSR disclosure.

This may indicate that the public, as company owners in Indonesia, are separate individuals and therefore lack sufficient power to participate in management. Therefore, the level of public

share ownership in a company has no impact on disclosure. This demonstrates that the percentage of public share ownership in the sample companies in the study is small, at <5%, and therefore has no impact on disclosure (Gani et al., 2024). Due to the small public shareholding, the public lacks full authority to influence the level of disclosure made by companies.

This aligns with studies conducted by (Hunafah et al., 2022), (Supeni et al., 2022), and (Mulyani & Rosharlianti, 2023), which indicate that publicly traded companies are unlikely to implement significant CSR disclosures. Public shareholding is not yet capable of exercising oversight and cannot demand CSR disclosure from companies, as public shareholding encompasses a combination of small-scale (retail) shareholders. Therefore, the study findings are inconsistent with stakeholder theory, which states that publicly owned companies will disclose more CSR than companies whose shares are not publicly held.

C. The Effect of Profitability on CSR Disclosure

The study findings reject the third hypothesis, namely that profitability has an impact on CSR disclosure. Based on the calculated t-value < t-table (-4.178 > 1.697) and the sig value < 0.05 (0.000), it can be concluded that H3 is rejected, meaning profitability does not have a significant impact on CSR disclosure.

This is in line with the study conducted (Dwitarini & Sari (2021), Andira et al. (2021), and Sumarni et al. (2022) stated that profitability has no impact on CSR disclosure. This means that a company's CSR disclosure is unaffected by its profitability, as profits are primarily allocated to operational activities, reducing allocations for social activities. Companies with high profitability are not necessarily more likely to engage in social activities because they are primarily profit-oriented.

The findings of this study are inconsistent with both legitimacy theory and stakeholder theory. Stakeholder theory suggests that higher profitability leads to greater CSR disclosure, demonstrating accountability to stakeholders. Legitimacy theory, on the other hand, suggests that higher profitability leads to higher levels of CSR disclosure, which is a measure of positive public perception and legitimacy, which in turn increases future corporate profits. This analysis demonstrates that profitability has no impact on corporate CSR disclosure. Highly profitable companies, which have sufficient funds for social and environmental activities, do not necessarily allocate those funds to social and environmental activities, resulting in low levels of CSR disclosure. This is because social and environmental disclosure requires companies to incur additional costs to publish social information.

D. The Effect of Company Size, Public Shareholding, and Profitability on CSR Disclosure

The findings of this study support the fourth hypothesis, namely that company size, public shareholding, and profitability impact CSR disclosure. This is based on the calculated F-value of 26.047, which exceeds the F-table of 3.328 and has a determination value of 70.1%. Therefore, it can be concluded that there is a positive and significant impact between company size, public shareholding, and profitability on CSR disclosure.

This finding aligns with studies conducted by Hamdani et al., 2017, Heryanto, 2022, and Sahida et al., 2021, which simultaneously show that company size, public shareholding, and profitability have a significant impact on CSR disclosure. This is evident in the increasing size of a company, which leads to a broader range of published CSR information. Large companies generally have significant assets, high sales volumes, highly skilled employees, modern information systems, diverse products, and complex ownership structures, thus demanding greater transparency. A large percentage of public shareholding also increases the need for information about the company, resulting in more information being included in the annual financial report. Furthermore, profitability also demonstrates how a company adapts to a

dynamic and complex environment, where CSR disclosure represents the belief that social responses require a managerial approach that aligns with management strategies in an effort to generate profits for the company.

CONCLUSION

This study analyzed 33 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2023 period. Four main variables were used: company size, public share ownership, profitability, and CSR disclosure. Data analysis techniques included descriptive statistical analysis, multiple linear regression analysis, analysis requirements testing, classical assumption testing, and hypothesis testing. "Based on the study findings, the following conclusions can be drawn:

1. Company size is found to have a significant impact on CSR disclosure. Company size impacts the extent of information disclosed in financial reports. A company's size will impact the extent of disclosure related to risk coverage, which can potentially arise from various conditions the company faces. This indicates that the larger the company, the more likely it is to provide broader CSR disclosures. In general, larger companies will publish information more frequently than smaller companies; in other words, the larger the company, the more likely it is to carry out CSR activities and provide more extensive disclosures.
2. Public share ownership is found to have no significant impact on CSR disclosure. This is due to the company's lack of attention to shareholders. Share ownership, including retail (small-scale) shareholders, is not heavily involved in monitoring and exerting pressure on the company to undertake CSR activities. The size of public share ownership does not affect CSR disclosure. This may indicate that public share ownership (investors) is likely not involved in decision-making regarding CSR disclosure. In practice, the role of the public as shareholders in Indonesia is generally not yet fully understood." address environmental and social issues as critical issues that must be extensively disclosed in annual reports.
3. Profitability was found to have no significant impact on CSR disclosure. This indicates that a company's profitability does not influence its disclosure of corporate social responsibility because profits are prioritized for operational activities, resulting in less use for social activities. Companies with high profitability are less likely to engage in social activities because they are solely profit-oriented.
4. This study found that company size, public shareholding, and profitability simultaneously have a significant impact on CSR disclosure. Companies with large scale, extensive shareholding, and high profitability tend to implement more extensive CSR disclosure as a form of accountability for their complex operations and their extensive environmental and social impacts.

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