Effect of Leverage, Firm Size, Institutional Ownership, and Profitability on CSR Disclosure in Consumer Goods Companies in Indonesia

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Abstract

When investing in a company, investors frequently consider a number of criteria, such as financial success, brand or reputation, track record, and social effect through corporate social responsibility (CSR). This study seeks to quantify the impact of profitability, leverage, business size, and institutional ownership on the disclosure of corporate social responsibility. This study's sample is comprised of consumer products firms listed on the Indonesia Stock Exchange for the period of 2018–2020. The error correction model is the methodology utilized in this investigation. The long-term effects of leverage and business size on CSR disclosure were unfavorable and significant, according to the findings. The institutional ownership variable has a positive but not statistically significant effect, but the profitability variable has a statistically significant positive effect. On the other hand, the leverage variable has a substantial negative effect on CSR disclosure in the short term. While the scale of the organization has no negative influence of any significance, The influence of the institutional ownership variable is positive but insignificant. The profitability variable has a substantial beneficial impact.

1. Introduction

Globally, environmental degradation has become a serious concern. Various human activities, such as urbanization, industrialization, overpopulation, deforestation, and pollution, are the main drivers of environmental degradation (Maurya et al., 2020). Indonesia has the potential for significant environmental impacts. Jakarta is the city with the highest environmental risk out of 414 cities globally, according to a study by Maplecroft. The metropolis, with a population of over 1.4 billion, is considered at high risk of extremes due to pollution, diminishing water resources, intense heat stress, natural hazards, and vulnerability to climate change. Surabaya and Bandung are fourth and eighth, respectively, on the list of cities with the worst environmental hazards after Jakarta.

Environmental awareness and responsibility among companies in Indonesia are still quite low, giving rise to several environmental problems. Environmental concerns that sparked protests ultimately demand accountability and transparency from companies. Corporate social responsibility (CSR) is a kind of corporate responsibility for environmental damage and social injustice caused by the company's operational actions (Yanti et al., 2021; Arinta & Iskandar, 2022). In accordance with the Decree of the Chairman of BAPEPAM KEP-431/BL/2012 and POJK 51/POJK.03/2017, CSR must be included in the annual report and sustainability report. Environmental disclosure is one component of CSR related to the environment (Kurniawan, 2019).

When investing in a company, investors often examine various factors, such as financial success, brand/reputation, track record, and social impact in the form of corporate social responsibility (CSR). When stakeholders want to invest in a company, corporate social responsibility becomes one of their concerns. Because CSR shows the extent to which a company cares about the community and the environment that will be directly or indirectly affected by its actions. Investors also like to invest in businesses that pay more attention to CSR (Nofsinger et al., 2019). Companies with extensive CSR disclosure gain credibility, long-term benefits, sustainability, and reputation, among other perks (Khan et al., 2012; Andayani, 2021; Salehi et al., 2017; Indrasari et al., 2021). As a result, companies have adopted CSR as a strategy to attract investors.

Chiu et al. (2020), who conducted a study on environmental disclosure in China, showed that ROA, firm size, leverage, and environmental certification can affect environmental disclosure. Purwanti and Nurjanah's (2020) research shows that leverage and board meetings affect environmental disclosure. Public ownership has an impact on environmental disclosure, according to research by Julekhah and Rahmawati (2019). Meanwhile, Diantimala and Amril (2018) have found seven factors that can affect environmental disclosure. These are management ownership, institutional ownership, profitability, leverage, company size, industrial sector, and environmental performance. Disclosure of corporate social responsibility is influenced by several factors, including company characteristics, share ownership structure, and other indications of good corporate governance. This study uses profitability, leverage, firm size, and institutional ownership as independent variables. These factors were chosen because of inconsistencies in the findings of previous studies.

