

**PARTICIPATION IN PROPER ABOUT ENVIRONMENTAL PERFORMANCE
AND FIRM SIZE IMPACT TO CORPORATE SOCIAL RESPONSIBILITY
DISCLOSURE.
(Study Case in Indonesia)**

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ABSTRACT

The research examines the effect of Environmental Performance which measured by the company performance in PROPER (Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup) and Firm size toward Corporate Social Responsibility Disclosure. This research use sample consisted of 63 companies listed in the SRI index KEHATI .

The data are taken from annual report 2009-2011 companies listed on the Indonesia Stock Exchange and also participated in PROPER. Selection of samples by using purposive sampling. The hypothesis testing model using Partial Least Square analysis (PLS)

The result of the research indicated, the environmental performance are factors that affect positively on Corporate Social Responsibility Disclosure. Firm size affects negatively on Corporate Social Responsibility Disclosure and its interactions. However, Firm size affects negatively on Managing Performance. The positive result in Environmental Performance gives the impact for company in Indonesia to more focus to apply the management based corporate social responsibility. Good environmental actors believe that by revealing their performance and illustrate the good news for market participants, make a good communication with stakeholders, by straightening the vision, mission, principles that related to the practice of the company and the company's internal business activities and promote the improvement of the company sustainable.

Key words : *Environmental Performance, Firm size, and Corporate Social Responsibility Disclosure.*

1. INTRODUCTION

Background of The Study

Companies in achieving maximum profit can lead to social impacts caused by company activities. Society also demands that companies always consider the social impacts caused and to know how to handle it. One characteristic of long lived companies are companies that are sensitive to the environment, harmony and adapt to the dynamics of the surrounding community. Corporate Social Responsibility (CSR) is one of the innovative tools that can help companies to be sensitive and adaptive to the environment and people's lives. Therefore one of the important agenda is how to prioritize the environment and sustainable development into the implementation of CSR, with the

synergy and partnership between the companies, LSM, local governments, and other community groups, so they can contribute to efforts in environmental protection and management. CSR is the transparency of social disclosure of social activities that not only the financial information disclosure but also reveals information about the social and environmental impacts resulting from the company's activities

According Daniri (2008) Corporate Social Responsibility (CSR) is an idea that makes the company no longer faced with the responsibility that rests on the single bottom line, the corporate value that is reflected in its financial condition only. But the company's responsibility should be based on the triple bottom lines are also paying attention to social and environmental issues. Cooperation that once only concerned with profits, now also pay attention to the welfare of society as well as the environmental balance. A business entity shall conduct cultural adaptation to the social environment.

One of the laws in Indonesia that claimed more assertive about CSR Limited Peseroan regulated by Law 40 of 2007. Article 74 states that: (1) The Company is conducting its business activities in the field and / or related to the natural resources required to implement the Social and Environmental Responsibility. (2) Social and Environmental Responsibility are the obligation of the Company and calculated as the cost of the Company's implementation is done with regard to the appropriateness and reasonableness. (3) The Company's obligations are not subject to sanctions in accordance with the provisions of the legislation. (4) Further provisions on Social and Environmental Responsibility set by government regulation.

One effort to support CSR Disclosure is the PROPER program by the government. Performance Rating Program (PROPER) is one of the Ministry of Environment's efforts to encourage corporate structuring in environmental management through information instruments. Conducted through a variety of activities directed to: (i) encourage companies to comply with regulations through incentives and disinsentifreputasi, and (ii) encourage companies have good environmental performance to implement cleaner production. PROPER is one creation program owned by the Ministry of Environment in the form of Performance Rating in the Environment.

PROPER goal is to encourage increased compliance of companies in environmental management, increase stakeholder commitment to sustainable environmental conservation, improve business compliance with environmental laws and encourage the application of the principles of the 3R (reduce, reuse, recycle). Which the company's environmental performance is measured using color, the best starting gold, green, blue, red, up to the worst thing that is black to determine the level of environmental management arrangement. A company incorporated instill much black rank (PROPER period 2009-2011) , which shows that the company knowingly contributed to the problem of environmental pollution in Indonesia and made no effort to environmental management in accordance with existing requirements. Therefore we need a special arrangement so that companies are willing to provide a report that reveals how their contribution to various social problems around them.

