INVESTIGATION OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURES OF INDONESIAN LISTED STATE-OWNED AND NON STATE-OWNED ENTERPRISES

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Abstract

Objectives: This research is conducted to obtain the level of CSR awareness among listed state-owned and non state-owned enterprises in Indonesia by investigating their CSR performance, based on the disclosures in annual reports. Moreover, it aims to identify whether state-owned firms perform more CSR than the non state-owned firms; and if their financial performance positively affect the extent of the CSR activities performed.

Methods: This research uses samples consisting of 76 firm years obtained from companies’ annual reports during 2006 to 2008. Two hypotheses are formulated to answer the research questions which have been developed in this research. Content analysis, descriptive statistic, correlation analysis and hypothesis testing are performed to analyze the research findings. This study also includes some classical assumptions such as multicollinearity and heteroscedasticity to analyze the research findings.

Results and Conclusions: The results show that despite Indonesian state-owned companies perform more CSR activities than non state-owned firms, the trend of CSR awareness among these listed companies has constantly been increasing. the regression results for both state-owned and non state-owned enterprises have indicated that the financial performance, in terms of ATO_{t-1} (past productivity) and PBV (growth) of state-owned companies is significantly related to CSR while the financial performance of non state-owned companies do not affect their CSR performance as all of the independent variables (ATO_{t-1} - past productivity, NPM_{t-1} - past profitability, and PBV - growth) is insignificant. In spite of this distinct result, SIZE, the control variable, is found to be significant and positively related to CSR for both state-owned and non state-owned companies.

Key words: Corporate Social Responsibility, State-Owned Enterprises, Non State-Owned Enterprises, Content Analysis, Financial Performance, Asset Turnover, Net Profit Margin, Price to Book Ratio, Size.