Profitability is a description of the operating results of a company based on the use of its resources within a certain period of time. Generally, companies that have high profitability show good performance and will carry out more corporate social responsibility activities because they are followed by demands from stakeholders (Ardana & Lestari, 2022; Mais & Ramadhanty, 2022). On the other hand, companies with low profitability will focus on strategies to advance business and pay less attention to community and environmental problems. Profitability is the difference between expenses and income. Profitability shows the company's solid financial performance (Puspita et al., 2021). Companies with strong financial success will include more environmental data in their annual reports and CSR (Chiu et al., 2020). Research by Maulia & Yanto (2020); Chiu et al. (2020); and Ismail et al. (2018) found that profitability has a positive effect on environmental disclosure. Profitability has a negative effect on environmental disclosure (Wahyuningrum et al., 2021; Diantimala & Amril, 2018). On the other hand, research results by Verawaty et al. (2020); Ardi & Yulianto (2020); Kurniawan (2019); and Julekhah & Rahmawati (2019) state that profitability does not affect environmental disclosure.

Most companies in Indonesia get their money from debt. This shows how important creditors are to the company's capital. To obtain credit approval, all the rights of creditors as stakeholders must be fulfilled. One of these rights is that all financial and non-financial information must be complete. Companies with high leverage ratios should share more information about their social and environmental impacts to convince lenders that borrowed money is used for business growth in line with the concept of sustainability. There are still differences in how leverage affects the disclosure of corporate social responsibility. The company can terminate its debt contract because it has more debt. Managers will manage earnings by reporting higher current earnings than future earnings. Higher reported earnings will reduce the likelihood that debt covenants will be breached. In order to increase profits, managers will cut costs. One of the costs companies face is the cost of disclosing corporate social responsibility. Chiu et al. (2020) propose that companies with high leverage values provide extensive environmental information to enhance investor credibility. The findings of Chiu et al. (2020) and Ismail et al. (2018) suggest a positive relationship between leverage and environmental disclosure. However, other research (Angela & Handoyo, 2021;

Purwanti & Nurjanah, 2020; Ardi & Yulianto, 2020; Diantimala & Amril, 2018) indicates a negative relationship between leverage and environmental disclosure. On the contrary, the research results of Wahyuningrum et al. (2021); Terry & Asrori (2021); Maulia & Yanto (2020); Kurniawan (2019); Mutmainah & Indrasari (2017) conclude that leverage has no effect on environmental disclosure.

Legitimacy theory explains that companies have a social contract with the community in which they operate. As companies grow larger, they face increasing pressure from the community. In order to gain recognition from the community and ensure their long-term sustainability, companies must respond to various demands from the community. Research by Ruroh and Latifah (2018) suggests that as the total assets of a company increase, the company tends to have a broader disclosure of CSR. This positive relationship between firm size and CSR disclosure is well-documented in studies by Wijaya (2012), Sha (2014), Afifah and Immanuela (2021), Santo and Rehayuningsih (2022), and Putri et al. (2022). However, Amsyari (2013) found the opposite effect in their research.

CSR cannot be separated from the function of the ownership structure of a company. Foreign ownership, government ownership, public ownership, management ownership, and institutional ownership are corporate ownership structures. In accordance with agency theory, the disparity of interest between two stakeholders, namely management as an agent and the owner as a principal, will result in agency conflict (Simamora, 2022). It is imperative to find ways to defuse this conflict, and institutional ownership is one option. Institutional parties are seen as management supervisors in carrying out their responsibilities, one of which is the choice of corporate social responsibility programs in an effort to boost company value. The greater the number of institutions with institutional ownership, the greater the level of disclosure of corporate social responsibility by management (Yani & Saputra, 2020). According to Putri et al., 2021; Julekhah & Rahmawati, 2019, public ownership of company shares has a positive effect on environmental disclosure. According to research (Angela & Handoyo, 2021), the composition of public share ownership has no effect on the quality of environmental disclosure. Terry and Asrori (2021) found a favorable correlation between institutional ownership and environmental disclosure. According to Diantimala & Amril (2018) and Ismail et al. (2018), institutional ownership has a detrimental impact on environmental disclosure. Ismail et al. (2018) argue that institutional ownership has no impact on environmental disclosure.