Stock index which refers to the procedure of sustainable and responsible investment (SRI), which has the name of SRI-KEHATI index. Launching on June 8, 2009 by the Indonesia Stock Exchange and the Indonesian Biodiversity Foundation (KEHATI). This index was created as additional investment guidance for investors, by building a new benchmark stock index which specifically includes shares of an issuer which has excellent performance in promoting sustainable business methodology is based on the concern of environmental, social and governance in good company. With the expected launch of SRI-KEHATI index exposure where Emiten is aware of the environmental, social and corporate governance at the Exchange can increase. Thus, in this study using the company listed in the SRI-KEHATI index to determine the effect of firm size towards corporate social responsibility.

The importance of CSR disclosure has led many researchers to conduct research on the practices and motivations for companies doing CSR. Various studies related to the factors that influence the disclosure of CSR shows mixed results.

Assessment of environmental performance, among others, can be seen from the company's ability to obey the regulation of water pollution control, air pollution control, waste management , AMDAL and control of marine pollution. The company meets all regulations (in compliance), the

better the ranking of Gold, Green, Blue, Red, and Black that we can see in PROPER. According Daniri (2008), Suratno (2006) environmental performance superior to the positive impact of CSR.

Firm size is believed to have a strong influence on the disclosure of corporate social responsibility. Larger companies tend to have a public demand for information is higher than with smaller companies. Apriwenni (2009), Devina (2004), found that the size of the company has an influence on CSR Disclosure, but Veronika (2009) found the opposite result. Diversity results encourage further research to be done with variables and different analysis tools to encourage CSR disclosure can run well.

Statement of The Problem

According to background of the study above, questions that will be answered are :

- 1) Is Environmental Performance impact of Corporate Social Responsibility Disclosure ?
- 2) Is Firm size impact of Corporate Social Responsibility Disclosure ?
- 3) Is Environmental Performance , Firm size impact of Corporate Social Responsibility Disclosure ?

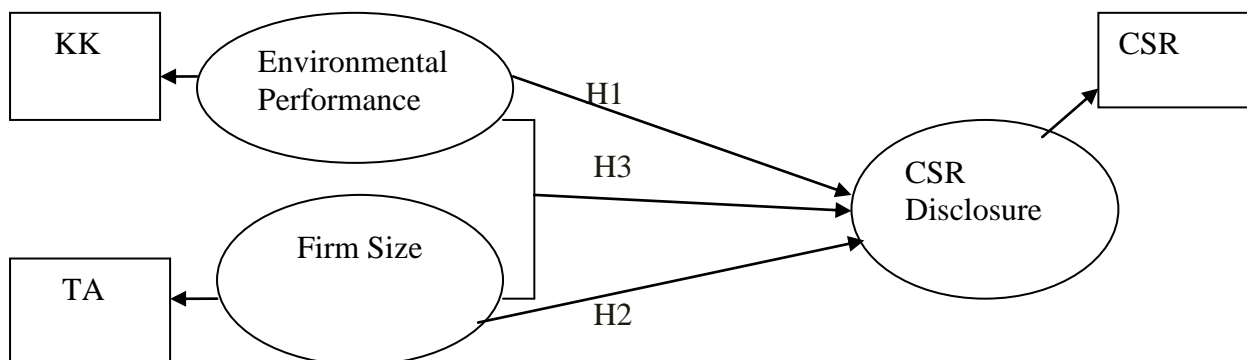
Purpose of The Study

The purpose of this research is to find the proof empirically impact of environmental performance and Firm size factor to support Corporate Social Responsibility Disclosure.