The results of previous studies that examined the effect of profitability, leverage, firm size, and institutional ownership on the disclosure of corporate social responsibility were inconsistent. In this study, the consumer goods sector was chosen because the company's products are often marketed to customers and are widely used in daily life. By using the error correction model, this study will evaluate the short-term and long-term consequences.

2. Research methods

This research is a quantitative research. This quantitative research aims to explain a phenomenon by using numbers that describe the research subject. The subjects used in this study are consumer goods companies listed on the Indonesia Stock Exchange for the 2018–2020 period. The data used in this research is secondary data. The data used in this study is from the annual reports of consumer goods companies listed on the Indonesia Stock Exchange in 2018–2020.

Table 1. Sample Criteria

Criteria	Total
Consumer goods companies listed on the IDX	232
Companies listed on the IDX in 2019 and after	(77)
Companies whose annual report publications for 2018-2020 are incomplete.	(20)
Companies that do not have research variables in 2018-2020.	(1)
Companies that have negative values on the variables studied in 2018-2020.	(80)
Number of samples	54

This study uses the dependent variable in the form of corporate social responsibility disclosure as proxied by the corporate social responsibility index (CSRI) based on the Global Reporting Initiative (GRI) G4 indicator. CSRI is measured by comparing the number of disclosures made by the company with the number of indicators in GRI G4. Calculation of corporate social responsibility disclosure can be done using scoring, where each item of corporate social responsibility in the research instrument is given a value of 1 if disclosed and a value of 0 if not disclosed. The value of corporate social responsibility disclosure is obtained by dividing the total disclosure of the company's corporate social responsibility by the number of items in the GRI G4 disclosure index. The independent variables in this study are profitability (X1), leverage (X2), firm size (X3), and institutional ownership (X4).

Table 2. Definition of Operational Variables

Indicator	Code	Formula
Profitability	ROA	= Net profit after tax/total assets
Leverage	DER	= Total liabilities/Total equity
Firm Size	SIZE	= Ln (Total Assets)
Institutional ownership	KI	= Number of institutional shares/Number of shares outstanding
Corporate Social Responsibility Disclosure	CSRD	= Number of items disclosed/total GRI index

The method used in this study is the error correction model (ECM) approach, because this model is able to test whether the empirical model is consistent with economic theory and in the resolution of non-stationary time series variables and false regressions (Thomas, 1997). False regression is a spurious regression with significant regression results from unrelated data. The error correction model (ECM) is a model used to determine the long-term and short-term effects of each independent variable on the dependent variable. According to Sargan, Engle, and Granger, the error correction model (ECM) is a technique for correcting short-term imbalances towards long-term equilibrium and can explain the relationship between variables that are bound by independent variables in the past and present. The error correction model (ECM) is a technique for correcting imbalances in the near future to achieve long-term equilibrium. This technique consists of a single regression between the first differentiation of the dependent variable (ΔYt) and the first differentiation of all independent variables in the model. The basic structure of the ECM approach is as follows:

$$\Delta Y_t = \beta_0 + \beta_1 \Delta X_{1t} + \beta_2 \Delta X_{2t} + \beta_3 \Delta X_{3t} + \beta_4 U_{t-1} + e_t$$

To determine whether an ECM model is valid, it is possible to test the results of statistical tests on the residual regression coefficient 4 or 1, which is then referred to as the Error Correction Term (ECT). If the ECT coefficient test produces significant findings, then the observed model specification is valid. In this work, the complete formulation of the ECM analysis model is as follows:

$$CSRD_t = f(LnROA_t, LnDER_t, LnSIZE_t, LnKI_t)$$
$$\Delta LnCSRD_t = \beta_0 + \beta_1 \Delta LnROA_t + \beta_2 \Delta DER_t + \beta_3 \Delta SIZE_t + \beta_4 ECT_{t-1} + e_t$$

Note:
LnCSRDt = Disclosure of Corporate Social Responsibility in Period t
LnROAt = Return on Assets in Period t
LnSIZEt = Firm Size in Period t; LnDERt = Debt to Equity Ratio in Period t
ECTt-1 = error correction term in the previous period