2. LITERATURE REVIEW, THEORETICAL FRAMEWORK, HYPOTHESES DEVELOPMENT

Model of framework theoretically is described as :

Picture 2.1



Source : Apriwenni (2009), Devina (2004), Darwis (2009), Gray (2001), Suratno (2006) , Al Tuwajiri

(2003)

Hypotheses Development

According to Verrecchia (1983 in Suratno et al 2006) with his theory of discretionary disclosure as to say they believe that good environmental performance by revealing their meaning describes the good news for market participants. Therefore, companies with good environmental performance should express the quantity and quality of environmental information that is more than a company with worse environmental performance. So is the case with similar studies in Indonesia by Suratno et al (2006), Al Tuwajiri (2003) who found a positive and statistically significant between environmental performances with economic performance. Thus, the first hypothesis of this study is.

H1: Environmental performance has a significant influence on the CSR Disclosure

Firm size is a scale where the size of the company can be clarified by a variety of ways, such as: Total Assets, log size, the value of the stock market, and others. Firm size is the logarithm of the assets owned by the company (Carlson and Bathala in Widyastuti, 2009). Basically the only firm size is divided into 3 categories: Large firm, medium firm, and Small firm. Determination of the size of the company is based on the total assets of the company. Large companies tend to provide income information is now lower than small firms, so will the cost of social disclosure is greater than the small firms. Apriwenni (2009), Darwis (2009), Deviana (2004), found that the size effect on the company's corporate social responsibility disclosure. In this study based on the total size of the company's assets following the previous research Darwis (2009).

H2: Firm sizes have a significant influence on Corporate Social Responsibility

Disclosure.

Firm size is a variable that is widely used to explain social disclosures made in corporate annual reports are made. In general, large companies will disclose more information than smaller companies. Relating to the disclosure of the good Environmental Performance at big companies that will provide good news for investors, which will result in

an increase in CSR disclosure, Suratno (2006), Gray (2001). Theoretically, large companies would not be separated from political pressure, the pressure to perform social responsibility.

**H3: There is a significant relationship between Environmental performances, firm size
Toward Corporate Responsibility Disclosure.**

3. RESEARCH METHOD

Population, Sample, and Sampling Technique

Population and Sample

The population in this research is a company registered in the SRI –KEHATI Index year period 2009 - 2011 and the companies listed (go-public) in the Indonesia Stock Exchange that has been following Performance Rating Program in Environmental Management (PROPER) of the year 2009 to 2011. Companies that have been entered into the index because these firms are considered to have excellent performance in promoting sustainable enterprises through a methodology based on the concern of environmental, social and corporate governance are good.

The sampling method will be used in this research is a purposive sampling method by taking samples of predetermined based on the intent and purpose of the study (Indriatoro, 2009). As for the criteria used in sampling is

1. The company publishes an annual report period 2009 - 2011 respectively - participated in the annual report and present the rupiah
2. Disclose corporate social responsibility in the annual report for the period 2009-2011.
3. Companies listed (go-public) in the Indonesia Stock Exchange which has been following Performance Rating Program in Environmental Management (PROPER) 2009-2011

Research Variable and Definition of Variable Operational

1. Dependent Variable

The dependent variable is a variable type that explained or influenced by the independent variable (Indriantoro and Supomo, 2009). As the dependent variable (dependent variable) in this study is

the **disclosure of Corporate Social Responsibility**. Disclosure level using methods of content analysis.. Content analysis is a method of codifying the text of the same characteristics to be written in a variety of groups (categories) depending on specified criteria (Guthrie, et al, 2003 in Devina 2004). Content analysis was done by checklist, by looking at corporate social disclosure in seven categories: environment, energy, health and labor safety, labor, etc., products, community involvement. These researchers were 78 item checklist which disclosure sample is included in the company's SRI- KEHATI index . If the item is no disclosure in the annual report the company was given a score of 1 and if the item is no disclosure in the annual report the company was given a score of 0

2. Independent Variable

Independent variable (the independent variable) is the variable types that describe or affect other variables (Indriantoro and Supomo, 2009). As the independent variable (independent variable) in this study was environmental performance, the size of the company.

*** Environmental Performance**

The performance of the company in creating a good condition (green) us with respect to environmental performance as measured from the achievements of the company to follow the PROPER program which is one of the efforts made by the Ministry of Environment (MOE) to encourage corporate restructuring in the management of the environment through indtrumen information. PROPER performance ranking system grading company covers in 5 colors:

Best score = 5 (Gold)

Very Good score = 4 (green)

Good score = 3 (Blue)

Poor scores = 2 (Red)

Very Poor score = 1 (Black)

*** Firm Size**

The size of the company Size = Natural logarithm indicators (Total Assets)

Definition of operational variable that be observed are

THEORY

Stakeholder theory

Stakeholder theory says that the company is not the only entity that operates for its own sake, but should provide benefits to the stakeholders. Thus, the existence of a company is influenced by the support given by the stakeholders in the company (Ghozali and Chariri, 2007). Thus, the existence of a company is influenced by the support given by the stakeholders to the company. Guthrie et al (2006) in Yuniarti (2008) states that the financial statements are the most efficient way for organizations to communicate with groups of stakeholders who are considered to have an interest in controlling certain strategic aspects of the organization.

Legitimacy Theory

The concept of legitimacy associated with the role of legitimacy in social life, especially in the form and persistence of authority. In a fundamental sense, is the legitimacy of a particular social relationship which was established as a matter of right and morally right. Legitimacy is the status or condition that occurs when an entity's value system is congruent with the legitimacy of society (Harsanti, 2011). Theory of legitimacy confirmed that the company continues to strive to ensure that they operate within the framework and norms that exist in the community or the environment in which the company is, where they are trying to ensure that their activities (the company) received by outsiders as a "legitimate" (Deegan, 2004)

Signalling Theory

Signaling theory suggests the existence of information asymmetry between management companies and interested parties with the information. Signaling theory suggests about how the company should give signals to users of financial statements. Signaling theory to explain if the company's profit declined, signaling that the management company's performance deteriorated, otherwise if income increases, the management company provide a signal that the company's performance improved (Ghozali and Chariri, 2007). Signaling theory states that the company will

usually provide a good quality signal to external parties, thus the potential investors that the company expected to be able to distinguish good and bad quality. In order for the signal to be effective, it must be captured by external parties well, and not easily imitated by the low quality firm. *Agency Theory*

This theory analogizes management as an agent of a principal. Understanding the principal would extend from a traditional shareholder or other users into interest groups throughout the company. As an agent, management will seek to operate the company in accordance with the wishes of the public (Devina, 2004). The main principle of this theory suggested a working relationship between the parties authorized (principal) is the investor with the receiving authority (agency) is the manager. The difference in interest gave rise to the agency problem.

Disclosure of Corporate Social Responsibility

. According to a world organization World Business Council for Sustainable Development (WBCD) states that CSR is a continuing commitment by business to act ethically and contribute to the economic development of the local community or society at large, along with the improvement of living standards and the entire family workers.

Corporate Social Responsibility Disclosure level was measured by the method of content analysis. Content analysis is a method of codifying the text of the same categories to be written in a variety of groups depending on specified criteria. Content analysis was done by checklist, by looking at corporate social disclosure in seven categories: environment, energy, health and labor safety, labor, etc., products, community involvement and the use among. Research 78 item checklist which disclosure sample is included in the company's SRI-KEHATI index.

Formula Calculation of CSDI as below:

$$CSDI_j = \frac{\sum x_{ij}}{n_j}$$

Remark:

CSDI j = *Corporate Social Responsibility Disclosure Index (J Company)*

$\sum X_{ij}$ = Number of disclouser (i), (J Company)

n_j = Number of disclouser (j), $n_j = 78$

Source: Darwis (2009)

Collecting Data

The data used in this study are secondary data from annual reports of listed companies in the SRI -KEHATI Index during the period 2009-2011. And also companies listed (go public) in the Indonesia Stock Exchange that has followed the Performance Rating Program in Environmental Management (PROPER). Sources of data used in this study are from the company's annual financial statements (*Annual Report*) Year 2009-2011 obtained from the Indonesia Stock Exchange (www.idx.co.id) and PROPER www.menlh.go.id/proper