Based on the ECM linear regression analysis mentioned above, it can be determined that the value of the ECT (error correction term) variable, which indicates the investment balance, is This may serve as a signal that the model specification, as measured by the error correction coefficient level, is significant or not. If the ECT variable is significant at 5%, then the coefficient will be a correction for the observed variable fluctuations that depart from the long-term relationship. In

other words, the model specification is valid and can explain the variance in the dependent variable. Several assumptions must be met in determining the linear regression model approach using the Error Correction Model (ECM), including the stationarity test, the degree of integration test, and the cointegration test.

3. Results and Discussion

In the current investigation, the first thing that needs to be done as a stage in the process of testing the error correction model is to carry out a unit root test. Either the unit root test or the Augmented Dickey-Fuller (ADF) root test was used to see if the data were stationary. In real life, the ADF test is used quite often to figure out whether or not the data is stationary. If the results of the ADF stationarity test are obtained at a level that is not stationary, then the test can be carried out at the level that is the first difference. This phase is repeated as many times as necessary until all of the data variables have reached a steady level.

Table 3. ADF Test

Variable	Level		Conclusion	1st Difference		Conclusion
	ADF	Statistics 5%		ADF	Statistics 5%	
CSRD	-4.877764	-2.880463	stationary	-	-	-
DER	-5.081689	-2.879727	stationary	-	-	-
ROA	-6.282243	-2.879380	stationary	-	-	-
SIZE	-3.784540	-2.879727	stationary	-	-	-
KI	-2.757258	-2.880088	non-stationary	-6.541499	-2.880853	stationary

It is possible to demonstrate, utilizing Table 3, that not all variables are constants at the same level. In order to properly test the ECM, the data must first be in a non-stationary position. After that, the data must be retested until they are all in a stationary position. According to table 3, there is one variable that is not stationary at the level, and that variable is the institutional ownership variable, which has an ADF value that is less than or equal to 5% of the statistical value (-2.757258 < -2.880088). It is possible to proceed with the ECM test despite the presence of variables that do not remain static. At the first distinct level where the ADF value is greater than the statistical value of 5% (-6.541499 > -2.880853), the institutional ownership variable reaches a point of statistical stability and can no longer move. whereas the other variables remain constant at the levels of profitability (ROA), company size (SIZE), leverage (DER), and CSR disclosure (CSRD).

The next step was to do the Johansen cointegration test. This was done after the test for data stationarity was done. The cointegration test was done to find out what the long-term relationship between the variables was like. It is known, on the basis of the Johansen Cointegration Test, that the variables in this study are cointegrated with each other; this is indicated by the trace statistic value, which is greater than the critical value at most 1; in other words, the value indicates that the cointegration of the variables in this study is known. The results of the Johansen cointegration test are presented in the following table:

Table 4. Johansen's Test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.237832	119.0801	69.81889	0.0000
At most 1 *	0.197902	76.44079	47.85613	0.0000
At most 2 *	0.106685	41.81845	29.79707	0.0013
At most 3 *	0.086983	24.10631	15.49471	0.0020
At most 4 *	0.060627	9.819237	3.841466	0.0017

If there is cointegration between variables, it means that there is a relationship or equilibrium over time. In the near future, there is the potential for there to be an imbalance. Due to this fact, additional testing with an error correction model (ECM) is required. The outcomes of the test using the error correction model are detailed in the table that can be found below.

Table 5. Long-Term ECM Test

Variable	Coefficient	Long-term t-statistics	Probability	Conclusion
C	0.173370	4.727005	0.0000	-
DER	-0.039111	-2.407296	0.0173	Significant
KI	0.044197	1.419845	0.1577	Not significant
ROA	0.216939	2.354215	0.0198	Significant
SIZE	-0.014315	-2.295908	0.0230	Significant
R-squared	0.116797		F-statistic	5.058290
Adj. R-squared	0.093707		Prob(F-statistic)	0.000743

It is clear from looking at Table 5 that the probability value, often known as the F-statistic, is 0.000743. This indicates that the probability value is less than or equal to 5%, which is necessary for statistical significance. This demonstrates that in the long run, CSR disclosure is affected by a combination of the factors of profitability, leverage, business size, and institutional ownership. Both the variable of leverage and the variable of firm size have major adverse implications for CSR disclosure. The variable denoting institutional ownership has a positive but insignificant effect, whereas the profitability variable has a positive effect that is statistically significant. According to the findings of the long-term equation estimation, which are presented in Table 5, it is also possible to see that the value of the adjusted coefficient of determination (adjusted R square) is 0.093707. This value indicates that the ability of the independent variable to explain changes in the value of the dependent variable is 9.37%, while the remaining 90.63% is influenced by other factors that are not included in the model. It is known that the F-statistic for the overall parameter significance test is 5.058290, and the probability of the F-statistic is 0.000000 (level of significance) 1%. The overall significance level is 1%. This demonstrates that changes in the values of the model's independent variables collectively have a considerable effect on variations in the value of the variable that is being modeled.

The error correction term (ECT) coefficient needs to be substantial before it can be determined whether or not the ECM model that was utilized is accurate. If this coefficient is not significant, then the model cannot be used, and there will need to be additional revisions made to the specifications. The value of the ECT is subtracted from both the short-term and long-term coefficients in order to determine the difference between the two. Because of this, this figure is frequently referred to as the disequilibrium error. The outcomes of the ECT computation are summarized in the table that may be found below.

Table 6. ECT Test

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-7.010555	0.0000
Test critical values:	1% level	-3.471192	
	5% level	-2.879380	
	10% level	-2.576361	

The evidence presented in Table 6 demonstrates that the ECT value has remained stable at its level, which enables us to conclude that cointegration has taken place. In addition, in order to view the short-term model's capability to regress all variables on the difference with data error lag 1 (et-1), It can be observed in Table 6 that the probability of the error correction term (ECT) is 0.0000. This indicates that it is significant because it is less than 5%, which is the threshold for significance. This demonstrates that the error correction model that was applied in this research was successful. In addition to having long-term and short-term effects on the variable that was being studied, it is also possible to draw the conclusion that the overall independent variables in this study had an effect on the variable that was being studied.

Table 7. Short-Term ECM Test

Variable	Coefficient	Short-term t-statistics	Probability	Conclusion
C	0.148953	4.707587	0.0000	-
D(DER)	-0.044057	-3.205717	0.0016	Significant
D(KI)	0.027105	1.222986	0.2232	Not significant
D(ROA)	0.174186	2.098887	0.0374	Significant
D(SIZE)	-0.005710	-1.031237	0.3040	Not significant
RES(-1)	0.531318	7.773894	0.0000	-
R-squared	0.348317		F-statistic	16.56916
Adj. R-squared	0.327295		Prob(F-statistic)	0.000000

The coefficient of determination, also called R2, is a statistical tool that measures how much the change in the independent variable can explain the change in the variable being measured. If the value of R2 is getting closer to 1, it indicates that the regression line is getting better at explaining the actual data, and if it is getting closer to 0, it indicates that the regression line is getting worse. In the table 7 that was presented earlier, it was shown that the coefficient of determination for the results of the short-term regression was 0.327295, which is equivalent to 32.72%. This indicates that in the short term, CSR disclosure can be explained by variations in independent variables, specifically profitability, leverage, company size, and institutional ownership, to the extent of 32.72%, while the remaining 67.28% can be explained by other factors or variables that are not accounted for by the model. The leverage factor has major adverse repercussions for the CSR disclosure. Although the scale of the company does not appear to have any substantial adverse effects, There is a positive effect that is not statistically significant from the institutional ownership variable. It can be said that the profitability variable has a considerable beneficial influence.