Method of Data Analysis

Collecting data by secondary that already been checked about its reliability and validity. The aim of checking is to know consistency and accuracy of data that's already been collected by the instrument. Next, the hypothesis will be evaluated by Path Analysis or *Structural Equation Modeling* Analysis (SEM) with *Partial Least Square* (PLS) method as an alternative method, software *SmartPLS* version 2. PLS is a powerful analysis method because based on no many assumptions and not assume. Data have to measure by exact scale, few numbers of samples, appropriate to purpose prediction in high complexity and low support of the theory, Ghazali (2006) Hypothesis 1, 2, and 3 will be answered by estimate PLS parameter such :

1. Outer model Measurement

Outer model to the indicator evaluation reflexive with convergent and discriminant validity from their indicator and composite reliability for block indicator. Rules for receiving and reject of hypothesis are : convergent validity will be calculated based on correlation between component score and construct score which will be counted by PLS by watching the outer loading of each indicators and their significance value. Reflexive measurement will be indicated high if the correlation with constructing that be measured more than 0,70. Loading value that be suggested is more than 0,50 (positive) and T- statistic more than 1,96 at significance 5%. Indicator that lower than standard, must be dropped from models and have to evaluate again. Good Discriminant

Validity is when being measured by comparison with AVE root from every constructs must be bigger than the correlation value among its constructs in the model (Fornell Dan Larcker, 1981).

2. To measure Inner Model or Structural

Inner model describes the connection among latent variable based on its substantive theory. The model formulation can be written as such :

$$\eta = \gamma EP \xi_1 + \gamma FZ \xi_2 + \zeta$$

Explanation :

η (eta) = latent variable endogenous (dependent) Corporate Social Responsibility Disclosure.

ξ_1 = latent variable exogen (independent) Environmental Performance

ξ_2 = latent variable exogen (independent) Firm Size.

ζ (zeta) = error in the formulation is between exogen Variable and endogenous Variable
Toward Endogen Variable.

γ (gamma) = direct connection exogen Variable with endogen Variable.

Inner model wants to see the connection between construct, significant value, and R-square value. Connection among construct can be seen from the result of coefficient path parameter model structurally dependent, Stone-Geisser Q-square test for predictive relevance and test t and significant.

From coefficient parameter structural line (Ghozali, 2006).

Alternative hypothesis (HA) can be received when the path parameter value among other variable indicates direction positive with value T-statistic upper than 1,96 on the significant level Alfa 5%. Just the opposite, HO value can be received when path parameter connection among latent variable indicates negative direction. Change of R-square can be used to measure impact of independent latent variable to dependent latent variable, is it has substantive impact

4. RESEARCH FINDINGS AND DISCUSSION

Descriptive Statistics

Overview Description of Corporate Social Responsibility Disclosure

An overview of the disclosure of corporate social responsibility enrolled in the SRI Index-KEHATI as seen in the attached data tabulation. Off the table shows that the value of disclosure most often committed by PT Astra International Tbk is equal to 0.52, while the lowest is the PT Fajar Paper Tbk is equal to 0.28. Descriptive statistics of test results showed that the average disclosure of corporate social responsibility is at 39.43% of total disclosure. This means that the level of corporate social responsibility disclosure listed in the SRI Index-can be said KEHATI medium. This is due to the average disclosure is less than 50% of the total company's disclosure that should be disclosed.

Evaluating Quality of Data

From table 2 is known that *Cronbach value Alpha* four variables for each instrument that were used in this research have value upper than 0,70, so the data is reliable.