The data analysis that has been carried out shows that the leverage variable, which is represented by DER, has a strong negative effect on the CSR disclosure variable both in the short term and in the long term. This is visible when looking at the data. The coefficient value of -0.044057 and the short-term probability value of 0.0016 establish this. This indicates that if there is an increase in leverage of 1%, it will reduce CSR disclosure by 0.044057 in the short-term period, and vice versa. The value of the short-term probability is derived from the value of the coefficient, which is derived from the value of -0.044057. While in the long term, the leverage variable has a probability value of 0.0173, and a coefficient value of -0.039111, which means that if there is an increase in leverage of 1%, it will reduce CSR disclosure by 0.039111 in the long term, and vice versa. The probability value of the leverage variable is 0.0173, and the coefficient value is -0.039111. The findings of this research are consistent with the findings of other studies, including those conducted by (Angela & Handoyo, 2021; Purwanti & Nurjanah, 2020; Ardi & Yulianto, 2020; Diantimala & Amril, 2018), all of which demonstrate that there is a negative correlation between leverage and environmental disclosure. This unfavorable effect can be explained by the fact that, according to the stakeholder theory, the survival of the company is dependent on the support of the stakeholders, and since that support needs to be sought, the activities of the organization are geared toward seeking that support. According to stakeholder theory, the management of businesses that have a high level of leverage will publish less corporate social responsibility (CSR) information so that they are not put under the microscope by debtholders. The debt load of the corporation can be reduced, allowing the company to increase the number of environmental disclosures it makes. Due to the fact that environmental disclosure is a component of CSR, it is necessary to set aside a sizeable sum of money in order to carry it out. When the condition of the firm is good, one of the factors that contributes to this is a drop in the debt ratio; hence, the likelihood of this happening increases. In addition, there are exceptional circumstances taking place during this period of observation. These exceptional circumstances include the COVID-19 pandemic, which requires businesses to lessen the burdens they place on

their employees, and the implementation of an obligation for companies listed on the Indonesia Stock Exchange to produce sustainability reports.

Institutional ownership (KI) has no significant positive effect on the CSR disclosure variable, either in the short term or in the long term. The coefficient value of 0.027105 and the short-term probability value of 0.2232 govern this. This indicates that if there is an increase in institutional ownership of 1%, CSR disclosure will increase by 0.027105 in the short term, and vice versa. These values are obtained from the short-term probability value and the coefficient value, respectively. In the long term, the institutional ownership variable has a probability value of 0.1577 and a coefficient value of 0.044197. This indicates that if there is an increase in institutional ownership of 1%, it will increase CSR disclosure by 0.044197 in the long term, and vice versa. The probability value of this variable is 0.1577, and the coefficient value is 0.044197. The findings of this research are consistent with the findings of Putri et al. (2021) and Julekhah & Rahmawati (2019), which claim that public ownership of firm shares has a favorable effect on environmental disclosure. This finding was supported by the findings of this particular study. This beneficial effect can be explained by the fact that the general public acts as an impartial judge when evaluating the company. In this way, it is possible for businesses with high levels of public ownership to work toward preserving their legitimacy while also preserving their credibility within the community. It is required of environmentally conscious businesses to conduct their operations in a sustainable manner. The larger the manager's ownership stake in the firm, the more productive the manager's actions will be in increasing the value of the company, which will in turn improve the manager's benefits as an owner of the company. Even if he will have to make sacrifices in terms of resources in order to carry out these actions, the manager of the firm will provide social information in order to boost the image of the organization. Therefore, the more disclosure of CSR programs that are carried out, the greater the level of managerial ownership that the company has.