Table 1. Result of reliability evaluation of Research Variable

| | AVE | Composite Reliability | R Square | Cronbachs Alpha |
|---------------------------|----------|-----------------------|----------|-----------------|
| CSR DISCLOSURE | 0.991473 | 0.994868 | 0.310402 | 0.981667 |
| Environmental Performance | 0.965303 | 0.982713 | | 0.972004 |
| FIRM SIZE | 0.957058 | 0.982578 | | 0.988207 |

Source : Primary data that has been processed by PLS, 2013

Table 2. Result of evaluation instrument validity Environmental Performance, Firm Size , Corporate Social Responsibility Disclosure.

| | Original Sample (O) | T Statistics (O/STERR) |
|---------------------------------|---------------------|--------------------------|
| CSR <- CSR DISCLOSURE | 1.00 | 36.62757 |
| KK <- Environmental Performance | 1.00 | 33.5716 |
| TA <- FIRM SIZE | 1.00 | 35.10282 |

Note : t-statistic sign on α 5%

Source : Primary Data that has been processed by PLS, 2013

According to Table 3 seen that correlation coefficient score of question in person indicates that all value significance level is 0,05 with 2 tailed (value T-statistic bigger than 1,96), Thus, instruments which been used is valid to use.

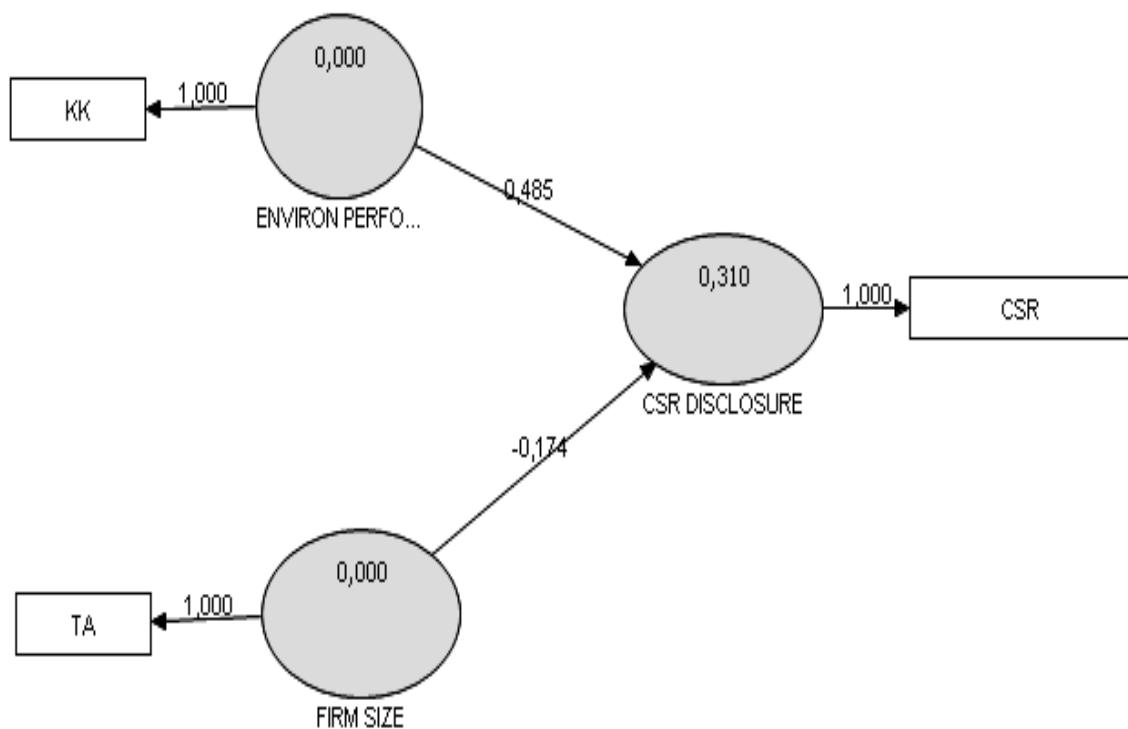
Result of Hypothesis Testing

In this research, there are 3 hypotheses, that are tested by PLS.

Testing of Hypothesis (High Environmental Performance and Firm Size has impact to Corporate Social Responsibility positively)

- Outer Model and Inner Model Testing

Result of Outer Model whole of variables KK, TA , CSR show *reliable* enough loading value 1,000 upper than 0,50 and signed on *Alfa* 5%, that can be seen in picture 2 below.



Picture 2. Result Outer Model All Variables

Now, the result has filled *convergent validity* because whole of *loading factor* is 1,000 upper than 0,50. Each this *loading factor* significance as statistic of 0,05. It can be seen from *T-measure statistic* value each indicator upper than table T 1,96 value. Whole of constructing in a model which has been estimated fills *discriminant validity criteria*, be appeared from output at table 3. In *Structural Model Specification* that AVE root is seen in bolded diagonal bigger than correlation inter constructs by its lower value as indicated.

Table 3. *Structural Model Specification*

AVE dan AKAR AVE

| | AVE | AKAR AVE |
|------------------|----------|----------|
| KIN_KEU | 0.991473 | 0.9929 |
| FIRM_SIZE | 0.965303 | 0.9938 |
| CSR_DISC | 0.957058 | 0.9976 |

Akar AVE dan Korelasi Konstruk

| | KIN_KEU | FIRM SIZE | CSR_DISC |
|-------------------|-----------------|-----------------|-----------------|
| INF_AKT | 0.992900 | | |
| INTERAKSI1 | 0.531372 | 0.993800 | |
| KIN_MAN | -0.303673 | -0.267328 | 0.997600 |
| | | | |

| | AVE | Composite Reliability | R Square | Cronbachs Alpha |
|----------------------------------|----------|-----------------------|----------|-----------------|
| CSR DISCLOSURE | 0.991473 | 0.994868 | 0.310402 | 0.981667 |
| Environmental Performance | 0.965303 | 0.982713 | | 0.972004 |
| FIRM SIZE | 0.957058 | 0.982578 | | 0.988207 |

Source : Primary Data that has been processed by PLS, 2013

Other testing is a reliability from the block indicator that measures are constructed. The result is satisfying composite Reliability with value 0,994 for Corporate Social Responsibility Disclosure and 0,965 for Environmental Performance, 0,957 for Firm Size.

*** Testing of Inner Model or Testing Model Struktural**

At Table 3, *R-square value* as 0,310, it means that construct variability Corporate Social Responsibility Disclosure can be explained by Construct Environmental Performance, Firm size

as 31,04 %, whereas the rest as 68,96% is explained other variable outside model. Result coefficient structural line and significance indicator are seen in *output* Table 4.

Table 4. Estimation of Coefficient Parameter Path Model Structural

Path Coefficients (Mean, STDEV, T-Values)

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | Standard Error (STERR) | T Statistics (O/STERR) |
|---|------------------------|--------------------|-------------------------------|---------------------------|-----------------------------|
| Environmental Performance -> CSR DISCLOSURE | 0.484816 | 0.485752 | 0.071254 | 0.071254 | 6.804046 |
| FIRM SIZE -> CSR DISCLOSURE | -0.173821 | -0.179363 | 0.079331 | 0.079331 | 2.191086 |

Note : t- statistic sig on α 5%

Source : Primary Data that has been processed by PLS, 2013

Testing of connection inter constructs indicate that Environmental Performance construct impacts to Corporate Social Responsibility Disclosure as 0,484 significance at 0,05 (T measure bigger than 1,96) whereas Firm Size construct impact negatively to Corporate Social Responsibility Disclosure as -0,173 (T measure >1,96) significance at *alpha* 0,05 . That value can be mind that Environmental Performance influence variable CSR disclosure. Generally first hypothesis can be accepted.

Discussion

Hypothesis 1 : Environmental Performance impacts to Corporate Social Responsibility

Positively

Result of outer and inner Testing as be appearing in Table 3 and Table 4 where testing of connection inter constructs can be concluded Environmental Performance impacts to Corporate Social Responsibility Disclosure as 0,48 significance of 0,05 (T measure (1,96). Hypothesis 1 that's already been received, gives meaning that higher Environmental Performance of company impacts To CSR Disclosure higher, This finding supports the findings of Al-Tuwajiri, et al (2004) and Suratno et al (2006) which determines a significant relationship between environmental

performance with CSR disclosure. These results are consistent with a model of discretionary disclosure by Verecchia (1983, in Suratno et al, 2006) in which the actor believes that good environmental performance disclosures they describe market . A company that has good news with good environmental performance shown to have a greater social awareness better the community and its workforce. Companies with good environmental performance is not only reveal the company's concern for the environment but also on product quality, product safety, corporate social responsibility to the communities, to the company's concern for the safety and wellbeing of its workforce.