The profitability variable, which is shown by ROA, has a big positive effect on the CSR disclosure variable, both in the short term and in the long term. This is determined by taking the value of the short-term probability, which is 0.0374, and multiplying it by the value of the coefficient, which is 0.174186. This means that if profits go up by 1%, CSR disclosure will go up by 0.174186 in the short term, and vice versa if profits go down. In the long term, the profitability variable has a probability value of 0.0198 and a coefficient value of 0.216939. This indicates that if there is an increase in profitability of 1%, it will increase CSR disclosure by 0.216939 in the long term, and vice versa. The probability value of the profitability variable is 0.0198, and the coefficient value is 0.216939. The findings of this investigation are in agreement with the findings of (Maulia & Yanto, 2020; Chiu et al., 2020; Ismail et al., 2018), who discovered that environmental disclosure was positively impacted when a company's profitability was high. The positive effect can be explained by pointing out that profitability is a factor that makes management free and flexible enough to communicate its social duty to shareholders. This, in turn, has a beneficial effect. There is a bonus scheme in agency theory, according to which managers can receive pay or bonuses from the company if the company's profitability is in line with what is to be accomplished. In this scenario, the profitability of the company is in line with what is to be achieved. This provides an incentive for managers to make voluntary disclosures because the wealth of managers is directly correlated to the performance of their companies. Disclosures made by managers of firms that have high profitability make for more disclosures made by managers of companies that have high profitability in order to entice investors to invest in the company.

In the short term, the firm size variable has a small negative effect, but in the long term, this variable has a big negative effect. The short-term probability value, which is 0.3040, and the coefficient's value, which is -0.005710, in this specific case, may serve as evidence. It is possible to show that every 1% increase in company size will have an influence on decreasing CSR disclosure by 0.005710 in the short-term period, and vice versa. This is because the relationship between the size of a company and how much they talk about their CSR is exponential. In the

meantime, the variable representing the size of the company has a probability value of 0.0230 and a coefficient value of -0.014315 over the long term. In the long run, it is possible to depict that for every 1% rise in firm size, there will be an influence that results in a decrease in CSR disclosure of 0.014315 and vice versa. According to previous studies (Wijaya, 2012; Sha, 2014; Afifah & Immanuela, 2021; Santo & Rehayuningsih, 2022; Putri et al., 2022), which suggest that the size of a company has a beneficial effect on CSR disclosure, the findings of this study are consistent with those findings. This beneficial effect might be explained by the fact that huge firms will not be able to avoid political pressure, specifically the need to fulfill their social responsibility obligations. In order to ensure that major corporations devote a greater portion of their budget to the disclosure of social information than do smaller companies, By demonstrating concern for stakeholders and the environment through the use of corporate social responsibility disclosure reports, the firm will be able to avoid the enormous costs that are the direct result of the demands made by stakeholders over the long term. Measures of a company's size include its total assets, the number of employees it has, the volume of sales it generates, and its market capitalization. According to the findings of this research, the size of the company is determined by the number of employees. A large number of workers in a company has the tendency to result in a wider disclosure of the company's corporate social responsibility. This is because the workforce is considered to be a part of the stakeholders, which is an essential component of the disclosure of the company's corporate social responsibility. Because the size of a corporation may be used to quantify the size of a business entity, it can also be used to decide how much information should be disclosed regarding a firm's corporate social responsibility.

4. Conclusion

According to the research's results, the variables of leverage and firm size have major negative effects on CSR disclosure over a longer period of time. The variable for institutional ownership has a positive but statistically insignificant effect, while the variable for profitability has a positive but statistically significant effect. The leverage variable, which has an unfavorable effect in the short term, is significantly impeding CSR disclosure in the meantime. Although the scale of the company does not appear to have any substantial adverse effects, there is a positive effect that is not statistically significant from the institutional ownership variable. It can be said that the profitability variable has a considerable beneficial influence.

It is necessary to develop further research in order to expand the research by examining other factors that may affect the disclosure of corporate social responsibility. Some examples of these factors include family ownership, management ownership, sales growth, amongst others. Suggestions from the author suggest that it is necessary to develop further research in order to expand research. In addition, it is recommended that, in further research, sustainability reports be used as research data with disclosure indicators that have been adjusted to indicators according to GRI G4 standards. Additionally, it is recommended that compliance with applicable regulations, specifically a copy of Financial Services Authority Regulation Number 51/POJK.03/2017 concerning financial implementation, be maintained. Financial services institutions, issuers, and public companies can all benefit from a sustainable model.

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