Hypothesis 2 : Firm Size has impacted to Corporate Social Responsibility positively

Result of outer and inner Testing as be appearing in Table 3 and Table 4 where testing of connection inter constructs can be concluded Firm Size have negative impacts to Corporate Social Responsibility Disclosure as -0,173 significance of 0,05 (T measure (1,96). That value can be purposed that generally second hypothesis is rejected. Firm size does not impact CSR Disclosure

It can be concluded that company size does not affect the disclosure of Corporate Social Responsibility. Not the influence of the size of the firm with alleged disclosure of Corporate Social Responsibility as Act No. 40 of 2007 which regulates social and environmental responsibility is only mandatory for companies engaged in the field of natural resources. So that other companies engaged with others consider the application of Corporate Social Responsibility as voluntary. The results in this study support the research conducted by Veronica (2009) were able to prove there was no effect of firm size on the disclosure of Corporate Social Responsibility.

Hypothesis 3 : There is a significant relationship between Environmental performances, firm Size toward Corporate Responsibility Disclosure.

At Table 3, *R-square value* as 0,310, it means that construct variability Corporate Social Responsibility Disclosure can be explained by Construct Environmental Performance, Firm size as 31,04 %, whereas the rest as 68,96% is explained other variable outside model. The results in this study support the research conducted by Suratno (2006) . Relating to the disclosure of the good

Environmental Performance at big companies that will provide good news for investors, which will result in an increase in CSR disclosure. Theoretically, large companies would not be separated from political pressure, the pressure to perform social responsibility.

5. CONCLUSION, IMPLICATION, AND LIMITEDNESS

Conclusion

Based on testing results and discussion, can be deduced :

- a. Environmental Performance is proven significance impacts to Corporate Social Responsibility Disclosure. . The results of this study prove that H1 receives the environmental performance of a company creates a good environment (green) were measured through the PROPER program had a significant positive effect on CSR disclosure made by the company, a These results are consistent with research Tuwajiri AL, et al (2004) and Suratno et al (2006)
- b. Variables that proxy Firm Size by total assets does not affect the disclosure of corporate social responsibility.
- c. Environmental Performance, Firm size is proven significance impacts to Corporate Social Responsibility Disclosure.

Implication

Implication theoretically to literary and result of preview research:

- a. For Accounting science specially management accounting, the result of this study as support of conditional specs and performance that must be considered in Corporate Social Responsibility Disclosure.
- b. This research as agenda for next research.

* Although Firm Size can not proof connection to CSR Disclosure, and due to the value of an Adjusted R Square is still likely to be low, i.e. 31.04 % indicated that there are other variables that are not used in this study has a greater influence on the disclosure of *Corporate Social Responsibility*. So hopefully in future studies may add or use other variables such as liquidity, board size, and public ownership, age of the company, the audit

committee and so forth, to find the right model in the estimation of *Corporate Social Responsibility* disclosure.

* The study period should be added that a longer study period so that more number of observations.

* Future studies may use different *CSR* disclosure items that could happen diversity research. Another example is the disclosure of *CSR* sustainability reporting index or indices ISO 26000.

* Researchers can then perform sampling method with other methods such as random sampling than purposive sampling in order to obtain a larger number of samples.

c. Contribution of this research to the Company

Companies should not only report the first mandatory reporting in its annual financial statements, but also report on social responsibility. In the Law 40 of 2007 explained that "the Company is conducting its business activities in the field and or relating to natural resources required to carry out social and environmental responsibility", so that by the law the disclosure of *Corporate Social Responsibility (CSR)* is not just voluntary but become a liability.

Although many opposed, actually formalizing *CSR* will bring many benefits to the company, shareholders, and stakeholders. From the profits, the company is expected to be more aware of the importance of *CSR* for the company's long-term business sustainability.

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